

SUSTAINABILITY IN FOCUS

2006

A REPORT TO OUR STAKEHOLDERS ON OUR
ENVIRONMENTAL,
ECONOMIC and SOCIAL
PERFORMANCE





ABOUT THIS REPORT

This is the sixth multi-stakeholder report produced by SAPREF. Information is reported against selected GRI indicators.

The report covers SAPREF's refinery, storage facilities at the harbour, the single buoy mooring and joint bunkering services operated on behalf of industry. The report does not cover the entire supply chain or outsourced operations.

In line with one of our business philosophies, that of continuous improvement, the report seeks to demonstrate performance and challenges in key areas of our business.

Ngubane & Company Inc. have provided a verification statement. This is indicated by the symbol after certain data and statements, confirming that the information has been verified by the auditors. A statement of the auditors' factual findings is contained on page 4 of the report.

We thank those who provided feedback on last year's report. We welcome feedback or queries on this report. SAPREF's contact details are on the back cover.

Thank you for your interest in this report. We hope that the information it contains enhances your understanding of SAPREF.

Sibusiso Chiliza, trainee operator, opens a valve at Bayhead to start pumping product inland.

ON THE COVER

TOP: troops of vervet monkeys live in the dune forest adjacent to SAPREF and are regular visitors to the refinery; here, one forages in the Natal Wild Banana (*Strelitzia nicolai*) next to the office block.

BOTTOM LEFT: part of the LION cleaner fuels plant.

BOTTOM RIGHT: SAPREF community liaison officer Leonard Mbokazi, left, and learners from Zwelihle High School admire the new laboratory equipment.



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Dries Erasmus of Business Connexion and Norman Warren, user support manager, examine user profiles on terminal server 1, in the IS computer room.



SAPREF is proud to have achieved ISO 14001 and ISO 9001 certification.



The people of SAPREF put in extra-ordinary efforts in 2006 but not everything met the high standards we set for ourselves.

It was a trying year where we faced some difficult challenges. Our focus was on improving the reliability of the refinery and consequently some units were down for repairs and maintenance during the year. Coupled with this, certain units underwent a major statutory maintenance shutdown (turnaround). In the interests of enhancing safety we chose to extend the period of the shutdown. However, the effects of the serious worldwide shortage of refining and petro-chemical skills were felt, resulting in the shutdown taking longer to complete than expected. In October a fire occurred in a diesel-producing unit and as the year ended we were heavily engaged in reinstating the unit. I must say I am inspired by the response of SAPREF people and the confidence they displayed in dealing with these challenges.

Good progress was made on the project to renew our transfer pipelines with about 15 km of new piping being installed by the end of the year. I am aware that not everyone sees the pipeline work positively because it impacts on people's lives. We are committed to minimizing this, to be open with our plans and to restore the work areas to their previous condition.

We reached 8 million safe hours worked without a lost time injury as well as one million hours without a recordable injury. While, regrettably, these records were lost during the year, SAPREF's injury rate remains among the best in South Africa and ranks with better performers in the world.

It was also a great pleasure to welcome new employees and entrants to our learnership programmes.

We continued to develop relations with many stakeholders, engaging openly with the community and the regulators. As I have

said on many occasions, we see ourselves working in partnership with people in South Durban. The SAPREF Community Liaison Forum and our continued participation in the government's Multi-Point Plan are examples of our commitment to the people of South Durban. This report is a visible confirmation of our plan to work in partnership.

Many rewarding social investment initiatives are featured in this report, some of which were identified with the help of the community. Great strides were made in focusing on mathematics and science education which is important to sustain our business.

Attention to environmental impacts continued. While we work hard to minimize sulphur dioxide emissions, we focus on all materials leaving SAPREF by air, land or water in line with many people's expectations. Our goal with respect to environmental NGOs is to appreciate and understand each other's perspective and to co-operate wherever we can.

There have been trying times during the year, but the team has demonstrated it can pull together. I remain confident for Team SAPREF and the role we play in the future of South Durban.



Managing director
Wayne Pearce.

A. W. Pearce



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AUDITORS' STATEMENT OF FACTUAL FINDINGS

Scope

In accordance with your request to verify certain statements and performance related data reported in SAPREF's "Sustainability in focus 2006 - A report to our stakeholders on our environmental, economic and social performance", we have performed the following agreed upon procedures as described below. Our engagement was undertaken in accordance with International Standards on Auditing applicable to agreed-upon procedures. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed is that of the management of SAPREF. Our procedures are summarised as follows:

- Obtained an understanding of the systems producing the information;
- Reviewed available documentation and records;
- Re-performed calculations where considered necessary;
- Agreed supporting calculation to your report;
- Conducted interviews with SAPREF personnel and/or stakeholders; and
- Inspected premises

Findings

The preparation and content of the 2006 Sustainability Report and the statements and data contained within it for our review is the responsibility of the management of SAPREF. Our responsibility is to issue a statement on our review of the reliability of such statements and data.

The information contained in this report has been prepared from information supplied to us by external sources, as well as information and explanations received from the management and staff of SAPREF. We have relied on the documentation, information and explanations made available to us without independent verification. Our work constitutes the performance of an agreed-upon procedure and not an audit and is substantially different in scope from an audit. Whilst we have gained an understanding of the procedures around the systems that produce the information, we have not tested the reliability, accuracy or completeness of the information generated. Accordingly, we do not express an opinion on the information contained in the report.

The statements and performance related data selected for verification, marked with the symbol are supported by appropriate underlying evidence. In performing the procedures as set out above, nothing has come to our attention or caused us to believe that such statements and data are inaccurate in any material respect.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

Ngubane & Co. Inc.

NGUBANE & CO. INC
Registered Auditor

14 May 2007
Durban

A joint venture between Shell SA Energy and BP Southern Africa, SAPREF is southern Africa's largest crude oil refinery, with a refining capacity of 8.5 million tonnes a year. The refinery has been in operation for 43 years.

SAPREF's facilities are of national strategic importance. They include the refinery in the South Durban Basin (SDB), storage facilities in the harbour at Island View, a single buoy mooring (SBM) where tankers offload about 80 percent of South Africa's crude oil imports, and joint bunkering services operated on behalf of various petroleum companies. SAPREF refines crude oil to manufacture about 30 percent of South Africa's petrol and makes a variety of other petroleum products including diesel, paraffin, aviation fuel, liquid petroleum gas and marine fuel oil.

The SDB comprises residential areas, commercial businesses, and heavy and light manufacturing industries. It is the second-largest industrial area in South Africa in terms of output, contributing about 9% to the country's gross domestic product (GDP).

SAPREF's major stakeholders include its surrounding communities, customers, shareholders, suppliers and contractors, trade unions, direct and indirect workforce, authorities and NGOs (non-governmental organisations).

At 31 December 2006, SAPREF employed 595 permanent staff. SAPREF is ISO 9001 and ISO 14001 certified.

VISION

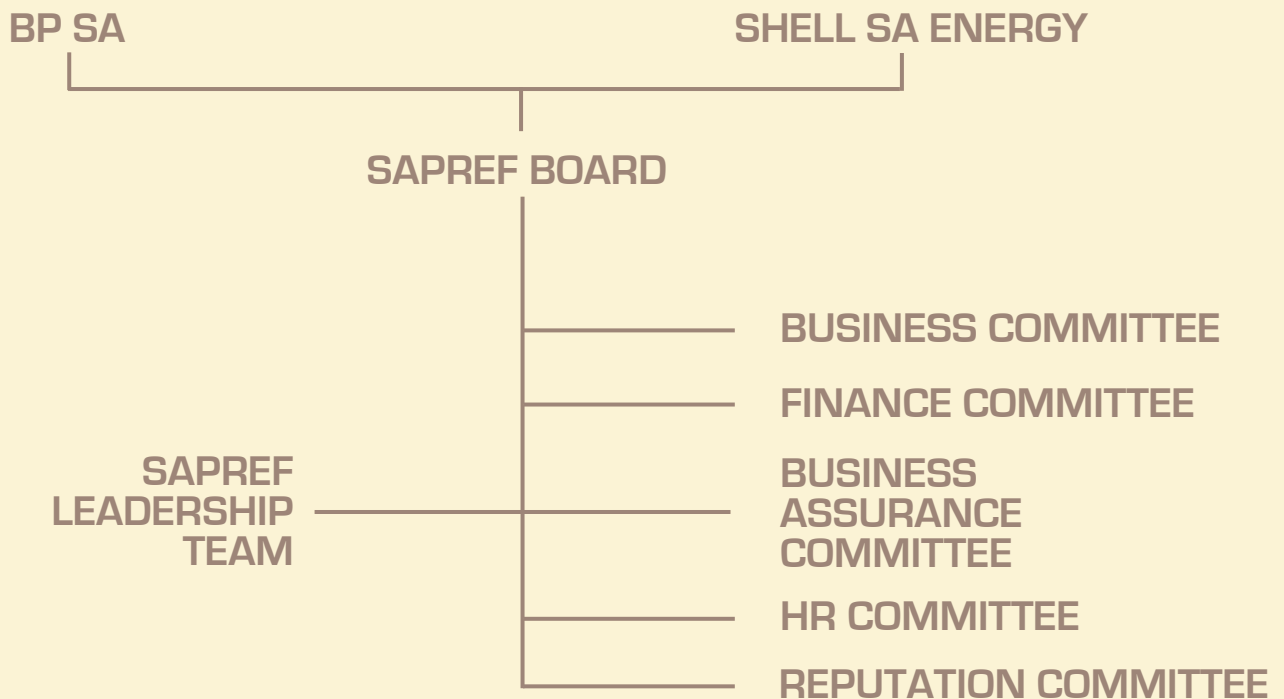
SAPREF is a safe, reliable world-class refiner of petroleum products that delivers excellence to our customers and shareholders, is respected, trusted and has the confidence of our people, our community, the media, local authorities, elected officials and our suppliers. Our behaviour aligns with our values and business principles.

