

The Tightrope : Risk Leadership or Risky Leader

Ken Rivers, CEO Refining NZ



REFINING NZ
Your Energy Hive



Disclaimer

This presentation contains views and opinions that are solely those of the presenter and do not necessarily represent the views of Refining NZ or any of its affiliates.

The presenter reserves the right to deviate from the script and urges the audience to exhibit extreme caution in applying anything that you hear or see during this presentation. Should you feel unwell please see a doctor.

Anyone of a nervous disposition should probably leave the room now.



The Imposter Syndrome



Refining NZ



A Leadership Journey

Visible Leadership

- create the compelling vision / strategy
- build the guiding coalition
- excite, energise and empower
- support, resource, stand back and encourage

High and Well Understood Standards

- instil the belief & confidence that we can do better and different
- you get the performance you demand
- hold yourself and others accountable

Changing the conversations / mind set

- changes the nature of the analysis and the quality of decisions
- how we work together – “first team”

People are the difference !

- focus on building capability & gardening talent throughout the organisation
- performance anchored in values / authenticity



Purpose, Vision, Aims & Strategy

Our Purpose is to be New Zealand's supplier of choice for oil products

Our Vision is fuelling New Zealand's future

WE WILL HAVE REALISED OUR VISION IF WE ACHIEVE THE FOLLOWING AIMS:

FOR CUSTOMERS

Provide 50-80% of NZ products by being the most competitive source of supply in terms of reliability, cost and environmental footprint.

FOR ALL STAKEHOLDERS

Attract, develop and retain talented individuals and business partners to sustain and grow the business and be recognised as a valued corporate citizen locally, regionally and nationally.

FOR SHAREHOLDERS

Deliver 15% ROACE sustainably over the business cycle.

TO ACHIEVE OUR AIMS WE WILL PURSUE FIVE KEY STRATEGIES:

LEADING IN RELIABILITY, SAFETY & ENVIRONMENT

Asia Pacific's Best: Implement a more structured and systematic approach to operational excellence that will deliver and sustain world class HSE, asset integrity and reliability performance.

SUPPORTING NEW ZEALAND'S GROWTH

NZ Supplier of Choice: Continuously improve competitive position versus imports and target production capacity at 80% of NZ demand by developing robust options to close the gap.

ROBUST PROFITABILITY

Delivering in a Volatile World: Close the gap against Asia Pacific refinery competitors within five years by structural improvements to revenue and cost and leveraging insight from industry benchmarking.

PEOPLE & PERFORMANCE

Being an Employer of Choice: Build leadership and organisational capability to run and develop the business.

DELIVERING ON OUR PROMISES

Developing Mutual Trust, Understanding & Support: Based on impeccable performance and structured and proactive engagement, build a reputation as a valued and admired company and by being a good corporate citizen at a local, regional and national level.

VALUES & BEHAVIOURS:

