

**SASOL**  
reaching new frontiers




# *positive actions*

*sasol sustainable development report 2009*

## about this report

*Sasol's sustainability reporting aims to provide a balanced, understandable, thorough and easily comparable view of our business. This report provides a candid account of our sustainability achievements as well as disappointments and challenges. While we have once again engaged external stakeholders for the purposes of ensuring open dialogue on our material sustainability issues, we have approached this report slightly differently, inviting a greater number of subject experts to provide specific challenges to Sasol. An open dialogue was hosted with these experts to assess and debate our progress on these issues.*

*We continue to seek to improve and push the boundaries in reporting – moving beyond a compliance mindset to placing focus on the more challenging debates with the aim of informing strategy and building further trust. In the interests of shortening the printed report and making for easier reading, the reader is invited throughout the report to access more detailed information on our website,*

* [www.sasol.com/sdr2009](http://www.sasol.com/sdr2009), and go to the downloads section.*

## sasol's strategy

Sasol's strategy encompasses the following key objectives;

- Deliver on the South African transformation agenda.
- Nurture and grow our existing asset base.
- Commercialise our technological lead.
- Develop and empower people to deliver growth.
- Values-driven leadership style and culture.

Within this strategic agenda, our drivers for growth are:

- Grow a global gas-to-liquids (GTL) and coal-to-liquids (CTL) business.
- Grow the chemicals portfolio leveraging feedstock or technological advances.
- Exploit complementary upstream hydrocarbon opportunities.



## sasol's values

The Sasol group's vision, strategic growth drivers and daily business operations are founded on, and inspired by, six shared values:

- Customer focus • Winning with people • Safety • Excellence in all we do • Continuous improvement • Integrity

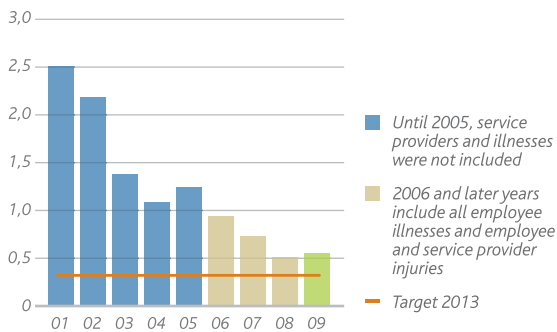
## progress against group-wide targets

### Safety (RCR)

Our goal is zero harm, and we manage our activities according to a philosophy of "zero exposure to harm".

**Target:** to achieve a 10% reduction year-on-year in the recordable case rate (RCR) so that we reach less than 0,30 by June 2013. This statistic includes injuries and illnesses for employees, and injuries for hired labour and service providers.

**Recordable case rate – RCR (recordable cases per 200 000 hours)**



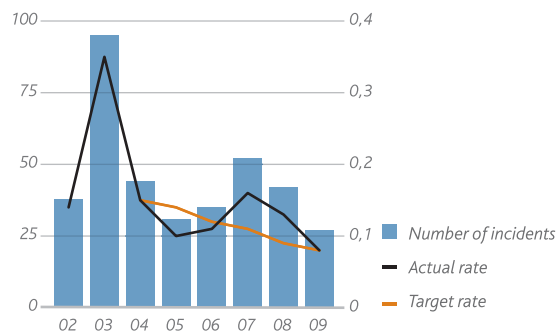
### Process safety incidents

**Target:** to achieve less than three significant fires, explosions and releases per quarter by July 2011, and a 50% reduction in minor fires, explosions and releases on the 2006 baseline by July 2011, with the goal of zero incidents.

### Logistics incidents

**Target:** to achieve a 50% reduction in significant logistics incidents per ton of product transported, on the 2004 baseline, by July 2009.

**Logistics**



### Greenhouse gases (GHG)

**Target:** to reduce our emissions intensity by 15% in all our operations by 2020 on a 2005 baseline.

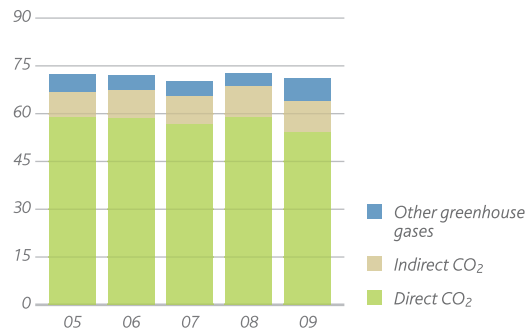
**Target:** to achieve a 20% reduction in absolute emissions for new CTL plants commissioned before 2020, and a 30% reduction for plants commissioned before 2030 (with the 2005 CTL designs as a baseline).