Roscoe Swartz, mechanical fitter, measures up a pump casing in the workshop.



This is the single buoy mooring, through which about 80 percent of South Africa's crude oil is pumped ashore. A spare SBM is available for use when the main unit is out of service.

COMPANY STRUCTURE



SAPREF's board processes are organized to oversee the identification and management of economic, environmental and social risks and opportunities. A formal broad-based risk management process is reviewed regularly. Shareholders provide direction to the board through board sub-committees.

INDEPENDENT TIP-OFF FACILITY

SAPREF is committed to conducting business in a responsible and sustainable manner. Our core business principles include transparency and integrity which require us to identify and correct practices that are contrary to our company values, in the interests of our employees, suppliers, contractors and all other stakeholders. SAPREF strives to act in a manner that promotes trust, dependability and honesty at all times.

SAPREF is successfully operating an ethics line using Deloitte Tip-offs Anonymous™, a service for all stakeholders to report

anonymously any unethical behaviour. This service is run totally independently of SAPREF thus ensuring that no one need ever know the identity of any person reporting fraud or dishonest and/or inappropriate behaviour.

Since the hotline's inception in early 2005, it has been used 46 times as follows:

Telephone calls: 37

E-mails: 2

Faxes: 7

A database is maintained of all reported unethical behaviour. The database tracks areas that require specific attention and monitors progress of investigations. Management has taken all reasonable steps to respond appropriately to the reports, to recover any losses and to prevent similar offences. In some cases criminal charges were laid where appropriate, and disciplinary action was taken. Reports about the type of cases are made to SAPREF's Business Assurance Committee.

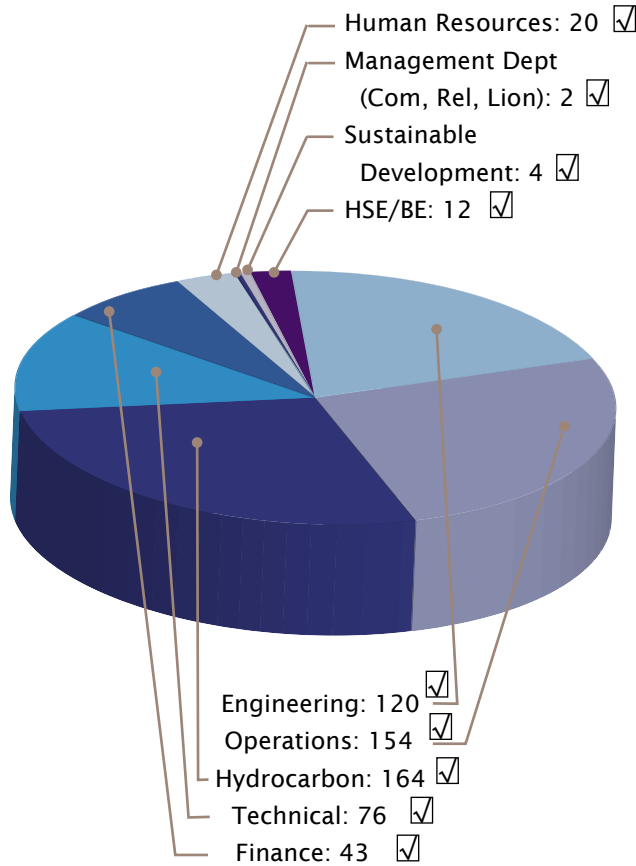
Skills shortages in the engineering, operations and professional fields persist in the South African market; this has created challenges in retaining specialist skills.

EMPLOYMENT AND TURNOVER STATISTICS

Resignations	22	✓
Other terminations	33	✓
Engagements	34	✓
% Resignations	3.7	✓
% Engagements	5.7	✓
% All Terminations	9.2	✓
% Staff Turnover	3.7	✓

Trainees

Angolan	12	✓
Learnerships	76	✓
Safety Watchers	20	✓
Inservice Trainees	2	✓
Vacation Students	34	✓
Bursaries (2006)	20	✓



Staff complement as at 31 December 2006
Total: 595 people ✓

EMPLOYMENT EQUITY

Race/Gender

	Actual, May 2006*	Plan 2010*	Difference*
African	37 ✓	46	9
Indian	37 ✓	28	-9
White	19 ✓	20	1
Coloured	7 ✓	6	-1
Male	86 ✓	75	-11
Female	14 ✓	25	11

* Percent

Mark de Kramer, process technician, checks the pressure and temperature gauges on the cooling water supply.



PERFORMANCE MANAGEMENT

A new software system was developed for the integration of staff performance, development and career information; it is called the Career and Performance Management Tool. ✓

The tool was launched mainly to capture performance management information for the moment. The performance management area aligns the business around the focus areas of the business each year. A closer focus on coaching for performance has been initiated to assist line managers to improve employee performance in their areas.

REMUNERATION

SAPREF is a significant player in the local economy as an employer with an annual labour bill in excess of R240 million. ✓

BENEFITS

The Company spent R481 805 ✓ in 2006 in educating the children of staff and pensioners. A further R150 404 ✓ was spent on the part/full-time education of SAPREF employees.

MARKET ALLOWANCE

As part of our attraction, motivation and retention strategy, a process for allocating market allowances for employees with critical skills was developed and is in place.

EMPLOYEE RELATIONS

As at 31 December 2006, there were 282 ✓ employees registered as union members, constituting 48% ✓ of the total full-time workforce.

RECOGNISE

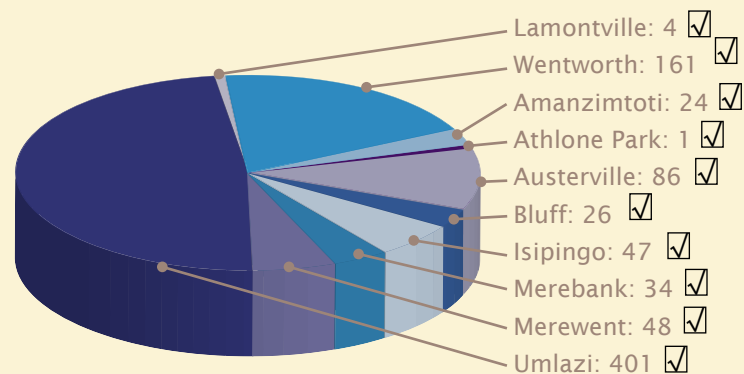
The employee recognition system – Recognise – has been in place for two years and has gained good momentum with 717 ✓ employees (some more than once) being recognised with a direct spend on awards of R180 000 ✓ in 2006. This is an improvement, as in the first year recognition extended to 412 employees with a direct spend of R73 000. ✓

SPIS

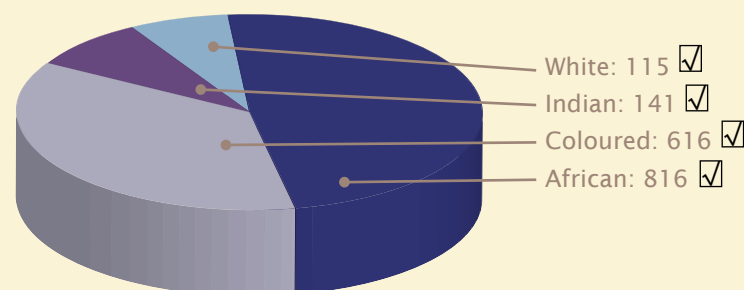
The SAPREF performance incentive scheme (SPIS) is a tool for managing business direction through the tracking of key performance areas, such as safety, environmental performance, plant reliability and employment equity, for the year. For on-target performances, payouts amount to roughly 5% ✓ of annual TCoE (total cost of employment) pay.

