ANNEXURE A

SCOPE OF WORK & BID ELIMINATION EVALUATION CRITERIA FOR:

SANPC/2026/016 – RFP FOR THE APPOINTMENT OF SERVICE PROVIDER(S) TO CONDUCT DUE DILIGENCE AUDIT SERVICES FOR SANPC AS AND WHEN REQUIRED FOR A PERIOD OF 36 MONTHS

1. BACKGROUND/CONTEXT

The South African National Petroleum Company (SANPC) is a newly formed state-owned enterprise, resulting from the merger of the Petroleum Oil and Gas Corporation of South Africa (PetroSA), the South African Gas Development Company (iGas), and the Strategic Fuel Fund (SFF). The SANPC is mandated to ensure South Africa's energy security, drive technological innovation, foster strategic partnerships, and promote economic development through responsible management of the nation's petroleum resources and infrastructure.

The SANPC Procurement Policy is based on an "open tender/competitive tendering" philosophy for the procurement of goods and services. As this method of tendering opens the field to all companies in South Africa via advertising on open platforms like the SANPC website and the National Treasury Portal, SANPC requires a due diligence audit to be performed on Bidding Companies, which SANPC are recommending for an award. It should be noted that companies within the CEF Group may utilise the awarded contract, subject to approval by their respective governance structures.

The selected Service Provider(s) may also be retained to provide due diligence support to any entity within the CEF Group of Companies on an ad-hoc basis, subject to the request and approval of each respective company. These companies include the following:

- **CEF** – wholly owned company contribute to the South Africa, the Southern African Development Community (SADC) and broader sub-Saharan region for security of energy supply.
- **PetroSA** – Petroleum Oil and Gas Corporation involved in upstream, midstream and downstream activities
- **iGas** – Gas infrastructure development.

- **PASA (Petroleum Agency SA)** – Upstream oil & gas regulation.
- **SFF (Strategic Fuel Fund)** – Crude oil storage and strategic reserves.
- **AEMFC** – Mining and energy minerals development.

2. SCOPE OF WORK

A Due diligence audit will assess the recommended company and highlight any risk associated with doing business with the company and provide assurance to the approving authority on whether to proceed with the recommendation to award.

SANPC intends to appoint more than one Service Provider.

The appointed service provider(s) shall conduct due diligence assessments in support of:

- Procurement processes, including the review of tender documents and due diligence assessments on shortlisted and awarded suppliers;
- Trading transactions and counterparties;
- Supplier registration and onboarding processes; and
- Corporate Social Investment (CSI) projects and beneficiaries.

Accordingly, SANPC is seeking to appoint a suitably qualified Service Provider (or more than one Service Provider) to perform a due diligence audit in the following fields (including but not limited to):

a) Security clearance;

b) Legal status and B-BBEE Compliance Verification;

c) Financial ability / Creditworthiness / Credit Risk;

d) Company's ability to deliver material/product//perform in terms of the Scope of Work;

e) Sanction Screening (if applicable);

f) Regulatory violations (if applicable); and

g) Reputational aspects.

In addition, SANPC is intent on:-

- Finding reliable and cost effective Suppliers/Service Providers;
- Preventing Wasteful Expenditure;
- Root out corruption;
- Verify the financial and legal integrity of Service Providers/Suppliers who may be awarded business;
- Using goods and services that have a South African content (locality) and encouraging international supplier organisations to establish local representation in South Africa in one form or another;
- Promoting its role as a responsible corporate citizen in the context of Black Economic Empowerment, Commercial Equity and Corporate Social Investment;
- Ensuring that the procurement process is fair, equitable and comprehensive but logical, transparent, competitive and cost effective;
- Ensuring regional disparities are remedied;
- Promoting Broad Based Black Economic Empowerment (BBBEE) companies and other local South African companies by facilitating their entry into Africa and the rest of the World, through procurement;
- Corroborating with other entities such a State Owned Companies (SOCs), to ensure maximum value, both for SANPC and the State in general; and
- Verifying the company incorporation documents.