Sasol regularly reviews the group's long-term absolute GHG emission targets, as developments in the global climate change arena take place. Such targets are also contingent on technological advances, such as Carbon Capture and Storage; increased utilisation of renewable energy;

as well as developments in the regulatory and fiscal environments in which we operate.

*Note: CO<sub>2</sub> emissions do not include emissions from transportation. For accounting purposes the 2007 emissions did not include O&S emissions. It is thus more meaningful to compare 2008 and 2009 figures with those of 2006 and 2005.*

**Greenhouse gas emissions (million tons)**



### Responsible Care®

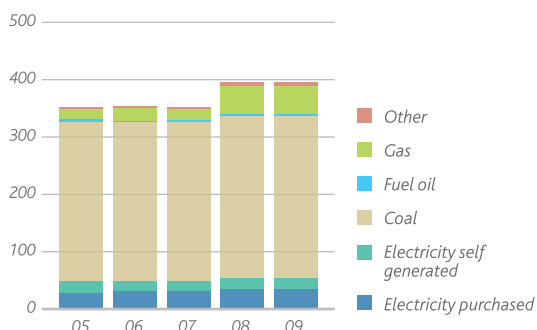
**Target:** to achieve at least an overall 90% practice in place average for Responsible Care®, and 90% specifically for product stewardship, by July 2011, confirmed by external verification.

### Energy efficiency

**Target:** to improve the energy efficiency of our South African utilities by 15% per unit of production, by 2015 on the 2000 baseline.

Identifying and implementing additional energy efficiency initiatives remains a priority and is part of our commitment to reduce greenhouse gas emissions. In South Africa, targets are being finalised as part of the power conservation programme with Eskom, the national electricity provider.

**Energy use (million gigajoules)**



### Volatile organic compounds (VOCs)

**Target:** to achieve at least an 80% reduction in emissions of defined VOCs on the restated 2008/2009 baseline by the end of June 2020.

The defined chemicals are benzene, toluene, xylene, ethylbenzene, 1,3-butadiene and acetaldehyde emitted from all major pollutant sources in Sasol. Meeting this target relies on all VOC reduction projects to be successfully executed, resulting in an anticipated reduction of 80% by 2020.

## highlights

- Finalising Sasol Inzalo, our broad-based black economic empowerment (BEE) transaction and establishing The Sasol Inzalo Foundation.
- Approving capital expenditure of R100 million on energy efficiency projects, which should result in GHG reductions of approximately 760 000 tons GHG emissions per annum.
- Developing, agreeing and implementing a single permit-to-work system for all our South African operations.
- Investing R386 million in employees' training and development.
- Achieving a 30% reduction in our transport indicator of performance.
- Ending marginally above our target of a 50% reduction in significant logistics incidents per ton of product transported, on the 2004 baseline, by July 2009.
- Achieving savings of approximately 18 million litres per day through our water recovery project at Secunda (as a result of which we were chosen as overall winner of the Industry, Mining and Power Sector category of the 2009 Department of Water Affairs Conservation and Water Demand Management Sector Awards).
- Continued progress on employment equity with people in designated groups making up 56,4% of top, senior, middle and junior management categories.
- Tripling the number of broad-based BEE suppliers that the Siyakha Trust has supported and raised the number of jobs created through our business incubator, ChemCity, to 2 000 since 2004.
- Becoming a signatory to the launch of the South African Centre for Carbon Capture and Storage (CCS).
- Retaining our Dow Jones Sustainability Index (DJSI) Listing.


## 2009 disappointments


- Four work-related fatalities.
- The fines imposed on Sasol Wax GmbH and Sasol Nitro for anti-competitive behaviour.
- No further improvements on the recordable case rate of 0,50 achieved in June 2008.
- Removal from the JSE's Socially Responsible Investment (SRI) Index for 2008 as a result of the Sasol Wax fine.