HONESTY & INTEGRITY

RESPECT

LEADERSHIP

WINNING TOGETHER

OUR MANAGEMENT SYSTEM

TURNING OUR KNOWLEDGE INTO RESULTS

Venezuela - Refinery Fire



Buncefield



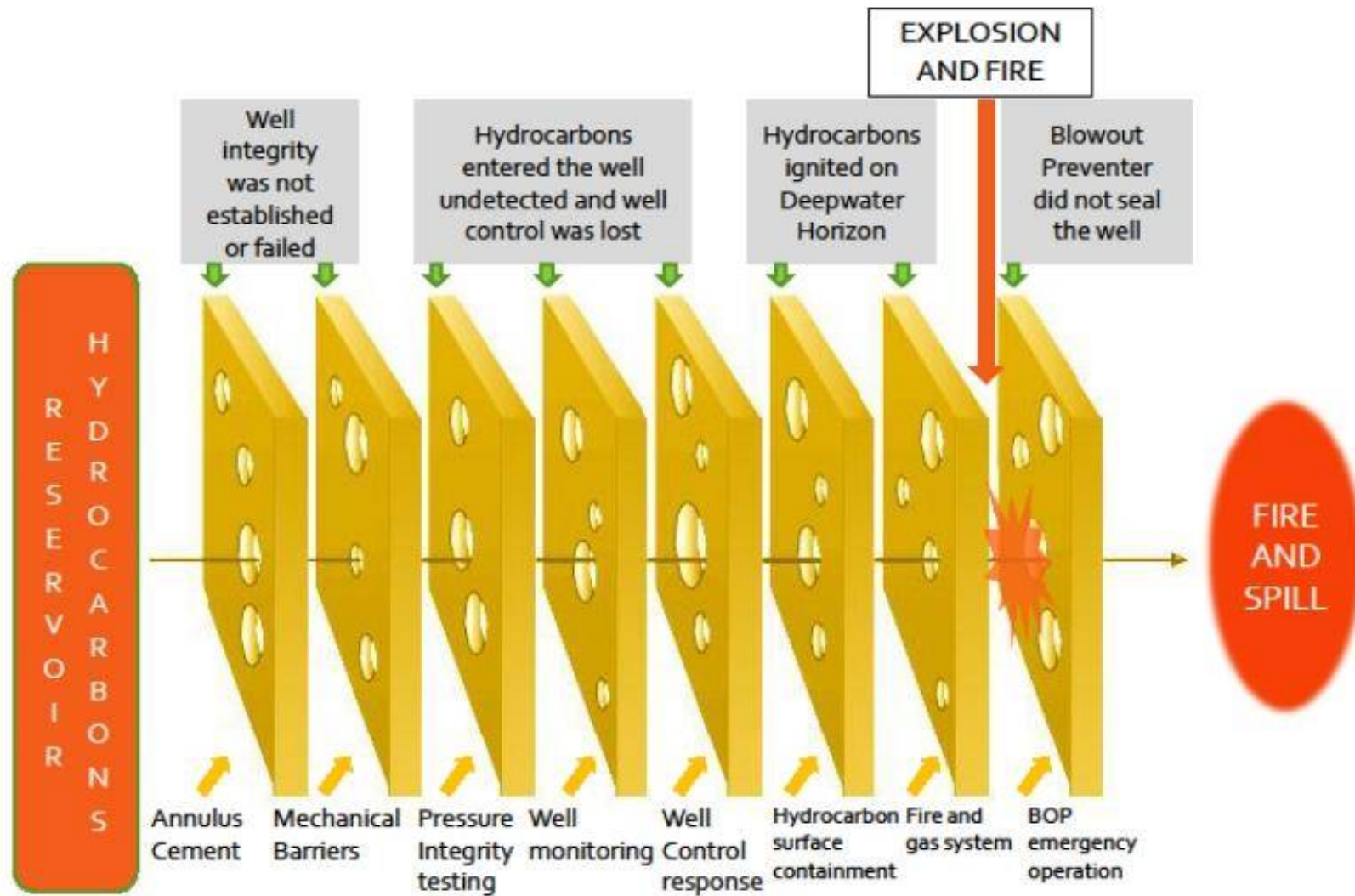
Deep Water Horizon

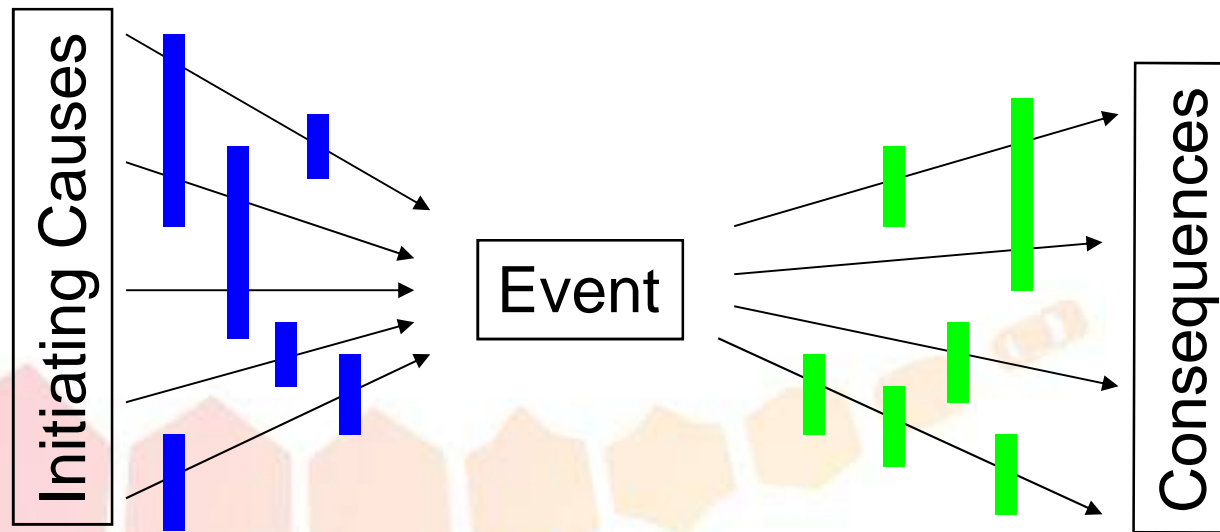


Pike River



Swiss Cheese Model





**Elimination
& Prevention**

**Mitigation &
Emergency**

Managing High Hazard Environments

- Leadership and Commitment
- Systematic and structured process that gives confidence that all Major Accident Hazards are identified and reviewed in order to prevent the incident, inhibit escalation, reduce consequence and ensure emergency preparedness/response.
 - Safety Case
 - Bow-ties
 - Risks managed to ALARP
 - Based On International and Industry best practice e.g. OSH /MHF (Victoria) , COMAH (UK)
- Asset Integrity management e.g. risk based inspection, instrument protective function, reliability centre maintenance, operating window controls etc.
- Leading / and Lagging Indicators
- Learning from others / seek external assessment
- Culture of “Chronic unease”



Risk Assessment Matrix (RAM)

	POTENTIAL CONSEQUENCES				PROBABILITY				
	People	Assets / Business Impact (NZ\$)	Environment	Reputation	A Never heard of in the industry	B Heard of in the industry	C Has happened in the region	D Has happened at NZRC or more than once per year in the region	E Happens several times per year at NZRC
0	No health effect/injury	No Impact	No effect	No Impact	T	T	T	T	T
1	Slight health effect/injury FAC, MTC	Slight impact <\$10,000	Slight effect within site	Slight impact	T	T	L	L	L