SHUTDOWN

A focus of the turnaround (shutdown) was the employment of people from neighbouring communities wherever possible. Contractors were directly and regularly engaged through a series of daily and fortnightly meetings with the human resources department, to align their employment practices. Workforce demographics were closely monitored to ensure racial and geographic representation was reasonable. These are reflected below:



Breakdown by Durban South suburbs



Labour sourcing by race

The human resources (HR) department has the responsibility of making sure that all SAPREF's people are competent to contribute maximally to the achievement of our objectives. SAPREF's HR department is involved in various ways in developing groups of full-time employees, future employees and contractors.

OWN STAFF DEVELOPMENT

Reduced Training in 2006

2006 was a year dominated by turnarounds and a decision was taken to reduce training to a minimum and concentrate only on training and development activities directed at the turnaround activities. Reduced training took place through engineering, finance, human resources, production, HSE and technology courses. As a consequence, the training days per person showed a significant reduction from 5.4 in 2005 to slightly over 3 training days per person for 2006. SAPREF benchmarks its investment in training and development against Shell's 7 training days per person per year.

Competency Development

All staff: In order to improve the performance of all staff a competency development programme for all leadership and team members was initiated and started in the production and engineering departments. The progress of the programme in engineering and production is discussed below. Using the lessons learned in the production and engineering departments, a model will be developed for extending the programme to other departments.

Leadership: The second leg of the competency development programme is the development of basic skills for leadership. SAPREF took the decision to use Shell's BUILD programme as the basis for ensuring that its managers have the requisite competencies to lead teams. The BUILD programme will be

rolled out from 2007.

Engineering and production: In the engineering department, supervisors did extensive work on a comprehensive gap analysis of all staff. This enabled refresher training needs to be identified. The engineering department is sourcing accredited providers to train staff and establishing assessors in the field to assist with the assessment of staff attending training.

In the production department, the first step was to assure the competence of a



dedicated team to spearhead the competency development programme. At Island View, training was provided to 98 people across the different work areas. It was pleasing to see the huge improvement in assessment results after training. Competency development at the refinery was piloted to a total of 30 people from the lubeoil plant.

Non-technical training: In a highly technical organisation like SAPREF the importance of non-technical functional training can easily be overlooked. In addition to the BUILD

Practising their hand-tool skills in the training centre workshop are, from left, trainees Umme-Haane Kajee, Reece Pijooos, Rendani Munzhelele and Sibusiso Msomi.

team leaders' course, other non-technical functional and inter-functional courses were held. Prominent among these were the Investment in Excellence (IIE) and Contracts and Procurement courses. ✓

HSE (Health, Safety, Security, Environment) training: In 2005 the human resources department commenced HSE training. In 2006 this section co-ordinated training for full-time staff and contractors in turnaround-related skills.



Trainee Rendani Munzhelele sets up an alignment rig in the training centre workshop, supervised by Mohamed Sheik-Hoosen, instruments facilitator, and Zakes Xaba, mechanical facilitator.

The HSE (Health, Safety, Environment) training activities extended to assisting the Durban South Training Trust (DSTT) through which most of the shutdown contractors received their basic HSE induction. Through the HSE training section, SAPREF committed to upgrade the skills of the DSTT's course facilitators.

Educational Assistance

SAPREF continues to support staff members wishing to further their studies on a part-time basis. Staff study a wide range of courses all

relevant to their work at SAPREF. At the end of 2006 there were 42 ✓ people from most departments at the refinery studying through the educational assistance programme.

CONTRACTORS

Induction training and assessment: In order to ensure only well-trained and HSE-competent contractors come on site especially during turnarounds, SAPREF, together with Engen and Mondi, set up the DSTT several years ago. In 2006 SAPREF interacted with the DSTT in several areas to ensure that it provided adequate services for contractors:

- ▶ Meetings were held with DSTT management to ensure acceptable induction and training services were made available to contractors.
- ▶ SAPREF staff attended some courses given for contractors and invited DSTT to send its facilitators for upgrading skills at the SAPREF training centre with the ultimate aim of accreditation for the facilitators.
- ▶ In 2006, the DSTT assessed a total of 353 ✓ contractors for various skills used in the refinery and 9313 ✓ contractors went through safety inductions.

HSE training: Training was provided for fire marshals from SAPREF's neighbouring communities on aspects of HSE matters at the SAPREF training centre as part of a broader training programme initiated by SAPREF's fire department. These safety marshals played a key role in maintaining a high level of safety awareness among contractors and staff working on the shutdown.

LEARNERSHIP DEVELOPMENT

The SAPREF training school was given full accreditation as a learning centre by the CHIETA for levels 2 to 4 in 2005. At the end of 2006 there were 101 trainees of whom 47 ✓ were Black males, 25 ✓ Black females, 11 ✓ Coloured males, 3 ✓ Coloured females, 6 ✓ Indian males, 4 ✓ Indian females and 5 ✓ White males.

The majority of the learners taken onto the learnership programme are matriculants with maths and science passes. Many of these learners who completed the learnership programme achieved senior (operator or artisan) or team leader status but very few went beyond these levels. To encourage learners to achieve higher levels in the organisation and to meet the shortage of high level skills in the company and industry (such as chemical engineers), SAPREF recruited onto the learnership programme learners who were about to obtain diplomas or who were already diploma holders. These diplomates go through the same learnership programme, work on the plant after completion and, based on their performance, are eligible for funding for degree studies. The diplomate programme proceeded well with 12 diplomates at the end of the year.

SATURDAY SCHOOL

The Saturday School was set up 13 years ago to give additional support to employees' children in grades 3 to 12 in the subjects of maths, science, English, biology and life orientation. The attendance figures for grades 3 to 8 have dropped and we are reviewing the possibility of attendance for grades 9 to 12 only.

BUSINESS IMPROVEMENT REVIEW (BIR)

In September 2006 the company announced the introduction of the BIR process. BIR is a process which has been used at Shell's refineries globally to improve their performance. This process involves assessing the refinery's present level of performance in a variety of predetermined areas, benchmarking this against world class performance in the same areas, identifying

gaps in the operation and then putting plans in place to close those gaps. BIR areas (streams) identified were operational availability, HSE and organisational effectiveness. Subject matter experts from SGSI worked closely with teams at SAPREF to identify the necessary gaps and work out gap closure plans. Refer to Page 17.

ORGANISATIONAL EFFECTIVENESS

A new section, organizational effectiveness (OE), was set up within the human resources department to co-ordinate the OE section of BIR as well as other activities across the refinery which contribute towards SAPREF functioning effectively. OE is integrated with the other streams by ensuring that as much as possible they operate in the most effective manner. The areas covered by OE include organisational design, change management, facilitation, mentoring and coaching. The OE section advises SAPREF people on the most effective way of working.

Seen doing a risk assessment procedure prior to executing a pipeline renewal are, from left, Bernard Gumede, team leader shift 3; Devan Reddy, team leader/maintenance service focal point; Yogan Pillay, day supervisor; Kumeren Pillay, scoper; Cerwyn Pieterse, mechanical artisan, and Mike Conway-Nunn, technologist.



Work progressed well on SAPREF's R340 million project to replace the seven product transfer pipelines that run underground from the refinery at Prospecton to the harbour at Island View. About 15 km of new piping was laid during 2006, equating to about 3 km of the full pipeline route.

Initial work involved using a ground-penetrating radar system to detect and gather data about buried services such as water pipes and electric cables in the pipeline servitude. These underground services were then physically located by excavating trenches at regular intervals along the servitude to establish their exact position for use in the detailed planning for replacing the pipelines. Detour roads were also constructed in preparation for excavation and pipe-laying activities which commenced in July.

Working on the pipeline replacement project, a contractor welds two new pipes together.

In January and February four public meetings were held to give residents details of the project and to enable questions and concerns to be voiced. Throughout the year three community liaison officers kept residents informed of work in the various areas, through flyers and personal visits, and attended to residents' concerns. One

feature was published in three community newspapers to update residents on the project. An opinion survey was conducted with about 9% of stakeholders along the pipeline servitude. 80% of the respondents felt SAPREF had delivered on their promise to ensure the integrity of their pipelines.

About 83% of the people employed on the project came from neighbouring communities.

In November, unusually heavy rains flooded Tara Road and damaged our pipeline excavations. The water also undermined the road making it unsafe for traffic. The City requested the road to be closed while we completed our pipeline work in that area.

We understand that the ongoing disruption is frustrating to the community and we apologise for this.

