

## MESSAGE FROM OUR MANAGING DIRECTOR

# Our partnership with the Tanzanian Government has delivered reliable, affordable power to people and industries across the country for the last 17 years.

Tanzania's peak electricity demand is expected to grow significantly in the coming years. Our strong track record positions Songas as a reliable and strategic partner in meeting the country's growing demand for electricity. We are ready and willing to support the Government's ambitions to increase capacity and create a sustainable energy mix through our mutually beneficial partnership.

Our Ubungo power plant already contributes around 190 MW to the country's current power capacity of just over 1,600 MW. It uses gas drawn from Tanzania's own reserves that we process on Songo Songo Island.

We believe that power from our gas-fired plant can continue to make an important contribution to the country's energy mix over the next decade as more renewable capacity is developed to support climate goals.

As we approach the end of our initial 20-year power purchase agreement, we are in discussions with the Government to extend the agreement by a further 10 years

to maintain essential power supply during this transition period. In parallel, we are drawing on Globeleq's experience in renewable power elsewhere in Africa to explore opportunities to develop Tanzania's renewable power capacity through solar and wind projects.

The successful public-private partnership between Songas and the Tanzanian Government has set a strong precedent for further private investment to help increase national power capacity in the coming years.

Our plant continued to demonstrate excellent performance in 2021, with a 96% availability rate despite ongoing challenges due to Covid-19. Songas' strong track record for delivering reliable, affordable power is just one of the ways we are contributing to sustainable development in Tanzania.

We completed the transition to a 100% Tanzanian team in 2021. We continue to support the development of local talent through training and internships, and we have a strong focus on encouraging women into the energy sector.

Education and income generation opportunities are two key priorities for our socio-economic development programmes. We also provide life-changing access to water and electricity to the people of Songo Songo Island, and work closely with communities along the wayleave to keep our pipeline secure.

We maintained our very high standards on health, safety and the environment in 2021. The Ubungo plant celebrated five years without a lost-time accident in October, we continued to support our people through Covid-19 and we invested in further infrastructure upgrades to keep the plant operating as efficiently as possible.

For us, taking good care of our communities, our people and the environment is fundamental to the success of our business and supports our mission to power Tanzania's development.



## **POWERING DEVELOPMENT**

### We strive to be a partner for growth in Tanzania, both now and in the future.

In 2021, Tanzania commemorated 60 years since independence through a series of forums including a symposium on the future of energy in the country. Songas is well placed to provide the reliable and affordable electricity needed to power the country's growth by partnering with the Government to utilise the country's abundant natural resources - both gas and, in the future, renewables.

Our world-class 190 MW Ubungo plant in Dar es Salgam uses local gas reserves processed at our gas processing facility on Songo Songo Island. We also own the 225km pipeline that brings gas from the Songo Songo gas field directly to our plant, other power generators and industrial customers.

The use of indigenous natural gas from the Songo Songo gas field has helped to save the Tanzanian economy over 14 trillion TZS since production began in 2004<sup>1</sup> by reducing the need for imported fuel. The electricity we produced in 2021 reached nearly 5 million consumers<sup>2</sup> and indirectly supported an estimated 113,809 jobs<sup>3</sup> in addition to the 74 people we employ directly.

As a supplier of an essential service for development, we recognise that access to key social services such as education and health is a matter that concerns us all, and requires meaningful and long-term investment.

We support communities through socio-economic development programmes that align with Government priorities and the UN Sustainable Development Goals, including supplying electricity and 30,000 litres of water daily to communities on Songo Songo Island. Since we began operating in 2004, Songas has invested 10.9 billion TZS in projects that enhance livelihoods and build a healthy and educated society.

We operate in compliance with the high social and environmental standards set by International Finance Corporation Performance Standards and Guidelines.

### Working in partnership

Songas is a strategic partner of the Government of Tanzania and has been meeting the country's growing demand for energy since 2004. Songas is owned by Globeleg (54.1%), TPDC (28.69%), TANESCO (9.56%) and TDFL (7.65%).

Natural gas from the Songo Songo gas field is processed by our contractor, Pan African Energy Tanzania (PAET), on Songo Songo Island. It is then transported along our pipeline, which local communities help us monitor, to our Ubungo power plant in Dar es Salaam.

The electricity we generate is supplied to the national grid and distributed to end users by TANESCO.