## ongoing challenges and key focus areas

- Further entrenching a shift in behaviour and attitude towards safety in the Sasol organisation, with a focus on safety leadership to once again improve our RCR.
- Continuing to reduce GHG emissions while repositioning the company for a carbon-constrained future.
- Further reducing our water consumption and adopting a catchment view regarding water supply and impacts.
- Further improving on our employment equity numbers, continuing to improve our disability management and improving the empowerment of women towards realising transformation in the company.
- Completing the legal compliance review of all our businesses and continuing to root out any anti-competitive and corrupt behaviour that may exist in the organisation.
- Continuing to develop skills within our company and in South Africa.
- Progressing on meeting our self imposed targets for improving our broad-based BEE scorecard.

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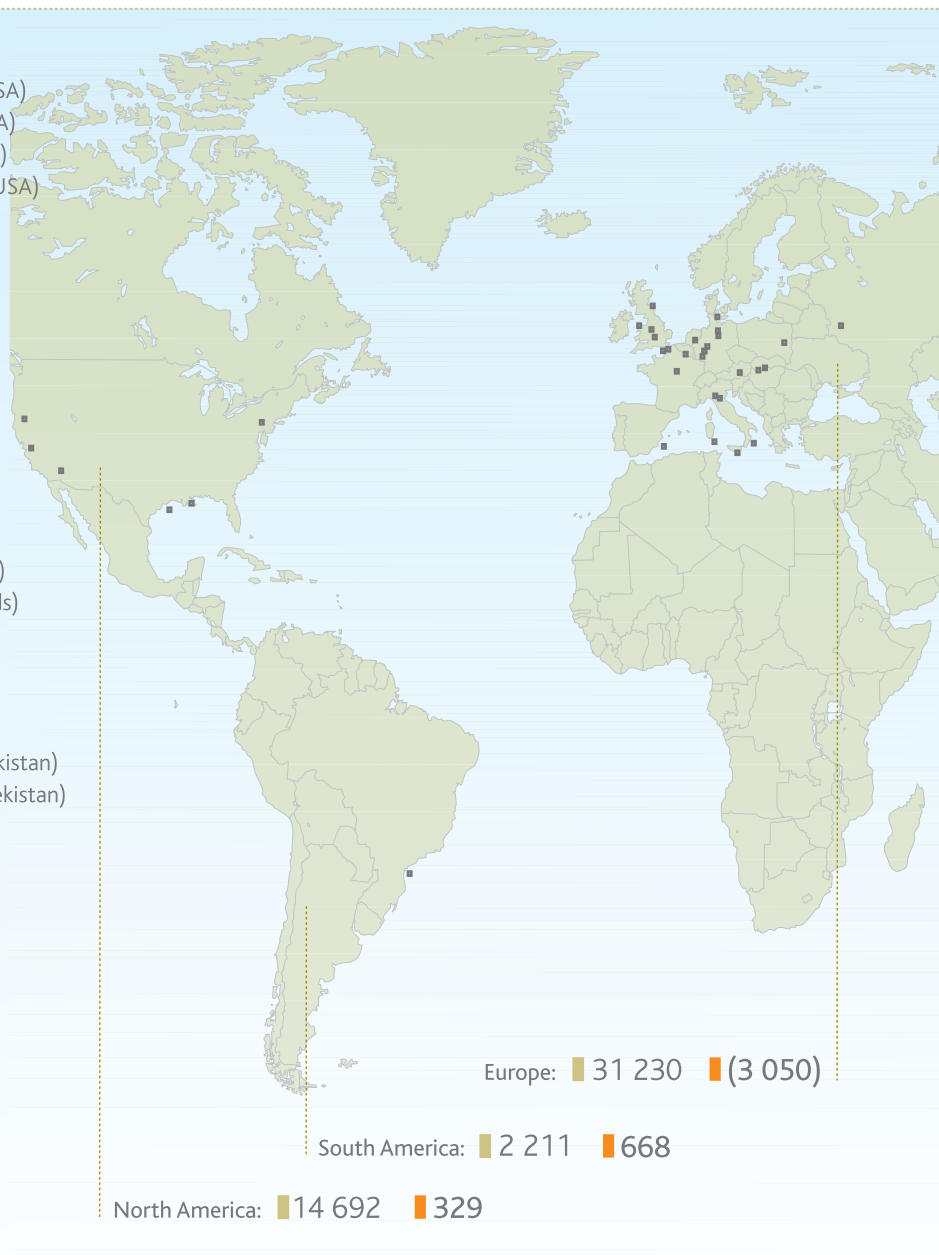
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- Houston (Texas, USA)
- Lake Charles (Louisiana, USA)
- Oil City (Pennsylvania, USA)
- Richmond (California, USA)
- San Francisco (California, USA)
- Tucson (Arizona, USA)
  
