

DEBSWANA DIAMOND COMPANY PARTNERS WITH BOTSWANA OIL LIMITED TO CAPACITATE CITIZEN-OWNED COMPANIES IN THE FUEL SUPPLY AND TRANSPORTATION INDUSTRY



In a ground-breaking development for the local oil and gas industry, Debswana Diamond Company and Botswana Oil Limited (BOL) have entered a strategic partnership that is aimed at capacitating citizen-owned companies in the fuel supply value chain. Through the agreement, BOL will play the facilitatory role of handholding and assisting emerging citizen-owned fuel supply and fuel transportation companies to supply Debswana's Jwaneng and Orapa Letlhakane Damtshaa (OLDM) mines with diesel and petrol for their operations. This is part of Debswana's Citizen Economic Empowerment Programme, which seeks to accelerate citizen participation in its supply chain. Through this agreement, Debswana expects to increase citizen companies' market share in the fuel supply and transportation industries, which have over the years been dominated by foreign-owned suppliers. Consequently, the agreement will also ensure security of supply for Debswana operations which are a mainstay of the Botswana economy. Debswana procures approximately a 100 (one hundred) million litres of fuel per annum.

As part of their mandate to facilitate citizen participation in the petroleum sector, BOL will under the agreement be obliged to transfer skills to citizen suppliers and transporters during the contract period and ensure delivery of competent and skilled citizen suppliers and transport companies upon completion of the agreement.

The five-year partnership, valued at BWP8 billion, will also create opportunities for support services along the oil value chain, such as trucks staging, truck stops, tyre services, wash bays, truck service, maintenance jobs and other related support activities for Botswana. BOL will leverage on the volume economies of scale to ensure a sustained commercial value to all the parties. The partnership is in line with both Debswana and BOL's citizen empowerment ambitions. The two companies are currently working on a joint transition plan that will culminate in the August 2022 kick-off consignment.

In her remarks regarding the partnership, Debswana Acting Managing Director Lynette Armstrong expressed her delight at the development: "This is a huge milestone for Debswana, especially for our "One Dream, One Team" (ODOT) 2024 strategy which is very intentional about citizen participation. I am also proud to say that with this major step forward we are well underway to realising our strategic ambitions under the Debswana Citizen Economic Empowerment Programme (CEEP). The programme has two breakthrough outcomes on creating and delivering shared citizen spend value of BWP20 billion and 20 000 jobs by 2024. This deal therefore forms part of the 2021 CEEP key breakthrough actions which include the continued localisation of Debswana's long term contracts, the development of citizen participation in the supply and transportation of fuel, and delivering on a transformational plan that creates opportunities for citizen ownership participation in the Original Equipment Manufacturers (OEM) sector. We remain resolute and intentional about impacting our communities and economy at large through such transformational initiatives. To Botswana Oil, we thank you for coming on board and we look forward to a fruitful relationship"

Commenting on the partnership, Botswana Oil Chief Executive Officer Meshack Tshekedi said, "For Botswana Oil Limited, this is a thrilling development that brings to life the third prong of the Company's mandate which emphasises the meaningful facilitation of citizens in the oil and gas industry through BOL's CEE programme. Through this collaboration, BOL will play a facilitatory role by hand-holding citizen companies which will be selected to participate in the Debswana's fuel value chain. As an anchor partner, BOL will shoulder the responsibility for the development of

the citizen suppliers and ensure business continuity to Debswana's operations. On the other hand, supply margins which have over the years, been made outside the country through the importation of fuel, will now accrue to BOL (the National Oil Company of Botswana). The benefits that will be realised from these margins will trickle down, even to the ordinary Motswana ultimately when BOL pays taxes locally and dividends to the Government. The partnership is a worthy investment which will play a significant role in the development of homegrown oil companies and transporters as envisaged in BOL's citizen facilitation framework."

The project is scheduled to commence in August 2022, with BOL, through Citizen Owned Oil Companies, expected to deliver their first consignment to Debswana on the 01st of August 2022. As part of opening up opportunities for citizen service providers in the fuel supply space within Debswana, the parties will in the near future issue a joint 'Request for Proposal' to identify suitable citizen service providers (logistics and fuel supply) to partner with Botswana Oil as sub-contractors for delivery of the contract scope. Debswana management extends their gratitude to the out-going service provider and its employees for the services rendered prior to this transition.

About Botswana Oil Limited (BOL)

BOL is the national oil company of Botswana. The Company is wholly owned by the Botswana government and was established to achieve the Government's economic objectives of ensuring the security of fuel supply and management of the Government's strategic fuel storage facilities. The Company is also mandated to develop an enabling environment for Citizen Owned Oil Companies (COOCs) to participate in the petroleum products industry through the removal of barriers to entry into this highly competitive industry. BOL is achieving this through targeted initiatives as outlined in its citizen facilitation framework.

About Debswana

Debswana Diamond Company was established in 1969, and it is owned in equal shares by the Government of the Republic of Botswana and De Beers Group. It is one of the world's leading diamond producers by value and volume. Debswana operates four diamond mines in Orapa, Letlhakane, Damtshaa and Jwaneng. The company is a major contributor to the national economy of Botswana – contributing significantly to the gross domestic product, foreign exchange earnings and government revenues. Debswana is one of the largest private sector employers, with over 5500 employees and over 6000 contractors. Debswana is also the largest contributor to the De Beers Group rough diamond production. The company is committed to mining safely, optimally, and responsibly, as well as making a meaningful contribution to the development of communities around its mines and the nation at large, thus making life brilliant. For further information visit www.debswana.com.

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