

ANNEXURE A

STRATEGY FACILITATION SCOPE OF WORK

1. INTRODUCTION

CEF (SOC) Ltd is the holding company for a number of subsidiaries, which make up the CEF Group of companies. These subsidiaries also operate in the energy sector with commercial, strategic, regulatory and developmental roles. As the parent company for the Group, and as a strategic investor, CEF (SOC) Ltd.'s focus is to provide an oversight, strategic direction and guidance role as a holding company to its subsidiaries in terms of growth, commercial viability, sustainability, synergy optimisation, developmental objectives, governance and overall business performance improvement.

The Mandate of CEF SOC is derived from the CEF Act (No 38 of 1977) and its articles. **The mandate is in essence to contribute to the security of energy supply** for the country. This is the overarching mandate for all CEF Group entities, as they are subsidiaries.

The **vision** is to be a leading diversified energy company that provides sustainable energy solutions for Southern Africa. This way CEF contributes to national energy security.

The **mission** is to grow our footprint in the energy sector, to be the catalyst for economic growth and energy poverty alleviation through security of supply, and access to acceptable affordable energy in Southern Africa.

The **strategic role** of the CEF Group is to search for appropriate energy solutions to meet the **current and future energy needs** of South Africa, the Southern African Development Community and the Sub-Saharan African region, including oil, gas, electrical power, solar energy, low-smoke fuels, biomass, wind and other renewable energy sources. Entities that make up the CEF Group include:

Entity	Business Focus	Location
CEF SOC Ltd "CEF"	Holding company with an integrated energy investment focus	Sandton, Johannesburg

Entity	Business Focus	Location
Energy Projects Division “EPD”	Clean and Renewable Energy.	Sandton, Johannesburg
The Petroleum Oil and Gas Corporation of South Africa “PetroSA”	Oil and Gas, National Oil Company.	Cape Town and Mosselbay
The Strategic Fuel Fund Association “SFF”	Strategic stock and pollution control	Cape Town
Petroleum Agency SA “PASA”	Promotion, Licensing and Regulating the exploration and production of the country's natural oil and gas resources.	Cape Town
African Exploration Mining and Finance Corporation “AEMFC”	Mining and supply of Coal.	Waterfall, Johannesburg
The South African Gas Development Company “iGas”	Gas and Gas infrastructure.	Sandton, Johannesburg
The South African National Petroleum Company “SANPC”	Southern African energy champion supporting the region's energy needs, energy security and just transition.	Waterfall, Johannesburg Inception of this major new entity is in progress.

NB: CEF Group is in the final stages of completing the merger of PetroSA, iGas, and SFF to establish a new entity called the South African National Petroleum Company (SANPC). Positioned to become a prominent player in South Africa's energy sector, the SANPC aims to ensure energy security, drive related technological advancements, develop essential infrastructure, forge strategic partnerships, and foster social and economic growth.

2. BACKGROUND

The purpose of this tender is to source the services of a strategy-facilitation service provider. This company with extensive knowledge will facilitate the development of strategies and corporate plans for CEF SOC and its subsidiaries, for the period from July 2024 to March 2025 inclusive. The actual deliverable is the facilitation of strategy sessions, and positioning identified strategies for effective implementation in line with the value proposition of each entity, and the parenting strategy of CEF SOC, thus delivering on respective mandates for each entity:

- Facilitate the CEF Board strategy review session during June/July 2024. This will set the tone for subsequent entity strategy sessions, by informing planning instructions for respective entities.
- Facilitate the review of Group strategy.
- Facilitate individual entity strategy review sessions, be they board sessions or EXCO sessions.
- Guide the development of organizational scorecards.
- **Provide turnaround-guidance for PetroSA**, a CEF entity that is in need of turnaround, for reasons articulated below.
- **Conduct a KPI masterclass** to ensure that corporate KPIs for the various entities, as reflected in respective scorecards, are SMART, and focused on the achievement of Key Results.
- Review of entity organizational performance against organizational scorecard at entity level as well as the consolidation of these at Group level;
- Share **overview of industry trends** to inform strategy review.
- Share updated planning assumptions such as inflation rates, ZAR/USD exchange rates, crude oil prices, LNG prices, and projections to inform the formulation of strategies and the understanding of planning scenarios.
- **Guide the development of entity operational plans.** Such operational plans expand on only the first year of deliverables, with emphasis on execution, and position these for monthly and quarterly progress monitoring, and for effective cascading. This informs individual contracting for employees.

Advisory resources available under this tender will assist the CEF Group by providing an integrated strategy facilitation service, and by empowering CEF teams to own the execution of identified strategies.

The solution must empower CEF teams to easily deal with the imperative of ownership and effective execution.

The Service provider is expected to implement the facilitation process adequately and creatively for the CEF Group. The facilitation will take place mostly in Johannesburg, and in Cape Town.

This across-the-Group facilitation of strategy will ease the collation and integration of strategies, draw on Group synergies, and address cross-cutting themes.