- Birkenhead (UK)
- Birmingham (UK)
- Castletown (Isle of Man)
- Farnham (UK)
- London (UK)
- St Andrews (UK)
  
- Antwerp (Belgium)
- Barcelona (Spain)
- Bratislava (Slovak Republic)
- De Meern (The Netherlands)
- Linz (Austria)
- Moscow (Russia)
- Nováky (Slovak Republic)
- Paris (France)
- Shurtan (Republic of Uzbekistan)
- Tashkent (Republic of Uzbekistan)
- Warsaw (Poland)
- Vordingborg (Denmark)
  
- Brunsbüttel (Germany)
- Hamburg (Germany)
- Herne (Germany)
- Marl (Germany)
- Moers (Germany)
- Witten (Germany)
  
- Augusta (Italy)
- Crotone (Italy)
- Milan (Italy)
- Sarroch (Italy)
- Terranova dei Passerini (Italy)



- Sao Paulo (Brazil)

### Key to map

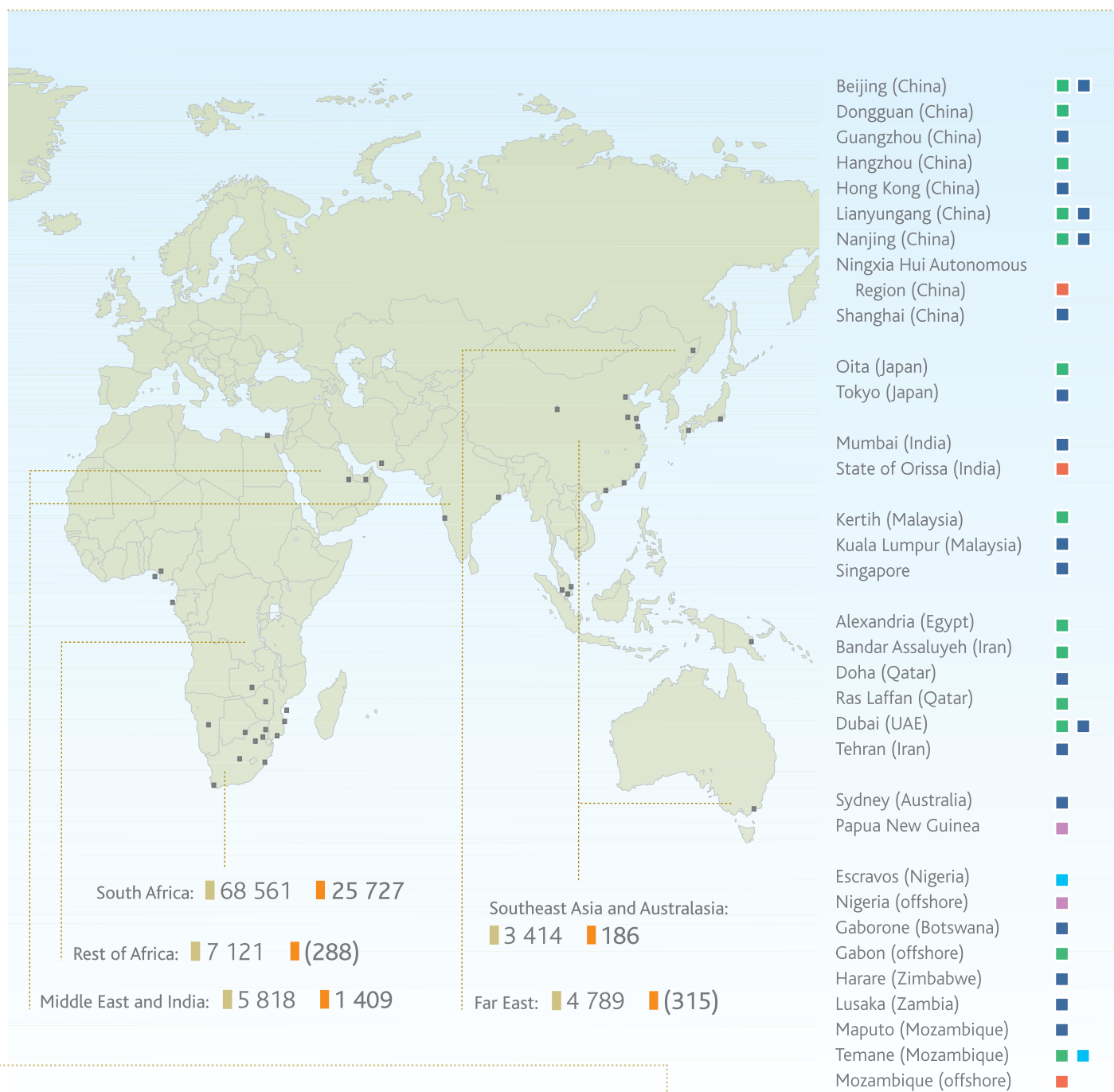
- Manufacturing/production
- Office
- Exploration
- Project
- New Projects
- Research

