

**SASOL'S CHIEF EXECUTIVE OFFICER,
DAVID E. CONSTABLE**

**INVESTOR STRATEGY DAY
"OUR NORTH AMERICAN PRIORITIES"
AS DELIVERED**

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Slide 30: the home of our US growth projects

Lake Charles, in Southwest Louisiana, has been a key US Sasol location for over a decade now. It's close to the Texas-Louisiana border, and is equidistant from our US corporate offices in Houston and the Louisiana state capital, Baton Rouge. Here, we find ourselves in the heart of an industrialised area, where we have a long history with the local communities dating back to when Condea Vista, our predecessor, first operated the facility some 50 years ago.

The people of Calcasieu Parish are passionate about the petro-chemical industry, as it has created a wide range of employment opportunities and also brought with it improved infrastructure and educational facilities. Today, Lake Charles is a growing chemical and energy hub, with several industry players within close proximity to each other. We are currently the seventh largest employer in the region, and with the completion of the US projects will move up to number two, if not number one.

Equally important, we have a great working relationship with the Louisiana Economic Development and the Governor, Bobby Jindal. In our experience, Louisiana is a state that understands the challenges of business, particularly those challenges encountered by the energy and chemicals sectors. As a result of this understanding, the LED has created a legislative environment which attracts new business, and provides the private sector with the opportunity to expand and flourish. Both the Governor and the LED are strong supporters of Sasol and our US growth programme.

Later this year, in June, our entire Sasol Board will have the opportunity to meet with Governor Jindal, when we hold our quarterly Board meeting in Baton Rouge, coupled with a site visit to Lake Charles.

In addition, the US Federal Government, and particularly the Department of Commerce and the State Department, have been welcoming and encouraging. We will be spending time in Washington tomorrow and Thursday to further strengthen the relationships we have already developed, and to establish new ones with White House advisors and industry bodies.

Slide 31: top management line of sight

Given the nature and scale of our US projects and their particular significance to the company, it's important that we have a clear line of sight right up to the Board of Sasol Limited. After all, the Board will be taking the final investment decisions, starting with the ethane cracker in the second quarter of 2014.

And the Board, together with the Group Executive Committee, will be fully apprised of developments to facilitate informed decision-making, as we progress these projects.

On large scale programmes and initiatives, it is easy to get into siloed thinking, so to avoid this; a single mandating committee has been set up to oversee both projects. The ManCom, as we refer to it, is chaired by André de Ruyter, who is the GEC member ultimately accountable for the successful completion of both projects. The ManCom has direct line of sight of 3 core direction-setting committees:

- the steering committee, comprising the affected Sasol business managing directors who will source their product requirements from the new facilities, once commissioned;
- the executive committee, who oversee the projects from a deliverables, cost, schedule and quality perspective including the structuring of the critically important EPC contracts; and
- the technical contract approval committee, who provide technology oversight and approves licensor packages.

Common across the 3 committees, is that they all report into a single and overarching project sponsor.

Similarly, what is essential is that the executive committee has direct line of sight of the day-to-day activities of both the LCCP and US GTL project teams, who in turn, ensure feedback and alignment between the two teams.

Slide 32: priority areas to drive project progress in the near-term: guiding principles

From my past experience of working in an EPC contracting environment, the following guiding principles are essential to getting projects out of the starting blocks correctly. First, one has to appoint the very best people for the job at hand, both internally and externally. This point cannot be emphasised enough. Without seasoned and hardened project specialists, even the simplest of jobs can quickly go off the rails. Next, you have to have a robust owner's team in place with strong local project knowledge, in this case, the US Gulf Coast. We have accomplished this with our Integrated Project Management Team or IPMT as we refer to it, comprising once again, both internal and external specialists and in most cases industry veterans with decades of experience. These individuals bring with them their experience along with world-class project controls and management systems.

Third, and often overlooked, the project teams have to understand industry best practice from the outset and avoid, at all cost, the missteps others have taken in the past.

Based on our own work as well as third party expert assessments, from Worley Parsons and McKinesy, we know that we must do the following:

- Drive a mindset of zero scope changes post-EPC contract award. By failing to freeze a project's scope at the appropriate time, and here, let me be clear - it should also not be too early. By failing to do this, unnecessary and costly rework, and a large measure of confusion and frustration, will only serve to hinder a project's performance from a cost and schedule perspective.
- Ensure a single point of accountability internally and a single point of accountability externally – we must avoid a situation where, with too many chiefs, deadlines are missed, fingers are pointed and balls are dropped!
- Implement a robust yet flexible contracting strategy. As much as one needs a clear contracting strategy, we should never be hamstrung by an approach that straightjackets us. In the world of mega-projects that run over years to complete, circumstances can change which will inevitably require a change in strategy.
- Secure top class agreements, coupled with realistic incentives and strong, trust-based relationships with contractors that have your best interests in mind. These agreements and incentives govern what are all-important partnerships.
- Have better market intelligence than our contractors and competitors. To be ahead of the curve, we must have access to as much relevant information as possible. This allows us, as the owner's team, to pre-empt areas of concern and to make alternative plans.
- Avoid the risks inherent in a hotly contested labour market. Here, developing an independent craft labour strategy is imperative as we need to know what to watch-out for and what our alternatives are.

I have deliberately avoided speaking to what we're doing about ensuring that our project teams live by these guiding principles. I'll leave that for André to colour in for us when he comes up a little later.

Slide 33: our investment considerations: technology and feedstock

So, turning again to look at our storyline for the second half of today's session.



Lean will come up to talk us through the technology and feedstock components of our investment considerations. He'll remind us of our unique GTL value proposition and what we are doing to further enhance a sought-after and proven technology. Here, Lean will highlight the achievements of our flagship ORYX GTL facility in Qatar, and how our past GTL achievements will place us in good stead in the US, as we move down a similar path. He will then tackle our feedstock considerations, and why Lake Charles, from a long-term feedstock perspective, is in a very advantaged position.

Slide 34: our investment considerations: market and capability

Next, André will talk specifically to our market strategy and what makes our business cases for both projects so compelling. He will then spend some time unpacking what the teams are doing to ensure that we embed the guiding principles we are prioritising in the near-term. Here, the strong focus is on our project execution capability, including the lessons we have learned in relation to other US Gulf Coast projects.

But before we get there, let me first hand over to Lean.

Lean, over to you.

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