3. GENERAL REQUIREMENTS

The expected benefits of the services provided to the CEF Group under this agreement/tender will be based on the ability of the service provider to **facilitate the review and development** of CEF entities' strategies and consolidated Group strategies. In light of the global and local business, environmental, social, technological, political current complexities, the CEF Group strategic trajectory requires coordinated calibration to take into effect both the internal and external core drivers. The recent Group strategic review has identified some of our key drivers as following into the categories of Security of supply, Energy transition, Financial

independence, SANPC enablement, National economic development, Governance, and Strategic partnerships. It is therefore imperative that the CEF Group strategies, their implementation, supporting processes, and resourcing be aligned to the internal and external shifts currently taking place in our operating environment. This process also allows to review some of our planning assumptions that continue to be tested as a result of changes and the need to rerun the various scenarios to support mandated delivery.

To enable more effective execution of the CEF mandate and the articulation of the Group mission and vision, the following imperatives will need to be in play:

- Clearly defined and relevant strategies for each entity, resulting in focused corporate plans that articulate our short, medium, and long-term strategic and operational initiatives;
- Insights of the external dynamics in the energy sector, and in the larger economy, including global megatrends (climate change, geopolitics, technological developments, policy shifts).
- Alignment of entities' mandates / strategies to the Group parenting strategy, and to the shareholder imperatives.
- Seamless integration to the operationalization of the SA NPC through the merger of the three CEF entities iGAS, PetroSA, and SFF.
- Effective integration of entity strategies, resulting in increased efficiency and synergy optimization for the achievement of corporate initiatives.
- Collective engagement to support Group collaboration and the strengthening of our value proposition.
- Imperative for driving the Group growth agenda and long-term financial sustainability.
- Review of initiatives for each strategic theme to ensure ease of measurement for progress with each.
- A review of the risks and the risk management process to improve maturity management level, articulation of the Group risk appetite, and identification of emerging risks.
- Support of the delivery of Group objectives, by cascading of the Group and subsidiary scorecards.
- Improved ability to tap onto the supporting processes of budgeting, procurement, project execution, business development, legal management, merger support, internal audit and board governance;
- Position the Group strategies for support with digital processes and systems.

4. CURRENT STRATEGY MANAGEMENT LANDSCAPE

- The CEF SOC as the holding company owns and executes a **five-year strategy** that articulates the parenting approach, and the various roles of respective subsidiaries. This strategy is adaptive and geared for growth. The strategy has three phase, of **Reset**, **Scaling up for Growth**, and **Sustaining** the Growth trajectory.

- The CEF Board review the Group strategy from which the Board shares planning instructions to subsidiaries. These planning instructions impose Group-wide alignment and the leverage of synergies.
- The strategy underpinned by five pillars of **Commercial sustainability, Strategy & Long-term Growth, Operational Excellence, Consolidation & Turnaround, and Human Performance & Organizational Alignment**.
- An alignment process of all the Group corporate plans is undertaken including the **detailed risk-review**, and formulation of strategic initiatives.
- The Group strategy review process which starts in July(2024) produces the Group and subsidiary corporate plans and scorecards which are approved February (2025).
- The CEF Group has adopted the Objectives and Key Results (OKR) methodology to guide the delivery and measurement of strategic initiatives, key projects, and the supporting constructs.
- In accordance with the OKR-methodology for monitoring progress on initiatives, the Group initiatives are monitored on a monthly basis. The process is manual and therefore cumbersome;
- As a result of the depletion of the gas feedstock, and the GTL refinery being put on care and maintenance, PetroSA requires to develop a pragmatic and in urgent need of turnaround to address changes in operating model.
- After conclusion of the corporate planning process and the submission of corporate plans to the National Treasury (NT) and the Department of Mineral Resources and Energy (DMRE) by **end of February 2025**, operational plans are compiled, during the month of March 2025. This is a way to create a sharp focus on the deliverables for the immediate year, and for effective cascading of the work. Even this process is manual, and therefore slow;
- Governance processes such as for legal management, internal audit, enterprise risk management, and board governance have all experienced a steep improvement in recent years. But, they are all heavily manual and could benefit to varying degrees from automation and digitization;
- The parent company is in the process of rolling out an automated business performance management system to improve reporting and accountability. This system is underpinned by the approved corporate plan.

5. SCOPE OF SERVICES

This tender is designed to source consulting services to implement strategy development / facilitation services for the CEF Group (and subsidiaries) under the overall management of the Group CEO and the CEF Group Strategy Executive for services and support of the corporate planning process.

The scope of work is split into three core areas

- 5.1 Strategic Planning and Facilitation **(July to November 2024)**.
- 5.2 Support the development of the stabilization and turnaround plan for PetroSA.
- 5.3 Risk workshops.

