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	Out of Africa		
	by Paul H Zietsman		
	Chief Compliance Officer		
	Sasol Group		
		1	
I am an African	Sasol 25		
	•		
"Our nights cannot but be nights of nightn in conditions of degrading poverty.	nares while millions of our people live		
in conditions of degrading poverty.			
Sleep cannot come easily when childre	en get permanently disabled, both		
physically and mentally, because of lac			
No night can be restful when million forced to beg, to rob and to murder	ns have no jobs, and some are	-	
do not perish from hunger" – <b>Thab</b> o	) Mbeki		
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Overview	SASOL reaching new frontiers		
Sasol Overview			
Africa's Pot of Gold			
■ What will make Africa			
successful and attractive to investors?	MAN AND		
Africa's plight			
■ What is keeping Africa			
behind?			
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### Sasol Overview



- 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



### Sasol Overview continue...



■ 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





### Africa's Pot of Gold



- Natural Resources

   Africa host 30% of the world's mineral reserves

   40% of all gold

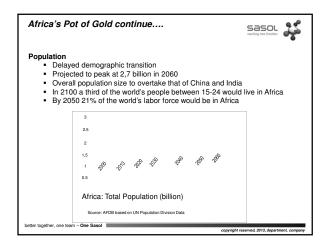
   60 % of all cobalt

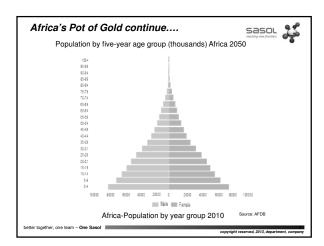
   72% of all chromium

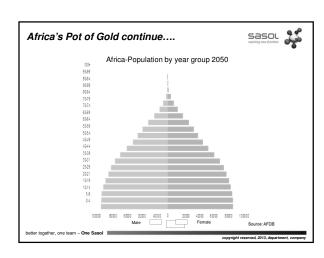
   65% of all diamonds New technologies will enable exploration of previously inaccessible sources
  - Africa has 60% of the world's unused arable land

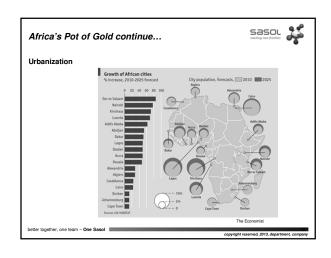


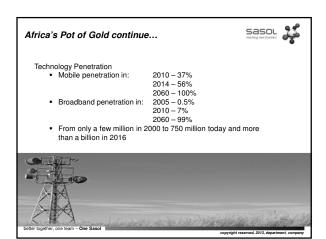
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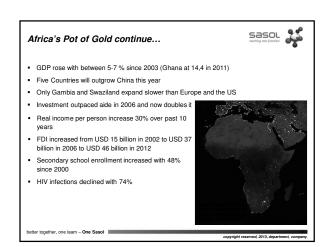












### Africa's Plight



### 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



### 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



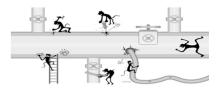
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### Compliance Challenges in Africa



### 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



### 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



### 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

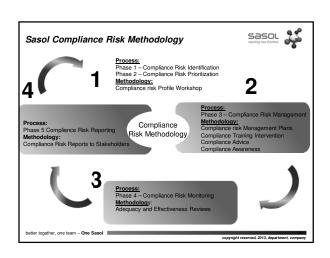


### Sasol 2 Compliance Challenges in Africa Corruption The TI Perceived Bribery Index shows Africa bleeding

# The medicine that Africa needs "My fellow Americans, ask not what your country can do for you, ask what you can do for your country." - John F. Kennedy • If you want to do business in Africa, you need to be willing to assist in addressing the plights and challenges • Most of the challenges can be overcome with a solid ethics cultural transplant • We usually appoint on experience and qualifications, but fire for a lack of skills and ethics • All solid ethical cultures has compliance as a minimum basis • You therefore have to transplant a solid compliance program into your business in Africa

## Sasol's Approach to Compliance Sasol follows the Compliance Institute of South Africa (CISA) General Accepted Compliance Practice Framework as the basis for its Compliance framework Sasol is further subject to the King Code III, which determines that: The board should ensure that the compliance with laws and should consider compliance with non-binding rules, codes and standards Each individual director should have a working understanding of the effect of applicable rules, codes and standards on the company Compliance risk should form an integral part of the company's risk management process The board should delegate to manage the implementation of and effective compliance framework and process

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### Differences between Sasol Methodology and the SCCE



The Sasol Methodology has the following subtle differences with the SCCE

- Not according to a statutory code
- Compliance is an assurance provider
   Requires a lot of time and effort on risk identification and prioritization
- Requires a lot of time and effort on the recording of controls in risk management plans

  Detailed monitoring is seen as the main attribute of
- Less focus on investigations



### Top Compliance Risks in Africa





- Bribery of government officials was the issue ranked as the greatest compliance and integrity-related risk by 40% of executives, while 26% placed commercial bribery or kickbacks as their top concern Deloitte Financial Advisory Services LLP's fifth annual Look Before You Leap survey
- Competition Law
   Competition Commission for Common Market for Eastern and Southern Africa ("COMESA")
  - Sasol's competition issues in Africa
- Trade Sanctions
  - Many African countries still on the European lists
  - Many African's still on SDN list due to Africa's bad record on democracy Many SDNs prefer Africa as a basis
  - due to its lack in sophisticated controls
  - Conflict mineral reporting
- Safety Health & Environment

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### Sasol 2 Top Compliance Risks In Africa continue ... Greatest compliance and integrity-related risk concerns in emerging markets 12% =74% 12% 17% 19% =48% 3% 10% 5% =18% 5% 8% 4% =17% Ranked #1 Ranked #2 Ranked #3 Source: Look Before You Leap—Navigating Risks in Emerging Markets etter together, one team - One Sasol

### 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

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  - in South Africa



### 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



### I am an African – Thabo Mbeki





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