### Informing the boundaries of the report

Our sustainable development management framework covers our international construction, exploration, production, research, and marketing and sales activities in all countries in which we operate. At year-end, through our businesses and joint ventures, we had activities in 38 countries:


- South Africa, Botswana, Egypt, Gabon, Lesotho, Malawi, Mozambique, Namibia, Nigeria, Zambia and Swaziland in Africa;
- Brazil, Mexico and the USA in the Americas;
- Iran, Qatar and the United Arab Emirates in the Middle East;
- China, Japan, Malaysia, Indonesia, India, Papua New Guinea, Uzbekistan and Singapore in Asia;
- Australia and New Zealand in Australasia; and
- Austria, Belgium, Denmark, France, Germany, Italy, The Netherlands, Poland, the Slovak Republic, Spain, Switzerland and the United Kingdom in Europe.





Our larger production activities are concentrated in South Africa, Mozambique, Germany, Italy and the USA.

Qatar and Iran also host important production operations through joint venture (JV) production facilities, and we are examining possible new investment opportunities in China, India, Uzbekistan, Papua New Guinea and Indonesia. Sustainable development data for most of our JVs are now included in our corporate reporting based on a decision taken in March 2008. Data for those operations where we have 50% or more equity and where Sasol has operational control, are reported as if they are 100% owned (ie, 100% of the data are included). For those JVs where we hold between 20% and 50% equity ownership, we are reporting the statistics proportional to the equity we hold. The environmental data for the Qatar and Iran operations are not included in this year's report, as they have not reached production stability at the start of the reporting period.

 See Sasol's joint ventures for a list of our major JVs.

- Cape Town (SA)
- Durban (SA)
- Johannesburg HQ (SA)
- Phalaborwa (SA)
- Sasolburg (SA)
- Secunda (SA)

■ Turnover 2009  
■ Operating profit/(loss) 2009  
(R million)



# a talent for partnership

Hixonia Nyasulu, chairman

## What do you see as the role of large companies in society?

Businesses flourish best in a healthy and functioning society. It is thus in our interest as a large business to ensure that we are contributing effectively to the development of such a society. A healthy society is one that respects the rights of its individual members to express their views, provides them with meaningful opportunities for self-development and seeks to promote equality. Such a society also recognises and provides for the interdependency between economic development, social justice and environmental protection.

As a company, our commitment to being a responsible citizen translates into addressing issues such as: providing jobs that are fairly-paid and that provide opportunities for individual growth within a work environment that respects human dignity; contributing responsibly to the national tax base through the creation of sustainable profits; ensuring a safe and healthy working environment; supporting communities through our procurement and enterprise development activities; and maintaining the natural resource base on which all of this development depends. As outlined in this report, and despite some of the recent challenges that we have faced, I believe that Sasol is demonstrating leadership as a responsible corporate citizen.

## What do you see as Sasol's role in contributing to South Africa's growth and development?

Given the size of the company in South Africa, we have a particularly important role to play in stimulating the transformation agenda of the country. We play a critical role in the South African economy, contributing about 4,7% of national annual Gross Domestic Product. Sasol is South Africa's largest direct taxpayer and supplies approximately a third of the country's liquid fuel requirements, saving the country more than R40 billion a year in foreign exchange.