### POWERING TANZANIA'S GROWTH - KEY PERFORMANCE INDICATORS 2021

**OUR POWER** 

190 96.0%

availability 4

**OUR PEOPLE** 



**Tanzanian** employees nationals

**OUR DEVELOPMENT IMPACT** 



113,809

iobs indirectly supported<sup>3</sup>

consumers reached by the electricity we produce 2



<sup>1</sup>Converted from US\$5bn quoted by the Tanzania Petroleum Development Corporation (TPDC). <sup>2</sup> Estimated based on actual project level production and national per capita consumption. <sup>3</sup> Estimated indirect employment enabled by businesses using electricity generated based on Joint Impact Model (used by BII). <sup>4</sup> Equivalent availability factor, as defined by the Institute of Electrical and Electronics Engineers 762.

100%

## **KEEPING PEOPLE SAFE AND WELL**

### We have robust systems in place to make sure everyone goes home safely at the end of every working day.

### Managing health and safety

Our health and safety management system is aligned with Globeleq's common procedures, which are based on international standards. In 2021, the Songas Ubungo power plant maintained certification to the international ISO 45001 standard.

The gas processing operation at Songo Songo Island is operated by a contractor that has its own dedicated health, safety and environment (HSE) team, training and stringent procedures.

Visible leadership, a highly engaged team and a proactive approach to safety helped the Ubungo plant reach the milestone of five years without a lost-time accident (LTA) in October 2021. There were no LTAs at either the Ubungo plant or on Songo Songo Island in 2021. With no medical treatment or work restriction cases either, the combined reportable incident rate at both sites was zero.

We believe all accidents are foreseeable and preventable. If an incident does occur, we conduct rigorous root cause analysis and use this to support continual improvement.

### SAFETY PERFORMANCE IN 2021



REPORTABLE INCIDENT RATE 5

LOST-TIME ACCIDENTS

0

0

### Instilling a safety-first culture

We strive to build a culture where safety comes first, encouraging everyone on site to remain vigilant and take responsibility for their own safety and that of others. Our HSE team runs regular awareness campaigns.

In 2021, we rolled out Globeleq's Safety Savvies campaign to reinforce 12 key safety messages through engaging videos, posters and signs on topics such as permit to work, personal protective equipment (PPE), ladders and road safety.

Employees and contractors undergo extensive safety training before they start working with us. In 2021, employees collectively completed nearly 3,500 hours of health and safety training. Over 1,000 contractors completed health and safety induction training at the Ubungo power plant

or on Songo Songo Island, and security contractors also complete training on safety and human rights.

No work can be undertaken without authorisation and competency checks to ensure the people assigned to a task have appropriate training to do it safely. Both employees and contractors join regular toolbox talks on site.

In addition to general safety awareness sessions, we offer supervisors, managers and operations and maintenance employees external training on specific aspects of safety that are relevant to their roles. In 2021, this training focused on topics such as scaffolding erection and dismantling, equipment troubleshooting and contractor management. One of our engineers also enrolled in the Tanzanian National Occupational Health & Safety Course as part of his personal development (see quote on page 5).

Thirteen managers, including our Managing Director, continued intensive training as they work towards either an International Certificate or Diploma from the internationally recognised UK National Examination Board in Occupational Safety and Health (NEBOSH). They will complete the training in 2022.

### **CELEBRATING SAFETY MILESTONES**



DAYS WITHOUT LTAS BY THE END OF 2021
AT THE UBUNGO POWER PLANT

1,894+



### Supporting employees through Covid-19

In 2021, we continued measures to help employees and contractors stay well during the Covid-19 pandemic.

Fortnightly employee-led 'COVID Talks' helped to raise awareness of prevention measures throughout the year. We also engaged our medical insurance provider to run a Covid-19 awareness session and invited an external speaker from the Centers for Disease Control and Prevention to deliver a talk on vaccinations.

We maintained flexible working arrangements for employees who are able to do their jobs from home, and provided equipment like ergonomic desks and chairs to help them do so safely and effectively.

For those who needed to work on site, Covid-19 prevention measures included face masks, social distancing, regular disinfection of touch surfaces and provision of sanitisers. We also supplied facemasks to contractors working at our sites and visitors to our workplaces.