a) Security Clearance

The following legislation (list not exhaustive) is applicable to SANPC:

- Act No. 102 of 1980 (National Key Points Act - hereinafter referred to as the NKP Act)
- Petroleum Products Act
- Disclosure of Information Act
- Promotion of Access to Information Act (PAIA)

- Promotion of Access to Justice Act (PAJA)
- Minerals and Petroleum Resources Development Act No 28 of 2002, and Regulations
- Preferential Procurement Policy Framework Act, 2000 (PPPFA), (Act No. 5 of 2000) including its Regulations
- Public Finance Management Act (No.1 of 1999 as amended by Act 29 of 1999)
- Broad-Based Black Economic Empowerment Act (No. 53 of 2003)

The due diligence exercise has the purpose of clearing a Supplier/Service Provider on behalf of SANPC before an award is made to such a company.

The Appointed Service Provider(s) shall inspect National Treasury's database to identify if the company is included on the Register for Tender Defaulters and Database of Restricted Suppliers.

Conflict of Interest: The Appointed Service Provider(s) shall ensure that conflict of interest/potential conflict of interest as defined in the SANPC's Procurement Policy and the SBD 4-Annexure B available from National Treasury's website is highlighted / disclosed.

The Appointed Service Provider(s) shall ensure that politically exposed person/s, defined as someone who has been entrusted with a prominent public function, is highlighted / disclosed.

b) Legal Status and BBBEE Compliance Verification

SANPC endorses Broad Based-Black Economic Empowerment (BBBEE) and has embarked on a process of commercial equity that is targeting greater involvement of small, medium and emerging enterprises. To ensure that BBBEE is integrated in PetroSA's business activities, policies and principles have been put in place which form part of the criteria for tender evaluation.

Verification

There are key elements that are the pillars to BBBEE. These elements provide a common base for measuring the impact of policy objectives of BBBEE across different entities and sectors within the economy, inter alia -

i. Ownership

ii. Management Control

iii. Skills Development

iv. Enterprise and Supplier Development

v. Socio-Economic Development

Refer to Codes of Good Practise for Broad-Based Black Economic Empowerment.

Proof That a Supplier Is Black Owned or Controlled

The following information is intended to assist SANPC to identify fronts.

SANPC prefers doing business with enterprises that are registered in terms of South African Law.

SANPC will take the following into consideration in proving Black ownership and control:

A person has sufficient control over a firm if that person, whether a legal or natural person,

a) beneficially owns at least 25.1% of the issued voting share capital of the enterprise;

b) is in a position to vote, or control directly or through any controlled entity the voting of at least one half of the maximum number of votes that may be cast at a general meeting of the firm;

c) is able to appoint or to veto the appointment of half of the directors of the firm;

d) is a holding company where the firm is a subsidiary of that person as contemplated in section 1(3)(a) of the Companies Act 1973, (Act No 61of 1973);

e) in the case of a firm that is a trust, has the ability to control at least half of the votes of the trustees, or to appoint half of the trustees, or to appoint or change the beneficiaries of the trust;

f) in the case of a close corporation, owns at least half of the members' interest, or controls directly, or has the right to control at least half of the members' votes in the close corporation, or

g) has the ability to materially influence the policy of the firm.

NOTE: Ownership must be traced and reported to the ultimate natural person(s) wherever possible. If this information is not provided or cannot be determined, such as in the case of publicly listed companies or complex ownership structures, ownership must be reported to the highest level reasonably ascertainable, with any limitations and information gaps clearly disclosed.

Organization and Good Standing

- The Company's organizational chart;
- The Company's list of shareholders (***up to the level of individuals***) and number of shares held by each;
- Company's assumed names and copies of registrations and re-registrations thereof; and
- COID, ISO, ANSI, SABS API, etc. where applicable.