Fundamental to South Africa's long-term prosperity is the need to ensure more equitable distribution of wealth and opportunity. With this in mind, I believe that Sasol Inzalo – our company's black economic empowerment scheme in South Africa – is providing an effective opportunity for previously disadvantaged citizens of South Africa, including our employees, to share in the company's growth and success. More broadly, we continue to play an important role in developing skills in the country, working closely with government bodies and other companies on initiatives such as the Technical Stakeholder Business Partnership, as well as providing increased opportunities through our enterprise development programmes, such as the Siyakha Trust and ChemCity. Recognising that our economic growth needs to be contained within the limits of the natural environment, we are contributing to various national

and international environmental initiatives, as well as playing a leading role in scientific and technology research and development, particularly in South Africa. We recognise that we face particular challenges associated with managing our greenhouse gas emissions, as well as in ensuring long-term access to water resources.

We are actively working with our partners in government, industry, academia and civil society to address these sustainability challenges, as we strongly believe that there is a sound business case for promoting sustainable development. As we expand nationally and globally, we will ensure that our sustainability principles and ways of working are embedded in all our operations, including our new operations.

## How well is Sasol positioned to address the current economic downturn?

To survive and prosper in the current economic downturn, and to prepare for some of the turbulence that may lie ahead, the company needs to be willing to embrace change. Sasol has in the past used its technology, innovation and expertise to respond to challenging times and I am confident that we will be able to do so again. While we do not profess to have all the answers, we will not hide from the challenges ahead, but rather will seek to be an active part of efforts to find solutions to these challenges. In so doing, I believe we will contribute to ensuring the resilience of the company and the communities within which we operate.



## prologue

### business leadership in turbulent times

By Richard Calland: Associate Professor in the Public Law Department at the University of Cape Town



Whichever direction you look, the view is the same: challenge, challenge, challenge. And big ones. The biggest, in fact. There was a time, not so long ago, when we thought it was all settled: Fukuyama's 'End of History' moment captured the complacency of 1990 – the idea that the big ideological contest was done and dusted: free market capitalism had prevailed – peace and prosperity would result. And for a brief, delusional period it did: the 1990s were a period of relative peace and relative prosperity.

But it was a grand illusion. Because beneath the surface, strong currents were flowing. A different sort of Cold War between West and East was brewing, culminating in the astounding events of 11 September 2001 and the subsequent wars in Afghanistan and Iraq. And a generation of bankers were engaged in the greatest and most abject piece of corporate misgovernance in economic history. Soon enough a financial crisis became a global recession, threatening a repeat of the depression and turmoil of the 1930s.

Meanwhile, understanding of the science of global warming deepened and the debates – and the dilemmas – sharpened as a failed candidate for the White House produced a film that, with many other initiatives, shifted global understanding of climate change. Though the sceptics remained, they have become a marginal dissenting voice; the critical mass accept fully now the scale, urgency and interconnectedness of the challenge.

It is this interconnectedness – and its concomitant complexity – that lies at the heart of the contemporary leadership imperative. Systems' thinking is, as Peter Singer has put it, "a discipline for seeing wholes". This is an invitation for leaders to avoid becoming immersed in the technocracy – the statistics,

the management solutions – but to remain above it, drawing lines between the dots, connecting the social, environmental and economic drivers with the political, and thus seeing the big picture, the whole as well as the constituent parts.

Put simply, crudely even, the great leaders in business and in politics in the current era will be seen later to be those that were willing to think beyond the paradigms with which they are familiar and comfortable, and to have the imagination and acuity necessary to respond with sufficient boldness to the multiple, interconnected challenges that darken the horizon.

While his observations drew considerable derision from his critics, there was a solid grain of truth in Donald Rumsfeld's infamous remark that "it is not what we know but what we don't know we don't know" that is dangerous. Former derivatives trader Nicholas Taleb embossed this analysis of "known knowns", "known unknowns" and "unknown unknowns" with his more elegant "Black Swan" thesis. Taleb's was not an invitation to ignore what we know in favour of a reckless gamble on some undetermined future, but rather to recognise that analysis of what we think we know is simply not enough and that leadership now requires the ability to accommodate

in its thinking about the future the possible "Black Swans" – if not to actually predict, to accommodate in one's strategic planning not so much the unforeseeable as the unimaginable.