### Promoting health and wellbeing

We offer our people health screenings and health insurance, as well as access to vaccinations against diseases such as Hepatitis B and Covid-19, and we have an on-site gym at the Ubungo plant to promote physical health.

We also provide a range of support, including access to free counselling and awareness sessions, to promote mental wellbeing and resilience. In 2021, interactive virtual training on financial health was well attended by employees. The training included tips to help employees invest and prepare for retirement.

"I'm a maintenance engineer at Songas and I'm passionate about health and safety. I enrolled in the Tanzania National Occupational Health & Safety Course because I wanted to strengthen my knowledge and become an ambassador for safety among my colleagues, contractors and community. As well as practical training on identifying and controlling hazards, the course has changed my mindset on how safety culture is perceived, and underlined how mindfulness and safe operations can play an important role in company performance."

### Jesse Ruzige

Maintenance Engineer at Songas (right)

<sup>6</sup>The UK Health and Safety Executive Safety Climate Tool All Industry Benchmark dataset comprises data gathered by 130 organisations in a range of sectors, including construction, energy, manufacturing, and food and beverages.



## **INVESTING IN OUR PEOPLE**

As a responsible employer, we listen to our people and help them achieve their ambitions.

### **Developing local talent**

In 2021, all 74 of our employees were Tanzanian citizens. We have invested in development to support succession of Tanzanian nationals into senior roles, including a one-year CEO apprenticeship programme completed by our Managing Director and our Chief Commercial and Financial Officer in January 2021.

We hire locally where possible and support local skills development through socio-economic development programmes (see page 9), including six-month internships. We welcomed 15 local young people as interns in 2021, including 11 women. They gained valuable work experience with Songas in roles ranging from maintenance and supply chain to communications, finance and IT.

In 2021, we invested 424 million TZS in training to build employees' technical, management and leadership skills. Our campaign on excellence, one of Globelea's six core values, included training for managers and leaders, some of whom went on to become Excellence Ambassadors (see quote on page 7).

"I started out as an intern five years ago and I'm now an assistant accountant at Songas. Seeing how other women in my team have grown from their own experience on the Female Future Programme motivated me to participate myself. It's helped me gain confidence by teaching me about rhetoric, public speaking and the impact of first impressions. My job scope has since been expanded. I now take part in the annual budgeting process and I've been appointed as an ambassador for our values."

#### Irene Machaku

Assistant Accountant at Songas and participant in the Female Future Programme (right)

### **Embracing diversity**

We are keen to embrace a culture of diversity and inclusion in our business. Through the Globeleg Diversity and Inclusion Workgroup, we are developing further awareness activities to reinforce the Diversity Dialogues training that all our employees completed in 2020.

We aim to improve gender balance in our business by making sure women are included on the shortlist of candidates for available roles and supporting development opportunities for women. In 2021, women represented 19% of our employees and 40% of our senior management in Tanzania.

Ten women from Songas have now completed the Female Future Programme, run by the Association of Tanzania Employers initiative for the advancement of women in the workplace. In 2021, three Songas employees enrolled in the nine-month programme (see quote).

In March 2021, Songas employees championed the International Women's Day 'I Choose to Challenge' campaign by sharing pictures and messages about

how they promote diversity and inclusion.



### **Engaging employees**

In 2021, 100% of employees responded to our annual companywide employee survey. Our engagement score increased to 7.5 out of 10, exceeding the international benchmark of 7.4 for the industry. Songas senior management reviewed the survey findings and held discussions with line managers to agree how to respond effectively.

We scored well in almost all areas and particularly well on health, safety and wellbeing. On autonomy, an area that was highlighted for improvement in the previous survey, our score improved following communications to clarify the types of decisions people are empowered to make or refer to managers. This has also helped to improve scores in relation to managing workloads.

Reward remained an area where employees felt we could improve further. In 2021, line managers received training to help them build understanding of our reward framework with their teams. We have also begun a review of our performance-related pay structure.

We also engage with employee representatives through formal consultation. Most (78%) of our employees are members of a trade union. In 2021, we began formal consultation to agree a new five-year collective

"Excellence is a subject close to my heart. Focusing on operational excellence enables us to guarantee performance, deliver company goals and explore opportunities for the organisation to grow. I wanted to be part of that journey by becoming an Excellence Ambassador. The Excellence campaign we ran this year has turned our values from being mere black ink on white pages into reality by getting employees involved and empowering them to contribute

#### Jackline Silaa

Legal Advisor, Company Secretary and Excellence Ambassador at Songas (right)

to the direction of the business."