PIPELINE INTEGRITY

Monthly tightness testing and the annual hydrostatic testing of the existing seven transfer lines continued in 2006. Furthermore, the transfer lines were pigged for the sixth consecutive year. The pigging results were favourable, with no corrosion features with a wall thickness loss greater than 50% being found. A construction feature of 55% wall thickness loss was found on the above-ground section of the mogas (petrol) line and this will be repaired in 2007. Regular feedback on the pipelines was provided at the SAPREF Community Liaison Forum.

The transfer line risk management software package by a Canada-based company, Dynamic Risk Assessment Systems, was embedded and the 2006 data inputted. This now helps SAPREF to effectively quantify and manage any risks associated with the transfer lines.

The SAPREF Island View complex integrity management practices have been reviewed by Pipeline Performance Technologies on behalf of the eThekweni Municipality. The final report is expected later in 2007.



SBM PIPELINE

In 2005 to 2006 SAPREF replaced 340 metres of one-metre (40") line underground through the Reunion Rocks dune zone as part of the SBM (single buoy mooring) line upgrade. At the same time the diameter of the line was increased by 20 cm to improve the flow rate of the crude oil through the line.

A condition of the approval of eThekweni Municipality was a monthly site visit by an independent environmental consultant. Environmental consultants, WSP Environmental (Pty) Ltd, were contracted to draft an

environmental review and an environmental management plan. They conducted 17 site visits and included all areas and aspects of the construction site. The mechanical work of the project was completed mid-2006 and the line commissioned shortly thereafter. WSP Environmental's final environmental report was released on 12 October 2006.

It concluded that the "Activities onsite at SAPREF did not result in any damage to the environment..." and "...all recommendations by the environmental consultant were implemented by the various contractors...".

PETROL LEAK REMEDIATION

Remediation of the site following a petrol leak that occurred in 2001 continued in 2006 with free-phase petrol being removed from the ground. Six pump-and-treat pumps were used together with two liquid-ring vacuum pumps. Vapours were destroyed on site using two thermal oxidiser units.

As no free petrol was detected in the ground between the months of April to June, the extraction process was terminated, but monitoring of the water table and twice monthly measurement of the monitoring boreholes for any possible recharge continued throughout 2006. By end December no measurable free-phase petrol was detected in the ground on the water table.

2006 saw the start of the Monitored Natural Attenuation (MNA) process. This is a process where the make-up of the groundwater is analysed to monitor the natural biodegradation that is taking place.

One round of sampling took place in April and the second in October.

The total petrol removed in 2006 was 48 006 litres of which 42 488 litres were removed in the first five months and 5207 litres in June. All the petrol extracted from the ground was destroyed in vapour form in the thermal oxidisers. All extraction equipment has been removed from the site but security and the maintenance of the site will continue in 2007.

Normal monitoring of the boreholes will continue twice a month and two more rounds of MNA sampling are planned for 2007.

One meeting with local residents was held in 2006 and it was mutually agreed that further meetings would only take place if there was a change in the activities on the remediation site.

In 2006 our focus was on engaging with multiple stakeholders through a combination of structured engagement, planned meetings and discussions.

COMMUNITY LIAISON FORUM

The Community Liaison Forum (CLF) met eight times in 2006 and held one workshop to review the functioning and principles of the forum. Two task teams, one focused on SAPREF's environmental performance and issues, and another focused on social development in the area, met before meetings. Both task teams made recommendations which were implemented.

CLF meetings in 2006 covered feedback from the environmental and social task team meetings, updates on SAPREF's pipeline replacement project, and feedback on the statutory maintenance shutdown including employment of local people and the eThekweni Health Study. In the latter part of 2006, it was recommended that the Health Study become a standing agenda item.

In addition to reviewing air quality and other environmental information related to SAPREF, the Environmental Task

Team proposed a greening project which was implemented at the entrance to the refinery and the painting of stacks (chimneys) which commenced in 2006. The Social Task Team proposed three projects which were supported.

The first was continued support of a pilot project to develop soccer at nine schools in Durban South where previously soccer coaching was not offered. 2006 was the second year of the three-year pilot and culminated in a successful annual tournament held at the Dirkie Uys School's sports grounds. The second initiative was a training workshop offered by the KwaZulu-Natal Network for Violence against Women. Representatives of community groups who work with issues of violence against women and children attended the training. A local network has subsequently been established. The third initiative focused on a database for unemployed people and is currently developing. Development training for community organizations was offered by Living Earth.

OTHER

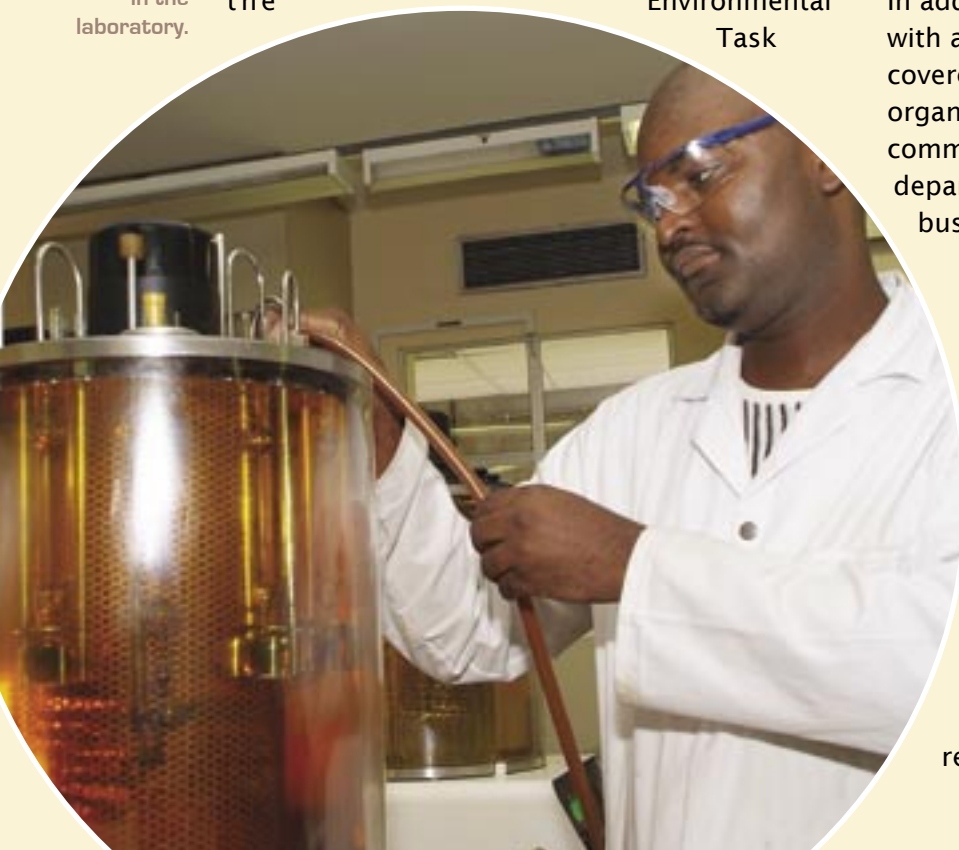
In addition to the CLF, meetings took place with a range of other stakeholders. This covered one-on-one meetings with local organizations, individual members of the community, schools in the area, government departments, local authority representatives, businesses and business forums.

For several years our practice has been to distribute company publications, such as the Columns magazine, annual stakeholder report and media releases to a wider audience.

STATUTORY SHUTDOWN

In line with our practice to keep neighbouring communities informed of major operating events, some 8000 flyers were distributed to our closest neighbours prior to the start of the refinery shutdown in June 2006.

Wonderboy Mkhize, lab technician, does a viscosity test for a base-oil product in the laboratory.



AIM

To provide the most cost-effective and sustainable commercial solutions, in a professional manner, and in partnership with our stakeholders, by utilizing the latest technology and processes and the best people available to us.

The long-term theme for the C&P (contracts and procurement) team in 2006 was that of embedding the C&P organization. This was fully achieved by resourcing the C&P organization and enhancing the implementation of the controls and assurance processes. Regular and comprehensive training of both C&P and site staff ensured an improved level of compliance to key commercial and business processes and procedures.

For the first time since its inception, the SAPREF C&P section published a detailed business plan identifying our vision and challenges going forward whilst at the same time driving the management and delivery of the C&P business in 2006. In addition to the business plan, C&P also published a training plan which identified key areas in which our staff required training, e.g., inventory management and systems training. C&P staff were encouraged to become members of IPSA (Institute of Purchasing Supply of South Africa) so that we could share best-practice knowledge, experiences and expertise with other procurement and contracting

professionals within this industry.

The C&P team created key performance indicators as a vehicle through which our plans, targets and objectives could be monitored, measured and managed.