This is a call for greater imagination as well as greater boldness. At a more parochial, but no less demanding way, the responsibility on leaders in South Africa is also severe. The country is no longer exceptional; in many respects it represents a microcosm of the world – massive socioeconomic inequalities that continue to prompt an increasing number of increasingly severe social protests; concerns about chronic unemployment, not least as the recession bites; profound questions about the food, water and energy security of the country; and, uncertainty about the quality and resolve of the political leadership and the capacity of its government to deliver an accountable and efficient level of public service.

This is not to be melodramatic – the evidence is there, in spades. Even if it turns out to be hyperbole, is that a risk that can be taken? That would be Russian roulette written large.

Rather, the leadership of a big business, especially one that is engaged with the energy sector – such an important driver of both historical harm and potential future solutions – is to recognise not just its stake in the debate but to claim its legitimate self-interest in preserving civilisation by making the profound changes in technology, in culture and in the way it does business so as to be a driver of change rather than a follower.

Self-evidently, other stakeholders – in government, in the media, in civil society and, importantly, in the market (consumers) – expect a new modality of doing business. Business as usual is simply not an option. There is an expectation that business leadership will do things differently.

**What is the role of the business leader? This is a question about power and responsibility. Big businesses, such as Sasol, have the power to exert significant influence not just on other important actors, such as government, but on human events more generally, and the quality of life of millions, more specifically.**

The question, therefore, is no longer about "corporate social responsibility" – that is an idea whose time has, rapidly, come and gone; no credible, serious business leader now thinks of doing anything other than acting in a socially responsible manner. Instead, it is a question of how far the modern CEO is willing to take a stand on the pivotal issues of the day by contributing "thought leadership" to supplement the setting of new standards in ethical, corporate citizenry.

**Delivering profitability is no less important than before. But the word "sustainable" is now "read in" to this entreaty. And, in turn, sustainable profitability is surely about recognising that business cannot insulate itself from the full range of extraordinary social, environmental and economic pressures that threaten the sustainability of humankind more generally.**

By accepting the scale, urgency and interconnectedness of the sustainability challenge, business leaders can help consolidate a platform for concerted action across sectors and across borders.

Is this asking too much? On one level the imperative is both primordial and heroic. The challenge for leadership is one of stark simplicity: take the steps necessary, with others, and you will save humankind and civilisation as we know and love it. Do so and your children and grandchildren will look you in the eye and thank you. Avoid it, and they will shun you, recognising us only as the generation that failed to act when we could and should have done.

*Richard Calland*

# section 1



## Our performance at a glance

In this introductory section we provide an overview of some of the key developments that have taken place over the past year. Together with the performance summary provided on the inside front cover, and the consolidated data table on page 56, this section provides a valuable synopsis of our 2009 sustainability performance.

In this section we:

- list our key challenges and review our progress and future commitments for each of these challenges;
- provide an opening statement from our chief executive, Pat Davies;
- briefly review three significant initiatives this year: Project Enterprise, Operations Excellence and Functional Excellence; and
- include the external assurance statement from our auditors, PwC.

## challenges, progress and commitments

The following table outlines our actions to address the principal challenges that we identified in our 2008 sustainable development report, and outlines our commitments for the year ahead.