Tax Compliance

- Sales tax returns for the last three years;
- Tax Pin documents and Tax Registrations;
- Tax compliance status on CSD

Documentary proof required

SANPC requires proof -

- of all legal documents lodged with the Registrar of Companies which will confirm who has an interest in the close corporation or company.
- of payments by the Black member for his/her interest/shares.
- that the Black partner has contributed equally to the required working capital.
- that Blacks' membership is not conditional. An example is where a Black's interest is attached to his employment, and once she/he resigns or is dismissed for whatever reason the interest is forfeited.
- of the Memorandum of Agreement and Articles of Association / Memorandum of Incorporation in the case of a private company.
- that a "white" partner does not have any preference shares over and above ordinary voting shares.
- that the company's shareholders' agreement does not in any way favour "white" partners, or is one-sided.

The following documentation is applicable:

- SANPC's Procurement Policy and Procedure
- Preferential Procurement Policy Framework Act, 2000 (PPPFA), (Act No. 5 of 2000) including its Regulations
- The National Industrial Participation Programme of the Republic of South Africa
- Promotion of Access to Information Act (PAIA)
- Promotion of Access to Justice Act (PAJA)
- BEE codes of good practice
- National Codes of Ethics and other relevant policies and procedures

Legal Status & BBBEE Compliance: The due diligence exercise must confirm the Bidding Companies legal status, which includes determination of the Tenderer's past supply chain practices (available from the National Treasury's website) and BBBEE compliance in terms of the above.

NB: The Service Provider(s) shall ensure that a SANAS approved B-BBEE certificate or affidavit, whichever is applicable, as per the sector / industry that the respective company operate in (sector and/or industry in which the business generates more than 50% of its revenue) is provided.

Financial Ability /Creditworthiness / Credit Risk

A due diligence exercise is required to evaluate the financial status/systems of a company to ensure that the required services tendered for can be performed and will evaluate, inter alia, the following issues:

- Credit worthiness – is the company solvent and not listed with any credit bureau
- Ability to obtain credit/finance for the contract
- Compliance with Tax legislation – Income Tax, VAT, etc.
- Proper accounting – in accordance with GAAP
- Verification and assessment of any terms and conditions of any Joint Venture or

Shareholders Agreements relating to financial matters

- Audited financial statements for three years, together with Auditor's Reports
- For Trading counterparties, the assessment shall additionally include liquidity, working capital, cash-flow position, leverage, debt obligations, banking relationships, available credit facilities, payment history, historical defaults and the counterparty's ability to meet its financial obligations under the proposed transaction

3. Company's ability to deliver material/product//perform in terms of the Scope of Work

- The due diligence exercise must evaluate the information submitted relating to the company's ability/potential ability to perform the services or supply materials as per specifications, taking into account its organisational structure, management, personnel, infrastructure, workshop facilities, equipment, procedures, etc.
- A physical verification of the facilities will be required (if applicable). This should include pictures of the personnel, facilities and equipment (if applicable).
- It the case of materials, it is important to know if the supplier keeps stock, has a warehouse, is an official appointed product agency or original manufacturer in South Africa, are geared for reconditioning and if the supplier is certified to supply the required components / materials to meet our insurers.

4. Trading Counterparty Due Diligence

Where the due diligence relates to a prospective customer, supplier, trader, broker, agent, intermediary, financial institution or other counterparty involved in crude oil, refined petroleum products or other commodity trading activities, the appointed Service Provider shall perform enhanced counterparty due diligence appropriate to the nature, value and risk of the proposed transaction.

The assessment shall include, where applicable:

- Verification of the counterparty's legal existence, ownership structure and Ultimate Beneficial Ownership (UBO) up to the level of natural persons.
- Verification of directors, senior management and authorised representatives.
- Verification of parent companies, subsidiaries, related parties and material intermediaries involved in the proposed transaction.
- Assessment of the counterparty's track record and experience in petroleum, energy or

commodity trading.