C&P successes in 2006 were :

1. The achievement of a savings target of R 14 million. ✓
2. Our BEE (black economic empowerment) spend target of 30% was surpassed, and in fact exceeded 40%. ✓ This was achieved through sustained awareness programmes coupled with the awarding of turnaround contracts to recognized BEE companies. Furthermore :
 - (a) In 2006, a BEE co-ordinator was appointed ✓ and a BEE office ✓ established to facilitate the implementation of all BEE activities;
 - (b) A SAPREF BEE committee ✓ was formed to facilitate and implement the company's BEE policy and strategy;

The BEE committee for 2006 was, from left, Leonard Mbokazi, Mandla Mthembu, Sandile Mgojo, Mike Anwana, Richard Mkhonto, Franco Forno and Sandile Ngcobo.



3. An average of 85% ✓ approval of proposals at the various governing body committees.
4. We completed a 100% ✓ stock / inventory count.
5. We re-classified and categorized all our suppliers and contractors and have implemented our Vendor Registration and Management Process and Procedure. ✓
6. Our legal section positioned three vital licences ✓ - Operating, Petroleum Manufacturing, and Pipeline.

Some of the highlights of 2006 were:

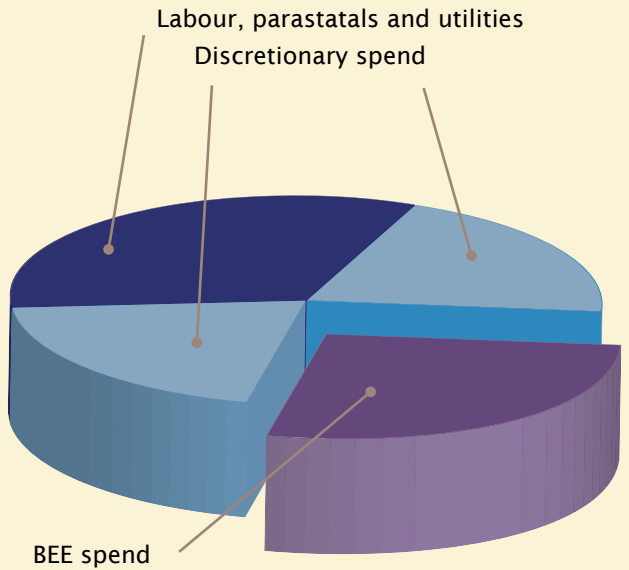
1. A first-ever supplier conference ✓ - with remarkable attendance.
2. Participation in the local municipality's SMME fairs. ✓
3. An award from the eThekweni Municipality for SAPREF's contribution to the development of small businesses in Durban South. ✓
4. A conference for attorneys to provide exposure to SAPREF's business. ✓
5. A successful major contractors audit on our Fluor alliance partner. ✓

At Island View 8, Siphon Ngidi, operator, samples tank diesel from mv Eternal Pride; this action forms part of product quality assurance.



PROCUREMENT BEE SPEND

Available procurement spend for 2006 was :	R1.907 billion ✓
Less: Labour, parastatals and utilities	-R0.676 billion ✓
Discretionary spend	R1.231 billion ✓
Spend on companies with 25.1%+ BEE shareholding	R0.491 billion ✓
BEE spend as a percentage of discretionary spend	40% ✓



Procurement BEE spend for 2006
R0.491 billion ✓

Suppliers / Contractors Spend 2006	
Total cost of all goods, materials and services ordered	R1.231 billion ✓
Spend with top 10% suppliers	R1.063* billion ✓
* includes spend to core contractors on the shutdown and the pipeline replacement	

PRODUCTION

SAPREF has a design capacity to process between 180 000 (24 500 tonnes) and 190 000 (26 000 tonnes) barrels a day, depending on the type of crude oil processed. In 2006, 5,68 million tonnes of crude oil were processed, producing roughly 33% fuel oil and specialities, 25% petrol and 39% diesel and jet fuel.

HDS4

On 28 October 2006, a hydrogen line on the hydro desulphurising unit (HDS4) in north zone failed, causing a fire. Operations and emergency services responded immediately, the unit was shut down and the fire extinguished. No injuries were sustained, but damage was caused which required some associated units to be shut down.

A project team was immediately assembled to rebuild the unit. At the same time a thorough inspection of all lines and equipment on the crude distiller, the baseoil manufacturing plant and the HDS4 was carried out. The units successfully came back on stream in March 2007.

SHUTDOWN

A number of SAPREF production units underwent a major statutory maintenance shutdown in 2006, starting in June. The planned inspections and repairs were done, and projects such as the replacement of the top part of the regenerator and the cyclones were carried out.

There were an average of 2500 people on site during the shutdown, of which 832 were sourced from our neighbouring areas. Four lost time injuries occurred, all involving contractors; there were no fires.

The shutdown took substantially longer than planned mainly because of scope growth during the shutdown and a shortage of contractors (both labour and supervision) with the right skills levels affecting productivity and efficiency. This extended duration greatly impacted our revenue stream.

A review team, which included shareholder expertise, made a number of recommendations to improve the next shutdown.

RELIABILITY

A major focus for SAPREF during 2006 was improving the reliability of the refinery, thus ensuring that the units and equipment were available for production.

Among the measures put in place to improve reliability were:

- the appointment of a reliability manager.
- increased emphasis after shutdown on preventative maintenance, including the establishment of specialist teams solely focusing on preventative maintenance tasks.
- the formation of a high-powered reliability task force to focus on those units that have a big impact on total refinery reliability.

A major new initiative at SAPREF is the Business Improvement Review (BIR) which supports SIRQ (safety, integrity, reliability and product quality) focus areas.

The hydrogen purification plant, part of the LION cleaner fuels unit.



ECONOMIC CONTRIBUTION
2006

Electricity	R 50.9 million	✓
Water	R 22.5 million	✓
Rates	R 18.3 million	✓
Total spend on		
Social Responsibility	R 5.5 million	✓
Capital Expenditure	R 386.0 million	✓
Salaries	R 260.3 million	✓

As shift controller, Thabile Dlamini's role in the Island View control room includes delegating duties to field operators.

In the background, updating the oil movements board is Veenal Praamraj, process technician.



WATER CONSUMPTION

Water finds use in four main applications in the refinery, namely for process cooling, steam production, washing of fouled equipment and pipelines, and lastly for fire-fighting. The three sources of water for the refinery are:

- ▶ Potable water purchased from eThekweni Municipality: 2480 ML (megalitres) in 2006 at an average intake of 6.8 ML/day. ✓
- ▶ Reclaimed water purchased from the Durban South Water works recycling plant: 1632 ML in 2006. ✓
- ▶ Surface water from the nearby canal used as firewater make-up: 217 ML in 2006. ✓

Of the 2480 ML of potable water purchased from Durban Metro, approximately 70% was used for steam production ✓ while 14% was used as fire water make-up ✓ and 2% as cooling water make-up. ✓ The remaining 14% was used for domestic use throughout the refinery.

There was a significant drop in reclaimed water consumption from 2800 ML in 2005 to 1632 ML in 2006 ✓ as a result of the three-month shutdown from July to September followed by the unplanned downtime of the Lubes plant following the HDS4 (hydrodesulphuriser) fire. 47% ✓ of the reclaimed water was used for steam generation while the other 53% ✓ was used for cooling water make-up.

The use of canal water for firewater increased by 14% in 2006 to 217 ML. ✓ Fire water was used mostly during the shutdown for water

washing and high-pressure jetting of various equipment and pipelines and also for fire-fighting during the HDS4 fire.

ENERGY CONSUMPTION

SAPREF's crude refining operations require a constant supply of energy in the form of electricity and fuel to drive the heavy machinery on a 24-hour basis and also to supply the required heat to "cook" the crude oil so it can be separated into various components. Electricity is sourced externally from the local municipality, while the combustion fuel is a by-product of the refining process.

A supplementary source of fuel is methane rich gas (MRG) from the nearby Sasol/Petronet gas pipeline which is mainly used during refinery start-ups, shutdowns and plant upsets. The energy use in 2006 was less than the previous years despite the refinery expansion (LION clean fuels project which was commissioned in December 2005) mainly because of the three-month shutdown. Fuel oil usage, on the other hand, was increased to sustain utility systems during the shutdowns and to release LPG for local supply.

The hi-tech Antek sulphur analyser in the laboratory was bought recently to detect the lower sulphur levels in the new cleaner diesel that SAPREF started to manufacture in 2006. Here we see Khombi Ntshangase, senior lab technician, at work.



Energy source	UOM*	2001	2002	2003	2004	2005	2006
Fuel Gas incl. methane rich gas	tonnes	314 825	295 287	315623	309 042	351 877	293 491 ✓
Fuel Oil	tonnes	3 100	9 045	12 629	9 356	5 592	17 362 ✓
Coke	tonnes	89 267	75 340	90 844	85 471	85 491	49 868 ✓
Electricity	MWh	320 030	278 219	274 039	264 131	297 436	253 313 ✓

*Unit of measurement

STATED GOALS FOR 2006

- ▶ Complete an increased emphasis on health in all our hazard management processes.
- ▶ Consider implementation of an Employee Assistance Programme.
- ▶ In our HIV/AIDS programme, to promote VCCT (voluntary counselling and confidential testing) for our contractors.