5.1 Strategic Planning Facilitation

This packet of work entails the preparation and facilitation of the strategy review sessions across the Group, **starting with the CEF Group board strategy session**. Subsequent to this main Board strategy sessions, **the planning instructions will be compiled that inform the strategy review of the various subsidiaries**. The strategy review is informed by the various inputs from the shareholder, the Group objectives, the environmental scans and regulatory prescripts, among others. The key output is content that informs the selection of strategic objectives in the various corporate plans, including the resourcing and risk management for such corporate plans.

Strategic Planning Process Flow

Process	Input	Source	Activity	Output/deliverables
Strategic Planning	- Shareholder objectives - CEF Act - National Development Plan - Presidential 7-point plan - IRP	- CEF SOC and Its subsidiaries - Departments within CEF SOC - Shareholder	- Review of the strategy review sessions - Alignment and Prioritization of subsidiaries and group draft corporate plans - Finalization of Corporate plans at a Strategy Workshop	- Updated corporate plans with strategic themes and initiatives - Updated Group and subsidiaries Corporate

Process	Input	Source	Activity	Output/deliverables
	• IEP • Shareholder Compact • Input corporate Plan • Entities' inputs • Environmental scans		4. Approval of Corporate plans by entities boards and CEF board 5. Finalization of consolidated group Corporate Plan 6. Share draft corporate plans with DMRE for shareholder input by November 2024 7. Share draft Group corporate plans at the DMRE strategy sessions in the middle of December 2024	strategies (2025/26 to 2029/30) • Group and subsidiaries scorecards • Shareholder Compact • Risk Plan • External environment analysis and impact on the Group. (Strategic opportunities and areas of collaboration)

5.2 Facilitation of Risk Review workshops

The risk review workshops are held with the primary objective of derisking respective corporate plans. With the entity strategic objectives, and environmental scans as input, the ERM process is followed to identify, analyse, and evaluate the risks, thereby prioritizing them in terms of impact and likelihood. Thus the final output is achieved, which is the various risk registers, treatment plans, and information for a risk-appetite framework. In the subsequent year, the risk registers are utilized as tools to improve and make progress with organizational risk maturity.

Process	Input	Source	Activity	Output/deliverables
Risk Management Process	• Strategic objectives • Environmental scans	• Draft corporate plans • Operational plans	1. Identify risks 2. Analyse risks 3. Evaluate risks 4. Mitigation strategies 5. Start process to improve the risks management maturity level 6. Start process to synthesize the Group risk appetite	• Group and subsidiaries risk register • Group and subsidiaries risk plans • Draft risk appetite document

5.3 Support the development of the stabilization and turnaround plan for PetroSA

Process	Input	Source	Activity	Output/deliverables
Strategic Planning Turnaround Planning Process (from Service Provider)	- Shareholder objectives - CEF Act - National Development Plan - Presidential 7-point plan - PetroSA updated strategy - PetroSA risk plan - Environmental scans	- CEF SOC and - PetroSA	8. Review of the PetroSA strategy to ensure strong accentuation towards turnaround 9. Expert input from Service Provider to rejig - The finances, strategy, supplier relationships, customer relationships, people, internal processes. - Identify practical, and meaningful milestones for the turnaround. 10. Expert input from previous turnarounds to ensure optimal business integration while driving the re-instatement of the refinery	Fresh and effective PetroSA turnaround plan

6 Non-Functional Requirements

- The facilitation work should be efficiently executed and keep delivery timelines.;
- Guaranteed confidentiality;

G. Service level agreement for 10 months from July 2024 to March 2025 (Attach copy of draft SLA), allowing for any mopping up work beyond March 2025.

- Monitors and resolve queries;
- Meet delivery timelines;
- Deliver quality of work that will maintain and improve the current competitiveness of CEF SOC Group entities;
- Support turnaround of PetroSA.

7 SPECIAL CONDITIONS

- Oil, Gas and Mining Experience. Including downstream, midstream and upstream.
- Service delivery levels and quality of the work will be a measure of appointment and retention as service provider.
- Fees shall be charged in accordance with the CEF Group Service Level Agreement/Statement of Work and Milestones mentioned herein. The Service Level Agreement/Statement of Work will be drafted after the proposals has been received and considered.
- In line with the CEF Group's developmental objectives, consulting companies may be required to partner with a strategic BEE Partner as part of Supplier Development and Skills transfer.
- The firm shall have at least 10 years' experience in the facilitation and execution-support for business strategies, in the energy sector, covering a combination of at least three of
 - Oil and gas,
 - Gas and Gas infrastructure
 - Coal
 - Renewable Energyor in related sectors with a proven record of accomplishment.
- Bidder must have local country-presence in South Africa.
- Proposal must include project methodology and project plan with deliverables and milestones.

8 PROJECT METHODOLOGY

- Bidders are required to submit an agile project methodology demonstrating facilitation of strategy review, and drafting of corporate plans;
- Project methodology should include an optimized project plan indicating deliverable with timelines;
- Submit structure or composition of team who'll be working on this project;
- Submit a skills transfer plan. Winning bidder will be required to ensure transfer of skills to in-house business strategy teams or designated teams of CEF.