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KEYNOTE ADDRESS
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CEOS' PRIVATE BREAKFAST AS PART OF THE WBCSD
GLOBAL BUSINESS DAY AT COP17

MONDAY, 5 DECEMBER 2011
PROTEA EDWARD HOTEL, DURBAN

Thank you very much Jean-Guy.

On behalf of Sasol, it's a great pleasure to be hosting this morning's breakfast.

I'd like to welcome you to beautiful South Africa and to Durban, which, they say, is a city where the fun never sets! I've been in South Africa for just over six months now and am truly enjoying the friendliness, passion and can-do attitude of the South African people and I trust our visitors here with us today are equally enjoying the experience.

We are now one week into COP17. I arrived in Durban on Friday and from the engagements I've had over the weekend with members of government, civil society and business, it's clear that action by countries to address climate change cannot take place in isolation. Climate change policies are a global challenge that requires a global solution, driven by all stakeholders. In reality, unfortunately, the progress of countries in reaching workable and sustainable solutions is too often marred by self-interest and politics. And it's clear that governments alone cannot and should not drive international nor national climate change policy discussions without input from business and civil society.

With this as our context, clearly, the world needs strong pragmatic business leadership.

- Leadership with vision and a clear understanding of the facts and consequences.
- Leadership that is able and willing to take action,
- And leadership that can implement workable and sustainable solutions in a timely fashion.

There is a Chinese proverb which says: "The best time to plant a tree was 100 years ago. The next best time is today." No matter which side of the global warming debate you are on, when it comes to climate change policies, which will have an impact on societies and our economies, we, as business, cannot wait to act until the 'next best time' OR let someone else do it for us!

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But let's be frank - there is no silver bullet that will solve the climate change challenge – the journey to a lower carbon economy will take time. It must start with a worldwide awareness of the issues, an awareness of the potential impacts of climate change, and importantly, an awareness of the consequences and possible solutions.

The transition to a lower carbon world cannot start by abandoning energy intensive fossil-fuel based industries. We have to be realistic about our goals and start with a focus on lasting, effective changes, even though they may start with small steps. For example, how do we use energy? If every individual becomes more energy efficient, we will see an immediate reduction in global emissions.

As business, we must strive to be part of the solution, engaging with governments on how best to transition to a lower carbon economy while taking into account the unique socio-economic characteristics of our different countries.

Over breakfast, you'll have the opportunity to discuss your own views on business's role in developing national climate change policy, and you might also consider how business can take a leadership role in driving workable and sustainable climate change solutions. To prompt your discussions, I would like to share three observations regarding the important role of business in addressing climate change.

My first observation is that we often hear that business can be slow to respond to policy developments. Often it seems that business only engages with the detail of policy at the 11th hour, when policy developments are already well-advanced and there is a natural reluctance by policymakers to make further amendments. While this may be the case in some instances, this is not the case of energy and other capital-intensive industries. Unfortunately, as a business collective, we are often slow to proactively propose policy solutions – often misinterpreted as inaction or disinterest.

In most countries, the majority of emissions arise from the energy, transport and industrial sectors. In South Africa's case, these three sectors account for more than 90% of the greenhouse gas emissions. The people who work for companies within these sectors – and

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not parties external to these sectors - are best-equipped to develop practical and realistic mitigation plans. If businesspeople do not take the lead in developing mitigation steps, we cannot expect stakeholders outside of business to conceive more appropriate solutions.

My second observation follows from the first in that business must take the lead in developing and proposing plans related to climate change. Instead of using our expert resources to critique policy, we should be using these resources to drive policy – to ensure they are both workable and sustainable. By way of example, a key component of any international climate change agreement will be a system of measurement, reporting and verification, or MRV. MRV sets the parameters for mitigation actions by countries, providing the basis for checking progress against agreed commitments and providing technology, financing and capacity-building to support appropriate mitigation actions.

From a business perspective, it's important to build on existing systems to support realistic MRV implementation. In particular, business should focus on:

- Systems that are harmonised with other national and global systems to prevent duplication and support national competitiveness.
- It should focus on processes that are uncomplicated, with minimal transaction costs.
- And processes that allow for local verifiers with international accreditation.
- It should focus on quick turn-around times to justify marginal projects that are also compatible with business investment cycles.
- And on international governance processes that allow business representation.

There are many other examples where, as business, we can successfully drive policy development and policy solutions.

My final observation is that business must stand together in engaging meaningfully with government when tackling policy issues, particularly those, like climate change policies, which will have a fundamental impact on societies and economies.

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One has to remember that the aim of any climate change policy is to reduce greenhouse gas emissions. But the policy's targets must be realistic and achievable. If it comes at the expense of jobs and competitiveness, or if it hampers the ability of people in developing and developed countries to improve their quality of life, it will not be successful or sustainable.

Business must work in partnership with governments to set the frameworks and national policies that make global action on climate change possible. This can only be achieved through meaningful consultation with all affected stakeholders.

What is common in each of these three observations is the need for greater awareness. I believe strongly that awareness is half the battle won – if we have a common vision or goal, if we understand where we can positively support government, and if we are proactive in driving policies and policy solutions, we'll be in a better position to take a truly leadership role!

To a large extent, in the realm of sustainable development, WBCSD has been the driving force of business's engagement with multi-stakeholders. WBCSD provides an important platform for companies to advocate the business position. Without organisations like the WBCSD and the ICC, and closer to home, the NBI and BUSA, the voice of business would be a fragmented and poorly co-ordinated one. Sasol is not currently a member of the WBCSD. I plan to change this immediately by accepting their recent invitation to join their organisation!

With that I'll turn it over to Bjorn and Peter who will set the scene for our discussion over breakfast.

Thanks very much!

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