2	Minor health effect/injury LTI	Minor Impact <\$100,000	Minor effect, single breach or complaint	Limited impact, Local Media	L	L	L	M	M
3	Major health effect/injury, Irreversible Damage	Localised impact <\$1,000,000	Localised effect, repeated breaches or many complaints	Considerable impact, National Media	L	L	M	M	H
4	Permanent Total Disability or Single Fatality	Major impact < \$10,000,000	Major effect, extended breach or widespread nuisance	National Impact	L	M	M	H	H
5	Multiple Fatalities	Extensive Impact > \$10,000,000	Massive effect, persistent severe damage	International Impact	M	M	H	H	H
KEY:					HIGH	MODERATE			LOW
					EFFORT Required / COST Anticipated				
					BUSINESS OPPORTUNITY				

KEY:

T	Track
L	Low
M	Medium
H	High

Effort may include Resources, Duration, Complexity etc.

Cost may include Resources, Materials, Wastes etc.

Refining NZ Growth Project



THE NEW VENTURE
TE MAHI HOU

- Major expansion project - construction of a \$365m continuous catalyst regeneration (CCR) platformer plant.
- Delivering higher returns, increase gasoline market share to approx 55%
- Significant improvements in our energy efficiency, reduce our carbon emissions.
- Will secure Refining NZ's future for at least the next 20 years.

Refining NZ Growth Project



THE NEW VENTURE
TE MAHI HOU

- Replaces existing petrol making plant (semi regeneration platformer) that has been in operation for around 50 years
- Alternative would have been an investment of approximately NZ\$105 million to extend its operational life beyond 2015.
- Project is in progress, commissioning approx 2015/2016
- The Project enables further growth opportunities to be considered at a later date.