### EMPLOYEE ENGAGEMENT SURVEY RESULTS

(ENGAGEMENT SCORE OUT OF 10)

7.6 7.2 7.5

agreement on employment terms and conditions, expected to begin in 2022. Once agreed, negotiations will begin on a new pay agreement.

### **Promoting ethical conduct**

Everyone who works with us is expected to follow our values. All employees must complete refresher training on the Globeleg Code of Business Conduct every two years. The next training is planned for 2022.



## SUPPORTING OUR COMMUNITIES

### We work closely with the communities around our operations and invest in projects to help them thrive.

### Investing in socio-economic development

Our socio-economic development (SED) projects aim to create a sustainable, positive and long-term impact on our host communities.

We align our SED projects with Globeleq's four corporate priority areas – health, education, income generation and post-school professional development (see page 9). We also respond to specific local needs around infrastructure and environmental conservation.

The provision of free water and electricity as part of our original development of the gas processing facility on Songo Songo Island has had a sustained, life-changing impact on the health and wellbeing of local communities since 2004. Other communities along our pipeline are being provided with electricity by TANESCO through the national grid.

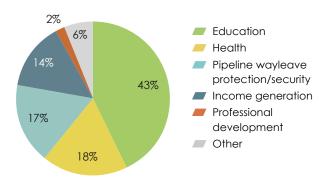
### **Engaging with communities**

Good relationships with local communities are critical to our social licence to operate. Our SED Manager leads our engagement with communities in line with Globeleq's common procedures.

We meet regularly with local leaders and representatives to update them on our activities, listen to their feedback



### **SED SPEND BY CATEGORY IN 2021**



and respond. In 2021, we held around 40 consultation meetings, mainly to discuss SED support, as well as engaging with communities informally on a continual basis throughout the year. Local people can also raise concerns through our formal grievance mechanism.

Input from communities helps us shape our SED strategy and activities to ensure we are responding to their needs. In 2021, we received 67 requests from communities and funded 19 projects in response to the identified needs.

### Stewardship of our pipeline

We have built strong relationships with communities along the 225km pipeline that transports gas from Songo Songo Island to the Ubungo power plant in Dar es Salaam. We support them through SED programmes and we provide safety awareness training every two years.

We have agreements with 65 villages to appoint local people to act as wayleave guards to help us monitor the stretch of pipeline close to them through daily inspections. This enables us to respond quickly to any security or safety concerns, and address soil erosion from heavy rain that could damage the pipeline if it is not restored quickly. In 2021, we renewed all our agreements on wayleave community payments for the next five years.

### Supporting sustainable fishing and livelihoods

Our partnership with Sea Sense has empowered coastal communities in the Kilwa District to successfully implement more sustainable fishing practices. Since we began the project in 2017, catches and income have improved, and species that had previously declined as a result of overfishing are now re-emerging.

In the second phase of the project, Sea Sense directly reached 610 people through community events and around 750 students through a marine biodiversity education programme in three secondary schools. Leaders of the community-led beach management units set up by Sea Sense have been trained to effectively monitor and control local fisheries, working closely with local governments.

Our focus on empowering women through the Sea Sense partnership has also led to an increase in the number of women standing for and holding leadership positions in the community.



## SED HIGHLIGHTS IN 2021

### **EDUCATION**

We built 10 new classrooms and renovated 10 more at seven schools, which will improve the learning environment for more than 5,000 students (see quote below from the head of one of these schools). Working with local NGO READ, we created, equipped and stocked a library at Lukanga secondary school to promote reading and improve academic performance (see photo). We also sponsored the Young Scientist Tanzania science competition again this year and 240 secondary school students took part.

#### HEALTH

We built a maternity ward at the Njianne village dispensary which serves more than 6,000 people (see quote below) and donated medical equipment for the maternity ward at Njopeka village dispensary (see photo). We also made donations, including funds raised by Songas volunteers, to support women with fistula and a national campaign to prevent cervical cancer.