HIV/AIDS

The SAPREF HIV/AIDS programme commenced in August 2003 and the response is deemed to be excellent. Approximately 65% of staff participated in the VCCT campaign in 2006.

- ▶ 75.7% (458) SAPREF employees have been through the VCCT programme since 2003. Of those, 39.8% retested in 2006.
- ▶ Patient enrolment is deemed as good: 31 employees and nine dependants registered with LifeWorks (the company contracted to manage the treatment programme for SAPREF).
- ▶ Of the 40 registered patients: 16 patients are on PRE HAART (HIV positive but not requiring anti-retroviral therapy); 11 patients are on HAART (Highly Active Anti-retroviral Therapy); three patients are deceased and ten patients are deregistered.

Fire officers Kevin Govender and Kean Webster check that the ambulance equipment is all in order.



SAPREF core contractors were engaged in drafting a proposal for a Comprehensive HIV/AIDS Extended Workplace (CHEW) pilot programme for SAPREF contractors planned to be implemented in 2007.

MEDICALS

SAPREF conducted 156 medicals for employees working in areas that previously contained lead, 46 period employee medicals, 69 exit medicals, 7 travel medicals and 69 pre-employment medicals.

EMPLOYEE ASSISTANCE PROGRAMME

The SAPREF Employee Assistance Programme (EAP) was launched in the fourth quarter of 2006. This service is a tailor-made, professionally managed EAP available to all permanent SAPREF staff and their dependants. It provides full access to a 24-hour telephone counselling, legal and financial advisory service. It also provides face-to-face counselling when needed. The service is totally confidential and provided by an external organisation called ICAS (Independent Counselling & Advisory Services), which specialises in EAP for its clients in countries around the globe. Initial up-take has been positive with 36 cases in the first three months.

OBJECTIVES FOR 2007

- ▶ Application of the Employee Assistance Programme.
- ▶ Carry out executive medicals on SAPREF staff.
- ▶ Five-yearly review of all Health Risk Assessments for our operations.
- ▶ Promote VCCT programmes for our contractors.

STATED GOALS FOR 2006

- ▶ No lost time injuries
- ▶ A total recordable case frequency rate of less than 2.5 cases per million hours worked. Total recordable cases limit for the year is 16.
- ▶ Less than eight fires and less than 15 oil spills greater than 100 litres.
- ▶ Improved safety inductions and HSE competency training to contractors and staff across site, with additional focus for the turnaround.
- ▶ Improving SAPREF's culture with behavioural safety approach.

SAFETY AWARENESS

As a planned statutory maintenance turnaround year, HSE training to align contractors to SAPREF's standards was considered very important. A new appointment to lead HSE training was made, ✓ and ensured success in delivering all training requirements for the turnaround. A new feature included running a safety watcher school for people from neighbouring communities to fulfil the OSH Act requirements for confined space entry. The safety campaign during the turnaround period included raising awareness through toolbox talks, special HSE topic broadcasts, regular newsletters, daily HSE officer meetings and certification of individual good safety performers. It is now normal practice to summarise all safety lessons and incidents into a weekly report to encourage awareness and better safety performance. This includes recognizing 'Hero of the week' to acknowledge the dedication of individuals.

INCIDENT REPORTING and FOLLOW-UP

Near-miss reporting, a critical part of preventative safety management, continued to be good and again exceeded the target of 100 per month. ✓ Near-miss reporting is actively encouraged, as the reports provide learning points, thus helping to avoid accidents. Near-miss reporting also allows for

review of training approaches to close any gaps.

TOTAL RECORDABLE CASES

In March 2006, SAPREF achieved 8 million hours ✓ worked without a lost time injury. Within this we also achieved a record of one million hours without a recordable injury case. Total recordable injury cases is a measure of injuries that require medical treatment other than first aid. In 2006 this totalled 17 ✓ cases. Of these, 14 involved contractors and six were classified as lost time injuries as they resulted in absence from a shift at work. The benchmark in safety is to measure the recordable injury frequency rate per million hours worked. In 2006 SAPREF achieved 2.54 with the total hours worked being 5.9 million. ✓

OBJECTIVES FOR 2007

- ▶ No lost time injuries.
- ▶ A total recordable case frequency rate of less than 2.5 cases per million hours worked. Total recordable cases limit for the year is 11.

Part of the team watching over safety during shutdown were, from left, Teresa Crouch, Vishan Maharaj and Cathy Minnie.



SAFETY PERFORMANCE

FIRES

The year presented special challenges in regard to fire prevention and emergency response preparedness, with a number of projects and shutdown preparations which started early in the year. This was followed with a prolonged shutdown which brought a large and, in some cases, inexperienced work-

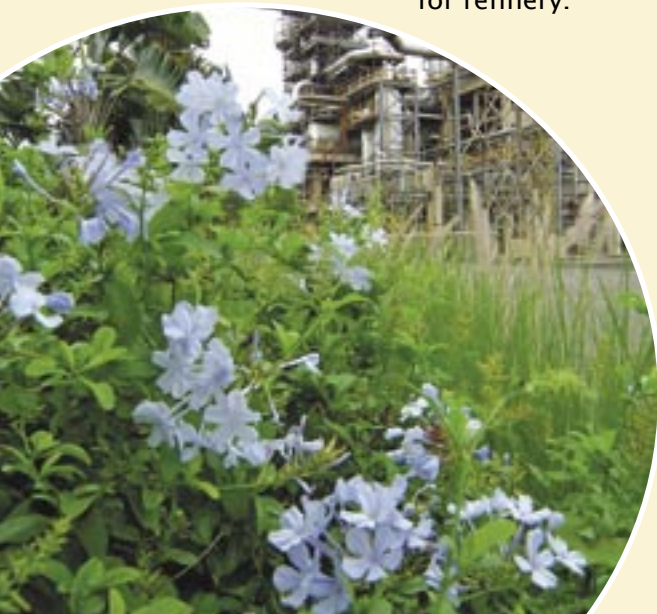
force on site. Sixteen fires occurred during the year including two serious events towards the end of the year – a fire on the solvent loading gantry which resulted in a lost time injury, and a fire on a hydrodesulphurization unit. Our emergency response organization functioned as intended and fire damage was contained as a result of an effective fire-fighting effort.

ENVIRONMENTAL PERFORMANCE

STATED GOALS FOR 2006

- ▶ To maintain sulphur dioxide emissions below 20 t/d on average per year.
- ▶ To ensure compliance with all relevant legislation and permit requirements.
- ▶ Effective progress with the leak-detection survey.
- ▶ To use available monitoring tools such as HAWK modeling software and an open-path air analyzer for effective air-monitoring and response to community complaints.
- ▶ Continued engagement with the Community Liaison Forum environmental sub-committee.
- ▶ Acquire five-year scheduled trade permit for refinery.

Indigenous Plumbago (*Plumbago auriculata*) bushes grow next to units in the north zone.



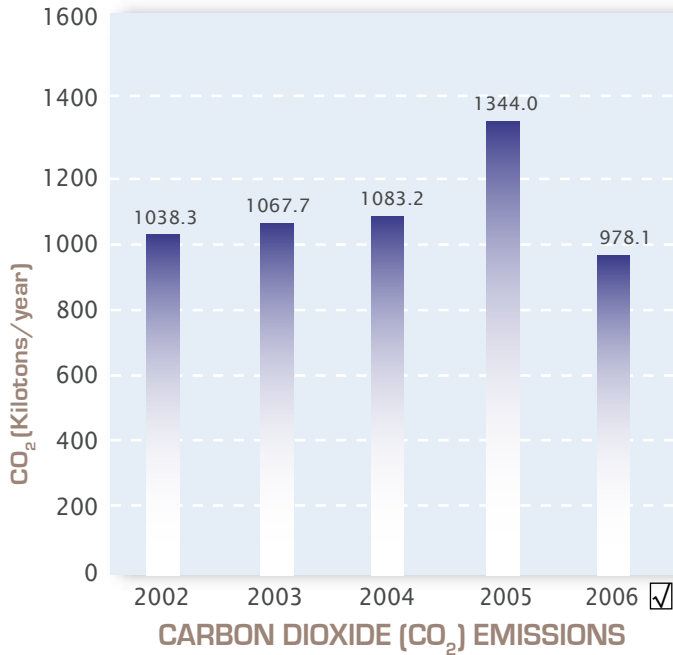
Volatile Organic Compounds (VOC)

There was a significant decrease in VOC emissions during 2006 (3528.7 tons) as compared to 2005 (4324 tons) . This reduction has been attributed to the decrease in production rates during 2006. The leak-detection survey by SNC Lavalin (Canada) continued during 2006 with a projected completion roll-out plan of 2007/8. The retrofitting of double seals on floating-roof tanks progressed with three tanks completed as per plan.