Changing the Conversations

Better conversations

lead to better analysis

lead to better decisions

Depth -> down the iceberg

Breadth -> curiosity across the business

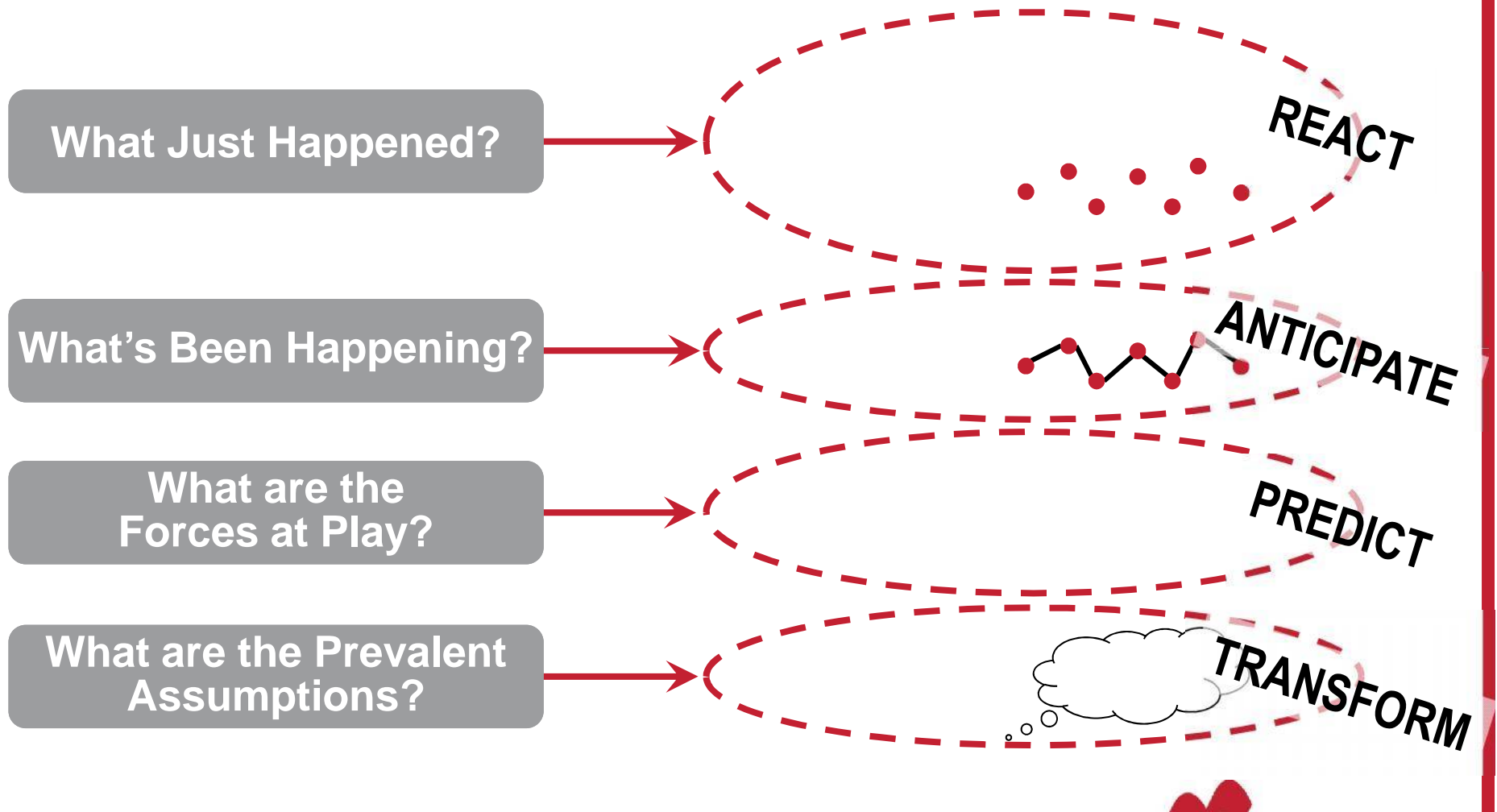
Getting your thinking on the table

How we work together – “first team”