### **PROFESSIONAL DEVELOPMENT**

We welcomed 15 new interns to gain work experience with us in 2021 (see quote below) and a further eight completed internships that were delayed due to Covid-19. Mentoring and ongoing feedback helped them maximise learning opportunities during their six-month placement. Since 2011, 128 graduates have completed our Industrial Practical Training internships, 20 of whom have gone on to become employees. We also sponsored vocational skills training at Kilwa Folk Development College for 15 more students from Songo Songo Island in 2021, taking the total sponsored since 2016 to 75.

#### **INCOME GENERATION**

Working with the Mkuranga district council, we trained 78 people in six groups on beekeeping and business skills, and provided each group with 10 beehives and plots of land to plant mango trees (see quote below). We also engaged 240 pupils from four primary schools, providing training, hives and mango trees to raise awareness of beekeeping at an early age and create a new source of income for the schools. Separately, we completed our Sea Sense project (see page 8) and donated funds to a national programme to support the tourism industry in Tanzania.

% SED SPEND IN 2021:



43%



**18**%







"My school has a total of 2,241 pupils with only 13 classrooms. Standard seven pupils who will be sitting for national exams this year are 182 in number and are all sitting in one classroom. You can see how big the problem is. This support from Songas will help us reduce the crowdedness and be able to help them prepare for exams properly."

### Tatu Mnyimae

Head of Somanga primary school



"This support has come at the right time. On average we have 15 to 20 child delivery cases every month and we have only one delivery bed. We have another that we have not used for the past two years due to lack of space to put the bed. Once this facility is completed, we will have very good spaces to support pregnant mothers and manage child delivery cases. We even expect the number of child delivery cases to grow to 30 cases per month."

**Dr. Ally Mbaruku** Njianne village dispensary



"I've enjoyed every moment at Songas and I've learned a lot during my internship – from navigating tax regulations and the Tanzania Revenue gateway system to building my health and safety knowledge, interpersonal skills, adaptability and work discipline. I gained a sense of professionalism and got a lot of handson experience that will help me in the job market. The internship has been a step on the ladder towards my goal to become a notable professional in finance."

### Donald Mziray

Finance intern at Songas



"Our group consists of 12 members. When we started the group, we had nothing apart from the monthly contributions we put in ourselves. After receiving the training funded by Songas, we started beekeeping and making bee products such as honey, wax, body oil and lotion. This has enabled us to increase the group's capital from 250,000 TZS to 1.7 million TZS in just six months."

### Abdallah Ngulangwa

Nyuki ni Mali group chairperson

## PROTECTING THE ENVIRONMENT

We invest in technology to reduce emissions and we have certified systems to manage our environmental impact.

### Addressing climate change

We are continually looking for ways to improve the efficiency of our power plant to maximise the amount of power we produce from the gas we use.

Building on major upgrades of our turbines two years ago, in 2021 we invested in two significant pipework upgrades that will help to further improve the reliability of the Ubungo plant and ensure it can operate efficiently by optimising the performance of the plant and the Sprint system we installed in 2019.

The Sprint system improves the efficiency of our plant by reusing wastewater from cooling to generate 8 MW of extra power without using additional gas. In 2021, we replaced the old steel water pipes with high density polyethylene pipes to eliminate corrosion. Not only will this prevent potential leaks, it will also improve water quality to help ensure that the Sprint system operates effectively to make the plant more efficient.

We have also replaced the pipes carrying compressed air to power our turbines. Previously, these were buried underground, making it difficult to identify and fix leaks that can cause our turbines to shut down. In 2021, we replaced these pipes with a new system above the surface that can be monitored and maintained more easily. By enabling engineers to spot any problems and fix potential leaks before they happen, this will help to reduce the frequency of shutdowns that make the plant less efficient.

Our total greenhouse gas footprint in Tanzania was 828,558 tonnes of  $CO_2$ -equivalent ( $CO_2$ e) and the carbon intensity of our power production was 598 tonnes of  $CO_2$ e per GWh produced in 2021.

### Managing environmental impacts

Our environmental management system at the Ubungo plant is certified to ISO 14001. Employees are trained to identify and manage environmental risks to ensure we adhere to the high standards set out in Globeleq's robust common procedures. In 2021, we provided training on waste management, environmental impacts and biodiversity.

