

Out of Africa
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I am an African 


"Our nights cannot but be nights of nightmares while millions of our people live in conditions of degrading poverty.

Sleep cannot come easily when children get permanently disabled, both physically and mentally, because of lack of food.


No night can be restful when millions have no jobs, and some are forced to beg, to rob and to murder to ensure that they and their own do not perish from hunger" – Thabo Mbeki



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Overview 

- Sasol Overview
- Africa's Pot of Gold
 - What will make Africa successful and attractive to investors?
- Africa's plight
 - What is keeping Africa behind?
- Compliance Challenges in Africa
- The Medicine that Africa needs
- Sasol's Approach to Compliance
- Differences between Sasol's Approach and the SCCE
- Top Compliance Risks In Africa
- Compliance Tools for Africa



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Sasol Overview

SASOL
reaching new frontiers

- Sasol is a diversified chemical and fuel company with production facilities in South Africa and several other countries worldwide. Its principal feedstock are obtained from coal but it also uses other hydrocarbon raw materials in its global petrochemicals plants
- Sasol has 32000 employees and operations in 38 countries
- Sasol is listed in Johannesburg and New York

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Sasol Overview continue...

SASOL
reaching new frontiers

- 1950's - Established and first petrol out of coal
- 1980's - Complete another two CTL complexes and establish Secunda
- 2001 - Acquire international chemicals business
- 2003 - List on New York Stock Exchange
- 2007 - Commission Oryx GTL in Qatar
- 2011 - Acquire an interest in an upstream business in Canada

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Africa's Pot of Gold


SASOL
reaching new frontiers

Natural Resources

- Africa host 30% of the world's mineral reserves
 - 40% of all gold
 - 60% of all cobalt
 - 72% of all chromium
 - 65% of all diamonds
- New technologies will enable exploration of previously inaccessible sources
- Africa has 60% of the world's unused arable land


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Africa's Plight 

Infrastructure

- Twice as expensive as anywhere else in the world due to:
 - Diseconomy of scale
 - High profit margins due to a lack of competition
- At least 30 out of the 54 countries in Africa experience regular electricity shortages
- Average dwell time in ports is twice that of Europe due to congestion and incapacity to handle new modern vessels
- Africa's annual infrastructure needs amount to USD 93 billion




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Africa's Plight continue... 

Tax Evasion

- Loss of corporate taxes in the developing world worth USD 160 billion a year – (Christian Aid 2008)



Climate Change

- Global warming will have severe effect on Africa
- Temperature to increase with between 3,2°C and 3,6°C
- Rise in sea levels of up to 1 meter could submerge coastal agriculture and infrastructure

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Compliance Challenges in Africa 

Non-Compliance Culture

- Cheating the System – Fraudulent Certificates, Leave fraud
- Unwilling to change – It is only relationship building
- Embedded Culture – That's just the way things are done here
- Form over substance – Entries in Gifts and Entertainment register




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Compliance Challenges in Africa

Government

- Intense Government involvement through:
 - Parastatals
 - PPPs
 - Government self
- Bureaucracy with limited governance and oversight
- Government process and procedures are often the catalyst – See per diem example
- Poor enforcement of laws



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Compliance Challenges in Africa

Personnel

- Unwilling to challenge – see culture
- Unaccountable leadership – see Botswana as exception
- Lack of wider accountability – do not feel accountable and responsible for the bigger company. View is limited to immediate duties.
- No whistleblower culture – similar to the unwillingness to challenge




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Compliance Challenges in Africa


Corruption

The TI Perceived Bribery Index shows Africa bleeding





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Top Compliance Risks In Africa continue ... 

- Competition Law (Anti-trust) and Safety Health and Environmental Laws are seen by most multinational Oil and Gas companies as a high compliance risks
- These risks are however not perceived by all as high risks in Africa (Deloitte Financial Advisory Services LLP's fifth annual Look Before You Leap survey)
- These Risks could be seen as the iceberg that could sink the Titanic in Africa
 - See Sasol's competition law issues
 - See NEMA and the Green Scorpions in South Africa




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Compliance tools for Africa 


- Strong ethical culture transplant
- Strong tone from the top
- Simple but rigorous policies and training
- A robust compliance program with bribery at its core and all the other risks clearly in sight
- Regular compliance engagement with business
- Effective and accessible whistleblower line
- Leverage the power of peer groups
- Share the benefits



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