Tool kit - balance of advocacy & enquiry, Ladder of Inference, Sigmoid Curve



The Iceberg – Getting down to the mental models



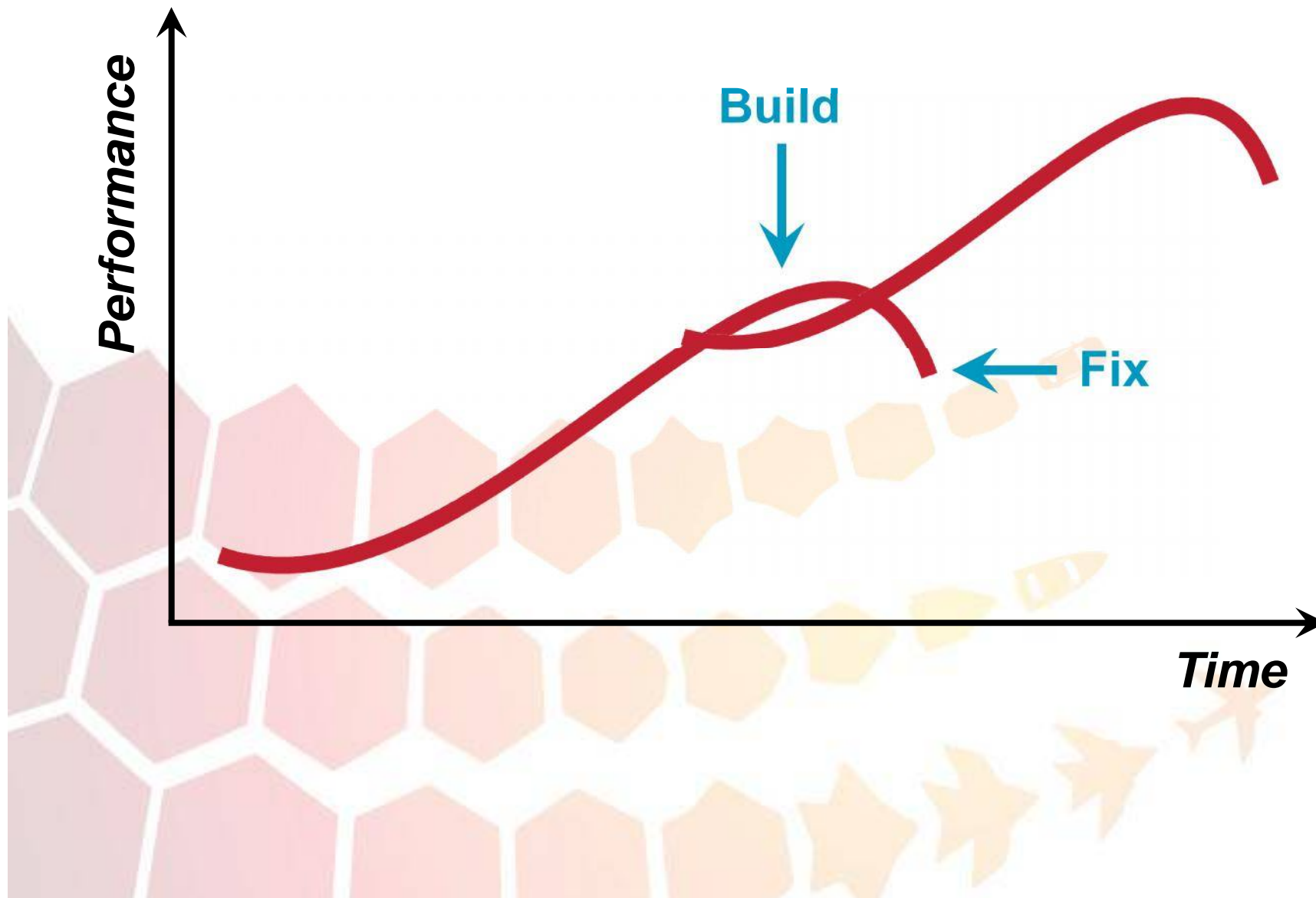
People are the difference !



focus on building capability & gardening talent

performance anchored in values / authenticity

The Sigmoid Curve



Refining NZ