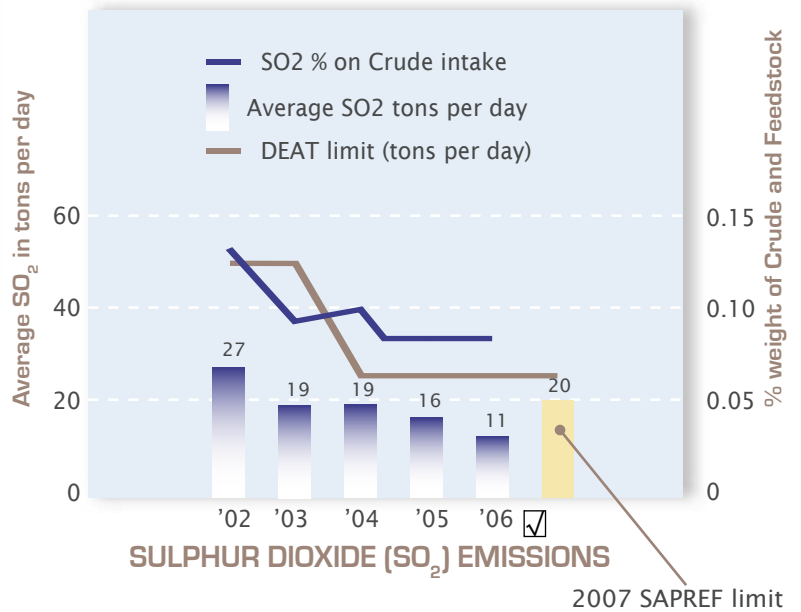
Carbon Dioxide (CO₂)

CO₂ emissions decreased from 1344 tons in 2005 to 978 tons in 2006. ✓ This is related to the lower production as a result of the extended turnaround during 2006.



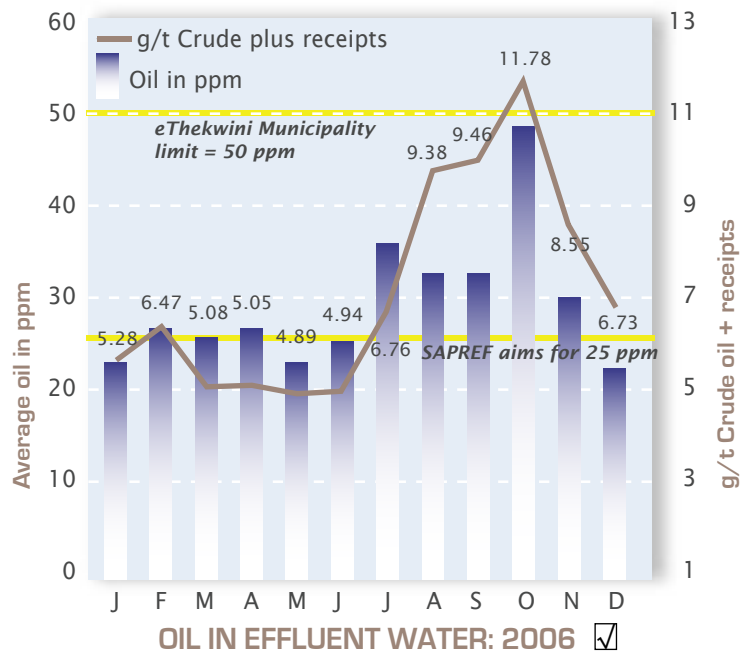
Sulphur Dioxide (SO₂)

SAPREF is required to monitor and report all SO₂ emission exceedances in terms of the Scheduled Trade Permit and the APPA permit. The Scheduled Trade Permit, acquired during 2006, imposed a SO₂ emission limit of 20 tons per day (t/d) on average per annum, which is the same as SAPREF's self-imposed limit. During 2006, SAPREF's annual average SO₂ emission rate was 11 t/d ✓, as a result of reduced throughput due to various units being down for maintenance.



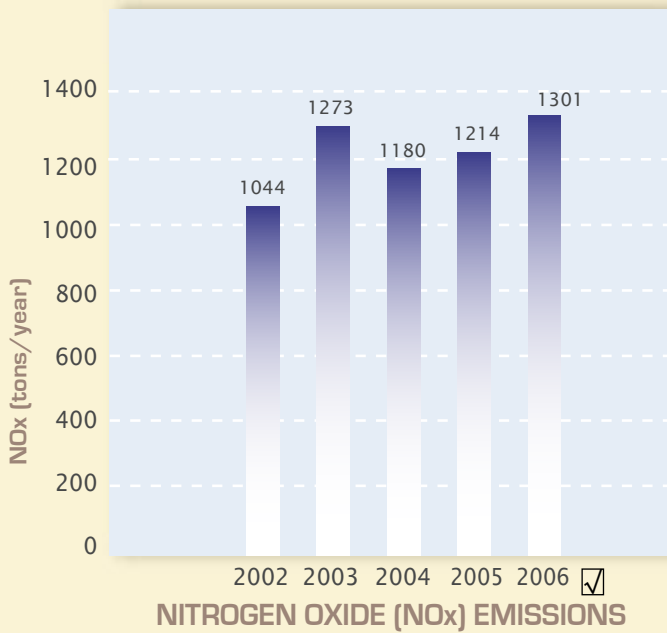
Oil in effluent water

The average oil concentration in effluent water increased from 17 mg/lit (milligrams per litre) in 2005 to 29 mg/lit in 2006; ✓ this is still well within the eThekweni Municipality's bylaw limit of 50 mg/lit. ✓ The primary cause of the increase in oil in effluent concentration was activities occurring during the 2006 turnaround. One of these activities resulted in a fine from eThekweni Waste Water for an exceedance of oil in the effluent that we discharged to the municipal treatment works. A stronger emphasis is being placed on identifying and minimizing the pollution at source within the refinery, while ensuring that internal service level agreements are developed and maintained to ensure compliance.



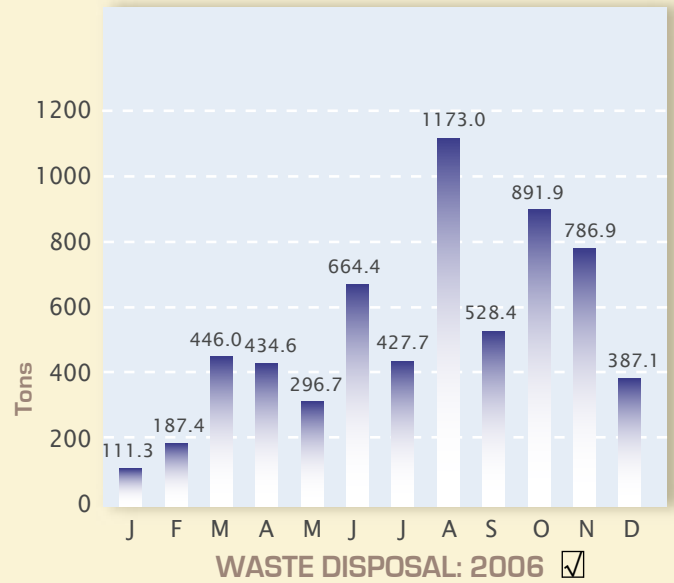
Nitrogen Oxides

Nitrogen oxides (NOx) emissions increased from 1214 tons in 2005 to 1301 tons in 2006. This figure was slightly higher than the 2006 target of 1300 tons per annum. Low NOx burners are specified for new installations.



Waste management

SAPREF continues to strive to comply with the Department of Water Affairs and Forestry's minimum requirements, particularly in respect of the principles of classification, handling, storage and disposal of waste. Approximately 6335 tons of waste were responsibly disposed of during 2006. Furthermore, the recycling of 994 tons of metal and 16.6 tons of paper took place.



Seen considering how to improve the RAP (risk assessment procedure) poster are, from left Jason Nair, HSE advisor, Catherine Maloa, environmental manager; and Nelson Mbatha, environmental technologist.



Exceedances

SAPREF recorded seven ambient SO₂ instances where the World Health Organisation 10-minute guideline value of 191 ppb (parts per billion) was exceeded. ☑ These occurred during the start-up of our main units after the 2006 turnaround and later in the year by a trip of our sulphur recovery unit. These seven events are still well below the allowable 35 ☑ exceedances per station, as specified in our Scheduled Trade Permit.