- Verification of relevant petroleum trading, import, export, storage, transportation and other regulatory licences or authorisations.
- Assessment of financial capacity, including liquidity, working capital, cash flow, leverage, debt obligations, banking relationships and available credit facilities.
- Assessment of historical payment performance, defaults, insolvency proceedings, business rescue, liquidation, material litigation and regulatory enforcement.
- Assessment of the counterparty's ability to meet its financial obligations under the proposed transaction.
- Verification of trade references and, where appropriate, banking or financial references.
- Screening of the counterparty, UBOs, directors, senior management, related entities, brokers and material intermediaries for direct and indirect sanctions, restricted-party status, PEP status, adverse media, fraud, corruption, bribery, money laundering, terrorist financing and other financial-crime risks.
- Assessment of country, jurisdictional, political and regulatory risks for international counterparties.
- Verification of the proposed source and supply chain of the product, including producers, refiners, suppliers, traders, brokers, agents and other material intermediaries.
- Confirmation that the counterparty has legal title to, or the appropriate contractual authority to sell or supply, the proposed product.
- Verification of product specifications, quality certification, product provenance and the ability to meet SANPC's required product specifications.
- Assessment of the counterparty's operational and logistical capability to deliver the required product, volume and delivery schedule.
- Identification of actual, potential or perceived conflicts of interest involving SANPC employees, directors, management or other transaction participants.
- Independent verification of banking details and confirmation that payment accounts are held in the legal name of the contracting counterparty.

NOTE: The Service Provider(s) shall provide an overall counterparty risk rating and clearly identify all material risks, red flags and recommended mitigating controls.

FURTHER: For Trading counterparties, the report shall, where sufficient information is available, provide a recommendation regarding the appropriate level of counterparty exposure or credit limit.

5. TRAINING

The appointed Service Provider(s) will be required from time to time to perform due diligence audits with SANPC's personnel for skills transfer.

6. DELIVERABLES

The Appointed Service Provider(s) shall submit a Report to SANPC within 5 (five) days after having received the instruction to perform a due diligence audit on a company. The appointed company shall notify SANPC timeously, but not later than 2 days (two) after receiving the instruction with valid reasons, of any delays in delivering the report for the assignment.

The Report will clearly state the findings regarding all areas as stated above or individual areas only if so requested.

This exercise may also be required from time to time on new companies that SANPC may wish to do business with.

7. OTHER (REVIEW ON TENDERS)

The Appointed Service Provider(s) may be required from time to time to perform reviews on tenders that are being evaluated. This will include but not limited to;

- ensuring that the evaluation criteria in the tender documentation is applied consistently in the evaluation of tenders, and
- points awarded to the tenderers are reflective of the submissions made by the tenderers, etc.

8. GENERAL

The Appointed Service Provider(s) will meet with SANPC as may be agreed to discuss service delivery issues.

9. REPORTING

The Appointed Service Provider(s) shall report to the Demand and Acquisitions Manager or his/her representative.

TECHNICAL PRE-QUALIFICATION (BID ELIMINATION):

Bidder MUST submit evidence proving compliance with the following MINIMUM specifications:

	Description	Requested Evidence submitted showing compliance with the required bid elimination criteria
1	The Bidder must submit with its tender proposal, full details of at least 3 previous similar engagements, with client details and contactable references undertaken in the last 5 years. The bidder must include the nature of the services rendered; and	Yes/No
2	The bidder must have in its employ a qualified Senior Auditor – submit CV's for nominated personnel as defined in the scope of work with proof of certification (SA QC Certification and/or CIA Certification and/or RA Status); and	Yes/No
3	The bidder to submit a copy of a full Due Diligence Audit report done within the last 5 years (confidential information can be removed).	Yes/No

Please note that Bidders must satisfy all of the bid elimination criteria listed above, failing which, the bidding company will be disqualified