Regular maintenance ensures our machines are tuned to optimise efficiency. We measure emissions – including nitrogen oxides, sulphur dioxides, particulates, carbon dioxide and carbon monoxide – to monitor and manage any impact on local air quality. In 2021, we commissioned a three-month survey of local air quality in the area around the Ubungo power plant, specifically monitoring levels of nitrogen dioxide, and found that these were consistently within World Health Organization guidelines.

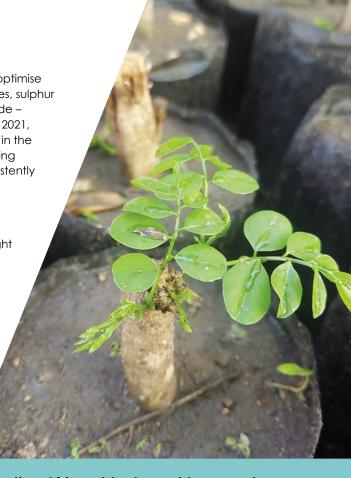
### Minimising waste and water use

In 2021, we generated 53 tonnes of waste. This includes eight tonnes of hazardous waste, such as used oil, filters and oily rags from maintenance of machinery, and sludge from wastewater treatment.

Training on waste management for all employees aimed to raise awareness of the need to reduce waste and separate different types of waste for recycling and treatment. In 2021, we tripled the proportion of waste recycled to 60%.

We aim to minimise water use and the work we have done to upgrade water pipes will reduce water lost through leaks. We recycle condensed water to use in our Sprint system. The Ubungo plant produced and recycled approximately 41,603m³ of condensate water from chilling condensers in 2021.

We also used a further 153,807m³ of water during the year. Of this, 20,634m³ came from municipal sources and 1,829m³ from our borehole at the Ubungo plant. The rest is abstracted from seawater to process gas on Songo Songo Island before being treated and discharged back into the sea.



## Planting African blackwood to promote biodiversity

We celebrated World Environment Day in June 2021 by raising awareness of biodiversity among employees. A team of volunteers prepared a garden plot at our Ubungo site in Dar es Salaam and planted African blackwood, known as Mpingo in Swahili, to help preserve this endangered species which is native to the southern coastal regions of Tanzania. We are now exploring the possibility of working with communities to encourage planting of more African blackwood along our 225km pipeline wayleave.

## **PERFORMANCE SUMMARY**

The table provides a summary of year-on-year performance for key indicators on our most material sustainability topics.

- Equivalent availability factor, as defined by the Institute of Electrical and Electronics Engineers 742
- Estimated based on actual project level production and national per capita consumption.
- Data restated due to an error in our 2020 reporting.
- Estimated indirect employment enabled by businesses using electricity generated, based on Joint Impact Model (used by BII).
- Incident rate includes lost-time accidents and incidents resulting in medical treatment or work restriction. Calculated in line with OSHA definition (200,000 x reportable incidents/ working hours).
- We have regraded positions so we cannot report a comparable figure for women in senior management or management in 2019.

	2019	2020	2021
POWERING DEVELOPMENT			
Operational power capacity (MW)	190	190	190
Average availability (%) $^7$	93.2	95.7	96.0
Electricity generated (GWh)	1,514	1,224	1,386
Consumers reached by the electricity we produce 8	-	4,371,900 <sup>9</sup>	4,950,500
Jobs indirectly supported through electricity generated 10	133,600	104,440	113,809
HEALTH AND SAFETY			
Reportable incident rate 11	0.42	0.49	0.00
Lost-time accidents	1	0	0
EMPLOYEES			
Number of employees	73	75	74
– Tanzanian nationals (%)	96	97	100
– Women (%)	15	19	19
Women in senior management (%)	_ 12	29	40
Women in management (excluding senior management) (%)	_ 12	10	10
Employee engagement (score out of 10)	7.6	7.2	7.5
COMMUNITIES			
Total spend on socio-economic development (SED) projects (TZS m)	1,096	924	852
Number of people reached by SED projects (estimated)	66,000	65,000	65,000
ENVIRONMENT			
Greenhouse gas emissions generated (tonnes CO2e)	930,400	738,337	828,558
Greenhouse gas intensity (tonnes CO2e/GWh)	615	603	598
Water use (m³)	113,810	147,766 <sup>9</sup>	153,807
Total waste generated (tonnes)	95	29	53
– Hazardous waste generated (tonnes)	34	9	8