Flaring

In 2006 SAPREF flared at an average of 50 t/d as compared to an average of 27 t/d during 2005. The increase was due to the 2006 turnaround underpinned by a series of integrity-related problems.

Mobile Air Monitor

In 2005, a vehicle-mounted UV air quality analyser was introduced as a Community Liaison Forum (CLF) project. Trials were conducted for most of 2006 to establish a firm understanding of the behaviour of this mobile air monitor. During the trials, approximately 18 360 air samples (equates to about 55 samples per day) ☑ were acquired and analysed by an independent consultant. Analysis of the data gathered at sample points on the fenceline and inside the refinery revealed that all parameters reflected values below the WHO guideline limits. These results were also comparable to data from the Multi-Point Plan.

During 2007 the sampling will continue in order to gather more data and understand the trends at the planned sample locations.

Scheduled Trade Permit

In 2006 eThekweni Municipality issued SAPREF with a five-year Scheduled Trade Permit. ☑ This permit sets out specific conditions for improving environmental, health and safety performance.

Objectives for 2007

- ▶ To maintain sulphur dioxide emissions below 20 t/d on average per year.
- ▶ To engage the authorities around Scheduled Trade Permit issues.
- ▶ Implementation of the leak-detection survey which is planned for completion in 2008.
- ▶ Continued engagement with the Community Liaison Forum environmental sub-committee.



Assistant accountants Tshidi Makhetha, seated, and Windy Myeni, in the contractor payments section.

SAPREF has identified nine communities in its immediate areas, and is committed to making a difference in those communities by supporting sustainable projects. Education, especially to do with maths and science, is a key focus area for SAPREF as it provides long-term benefits both socially and economically; others are capacity building, poverty alleviation and entrepreneurship. SAPREF is committed to invest in the development of surrounding communities:

Hlengiwe Xulu, Honest Nala and Philile Makhanya, all Grade 10 students at Reunion Secondary School in Isipingo Beach, won the first prize of R1600 in the High School Best Operating Business category of the SAPREF Mercury entrepreneurs competition for their card making business, 'Isho Ngesizulu – Say it in Zulu'.

Umlazi Science Centre

SAPREF and shareholder BP joined forces in 2006 with the KwaZulu-Natal Education Department to establish a R200 000 science laboratory at the Zwelihle High School in neighbouring Umlazi. The laboratory will be used by 10 high schools in the area, benefitting about 1 000 learners. An existing laboratory was completely refurbished and equipped with science kits and equipment, as well as eight computers. SAPREF, as a maths- and science-related company, was pleased to assist in providing better science education to facilitate the advancement of children into oil-sector careers.

Science kits for schools

Following an engagement with Principals, SAPREF and Shell Chemicals each invested R100 000 to provide maths and science kits for Grade 10 to 12 learners at seven high schools in neighbouring Wentworth and Merebank, benefitting about 700 learners.

CLF soccer project

Nine schools participating in the SAPREF Community Liaison Forum's Soccer Development Programme took part in the second annual tournament held at Dirkie Uys Primary School, Bluff, on 3

November. The programme is a three-year pilot project aimed at unearthing and

developing soccer talent in the South Durban Basin. About 700 learners participated in the tournament.

'Violence against women' workshop

SAPREF facilitated an investment by contracting company Fraser & Chalmers Siyakha of R40 000 in August 2006 to support the SAPREF Community Liaison Forum's (CLF) "Violence Against Women" workshop. Representatives from all 16 members of the CLF, as well as members of the South African Police Services and other community and non-governmental groups, attended the three-day course.

STEPS programme

SAPREF offered 30 teenagers from high schools in Merebank and Wentworth places on a STEPS course at the refinery over three days during September holidays. The course assists youngsters to set goals and take control of their lives.

Donations in kind

During 2006 SAPREF was able to donate a number of items not being used to schools and non-governmental organisations in neighbouring communities. The items included good-quality furniture, printers and photocopiers.

Other

Entrepreneurship competition: more than 150 primary and high school learners from KwaZulu-Natal entered the SAPREF Mercury School Entrepreneurs Competition in 2006. SAPREF supported the competition to encourage learners to start their own businesses, and to change their mindsets from job-seekers to job-makers. On the course, the youngsters experienced the practical aspects of running a business, gaining basic skills and the confidence to choose self-employment as a career option later.



Organisation/ Project	Skills Dev/ Capacity Building	Education	Charity/ donation/ other	Employment opportunity
<i>Community Investment</i> Nizam Road School		R 10 000.00 <input checked="" type="checkbox"/>		
Wentworth Organisation of Women	R 8 850.00 <input checked="" type="checkbox"/>			
Settlers School		R 10 000.00 <input checked="" type="checkbox"/>		
STEPS Workshop (Reunion Sec School and We Help Our Children)	R 68 112.98 <input checked="" type="checkbox"/>			
Environmental Teachers Workshop	R 10 000.00			
Junior Achievement	R 28 000.00 <input checked="" type="checkbox"/>			
We Help Our Children	R 30 000.00 <input checked="" type="checkbox"/>			
Merebank Residents Assoc	R 10 000.00 <input checked="" type="checkbox"/>		R 50 000.00 <input checked="" type="checkbox"/>	
Umlazi Science Centre opening		R 48 000.00 <input checked="" type="checkbox"/>		
Maths and science kits for Merebank and Wentworth schools		R 59 000.00 <input checked="" type="checkbox"/>		
Merebank Community Centre maths and science classes		R30 900.00 <input checked="" type="checkbox"/>		
CLF soccer development	R 100 300.00 <input checked="" type="checkbox"/>			
<i>Other</i> National Business Initiative			R 82 736.00 <input checked="" type="checkbox"/>	
<i>Staff</i> Saturday school		R397 591.09 <input checked="" type="checkbox"/>		
<i>Skills development</i> Scholarships		R 928 180.00 <input checked="" type="checkbox"/>		
Students vacation work	R 204 827.00 <input checked="" type="checkbox"/>			
Learnership training costs	R 143 940.00 <input checked="" type="checkbox"/>			
Learners salaries				R 3 247 165.72 <input checked="" type="checkbox"/>
TOTAL	R 604 029.98	R 1 483 671.09	R 132 736.00	R 3 247 165.72

TOTAL SPEND ON SOCIAL RESPONSIBILITY FOR 2006 = R 5 467 602.79

The value of donations in kind is not included.

SULPHUR DIOXIDE

Our objective for 2006 was to keep emissions below 20 tons per day (t/d) on average, which is both our permit and self-imposed level. The actual rate was 11 t/d on average. ✓

VOCs

There was an 18 percent ✓ drop in volatile organic compound emissions in 2006, to 3528.7 tons. ✓ This is attributable to the decrease in production for the year.

PIPELINE REPLACEMENT

Following an earlier decision to replace all seven underground product transfer lines between the refinery and the harbour, about 15 km of new piping was laid; this is equal to about 3 km of the ±12 km route. ✓

SOCIAL INVESTMENT

SAPREF and shareholder BP joined forces with the KwaZulu-Natal Education Department to establish a R200 000 science laboratory at the Zwelihle High School ✓ in neighbouring Umlazi. The laboratory will benefit about 1000 learners ✓ from 10 high schools. ✓

COMMUNITY LIAISON

In response to a proposal from the Environmental Task Team of the SAPREF Community Liaison Forum, a project to 'green' the refinery entrance was begun; similarly the painting of stacks. The Social Task Team proposed three projects which were supported: the development of soccer at nine schools in Durban South, training for community groups ✓ who work with issues of violence against women, and the development of a database for the unemployed. Total spend on social responsibility was R5.5 million. ✓

EMPLOYMENT

During the shutdown, 832 ✓ of the contractor workers were drawn from our neighbouring areas. ✓

BEE

Forty percent ✓ of SAPREF's discretionary spend went to companies with 25.1% or more ✓ BEE shareholding, up from 23.7% ✓ in 2005. The target was 30 percent.

SAFETY

SAPREF achieved 8 million safe hours ✓ worked without a lost time injury as well as one million hours ✓ without a recordable injury.

REMEDIATION

The remediation continued of the site where a leak of petrol occurred in 2001. As no free petrol was detected in the ground between the months of April to June, the extraction process was terminated. ✓

CONTRACTS & PROCUREMENT

The new C&P department achieved its savings target of R 14 million. ✓

Competition at the SAPREF CLF's second annual soccer tournament was fierce.



FEEDBACK

FEEDBACK ON THIS REPORT

What do you think of our 2006 Report to Stakeholders? Do you feel you have a better understanding of our company and our purpose after reading the report? Do you have any questions? Give us your views and suggestions of how we can improve the report, in writing, by logging onto our website: www.sapref.com/contact.htm. Alternatively, you may telephone us on 031 480 1911 or send through a fax on 031 468 1111. Your opinions are important to us. We look forward to hearing from you.

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