<b>Key challenges</b> (as identified in our 2008 report)	<b>Our progress</b>	<b>Our commitments</b>
<p><b>Energy security and climate change</b>                      see pages 23 – 29                      Reducing our global greenhouse gas (GHG) emissions.</p>	<ul style="list-style-type: none"> <li>Established a GHG management committee to give specific guidance and direction to the group on GHG issues. The committee meets every two months and membership includes GEC representatives, MDs of various business units, group strategy and planning, group financing, group tax, senior CO<sub>2</sub> managers and the SH&amp;E Centre.</li> <li>Updated our GHG targets to include an emissions intensity target for 2020 and an absolute emission reduction target for new CTL plants; stated an aspirational target for GHG emissions for 2050.</li> <li>Created Sasol New Energy unit to prepare for a low-carbon economy.</li> <li>Approved capital expenditure of R100 million on energy efficiency projects, which should result in GHG reductions of approximately 760 000 tons GHGs per annum.</li> <li>40% investment in the Thin Film Solar Technologies (Pty) Limited in South Africa.</li> <li>Globally, spent R25 million on carbon capture and storage (CCS) studies.</li> <li>Quantified GHG emissions from transportation activities in our supply chain.</li> <li>Performed life cycle assessments for GTL and CTL processes  See: <a href="http://www.arb.ca.gov">www.arb.ca.gov</a>.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to aim for a reduction in absolute emissions below current levels by 2050.</li> <li>Improve energy efficiency and reduce carbon intensity of current processes while planning to reposition the company for a carbon-constrained future.</li> <li>Implement approved capex of R4,8 billion that will achieve GHG emission reductions of 2,04 million tons by 2012.</li> <li>Further our investigations into CCS.</li> <li>Drive further internal and external communication initiatives regarding climate change and our role in reducing emissions.</li> </ul>
<p><b>Water</b>                      see pages 30 – 32                      Ensuring access to water to meet long-term growth plans.</p>	<ul style="list-style-type: none"> <li>Improved methodologies to better map our water footprints – looking beyond the quantities of water used to dimensions such as geographical location, feedstock type and technology choices.</li> <li>Invested R0,5 billion in a water recovery project at Secunda, resulting in savings of about 18 million litres per day.</li> <li>Approved R33 million to implement initial remedial measures to address seepage impacts at our Sasol operations in Secunda.</li> </ul>	<ul style="list-style-type: none"> <li>Seek to further reduce our water consumption.</li> <li>Continue to take a catchment view regarding water access and focus on collective action to reduce inefficiencies in the catchments where we operate.</li> <li>Continue to align with the UN Global Compact CEO Water Mandate.</li> <li>Further address our mine water effluent challenges.</li> <li>Work towards our vision of operating a zero waste-water discharge facility in Sasolburg.</li> <li>Continue engagement with government, Eskom and other mines on addressing the water needs of South Africa.</li> </ul>
<p><b>Safety</b>                      see pages 33 – 37                      Further entrenching a shift in behaviour and attitude towards safety.</p>	<ul style="list-style-type: none"> <li>Improvement in service provider safety performance.</li> <li>Reduction in the number of logistics incidents as a result of the joint initiative with our supply chain risk management service providers during 2008.</li> <li>Extension of behaviour based safety (BBS) to site-established service providers at both Sasolburg and Secunda.</li> <li>Development and implementation of a single permit-to-work system for all of our South African operations.</li> <li>Development and approval of a standardised incident investigation procedure for use throughout the group.</li> </ul>	<p><b>Immediate future:</b></p> <ul style="list-style-type: none"> <li>Develop leading performance indicators.</li> <li>Focus BBS programmes on quality of interactions and ensure data collected is effectively used to reduce exposure to risks.</li> </ul> <p><b>Over the next two years:</b></p> <ul style="list-style-type: none"> <li>Update our culture survey to plot our position on the safety maturity curve.</li> <li>Build on existing ad-hoc business unit initiatives to develop safety leadership at both management and supervisory levels.</li> <li>Continue with development of roles, responsibilities and accountabilities to improve integration between leadership and employee-engagement systems.</li> </ul>



<b>Key challenges</b> (as identified in our 2008 report)	<b>Our progress</b>	<b>Our commitments</b>
<p><b>Workforce diversity</b> <i>see pages 38 – 40</i></p> <p>Ensuring the diversity of our workforce to better reflect the profile of the countries within which we operate, and creating an environment in which people can exceed their expectations.</p>	<ul style="list-style-type: none"> <li>• Developed key performance indicators (KPIs) for the period up to 2012 that will take the company's transformation goals beyond legal compliance.</li> <li>• Continued to drive transformation in an integrated manner with enterprise-wide values-driven leadership to promote behavioural and mindset shifts.</li> <li>• Conducted diversity workshops from top leadership to all levels of management, aimed at addressing attitudinal and systemic barriers to diversity management.</li> <li>• Continued to ensure that HR processes, policies and procedures are aligned to enhance diversity management by tracking achievement of measures that address barriers to diversity.</li> <li>• Implemented measures to ensure that employees are provided with opportunities, skills and attitudes that enable them to work across cultures and borders.</li> <li>• Launched the disability equity programme at a group-wide level to establish a culture of affirming people with disabilities and ensuring that reasonable accommodation is provided.</li> <li>• Completed an audit of facilities in Sasol to ensure adherence to safety and reasonable accommodation for people with disabilities.</li> </ul>	<ul style="list-style-type: none"> <li>• Employment Equity targets that are set in our group plan for the period 30 June 2009 to 30 June 2012. The aim is to address areas of under-representation across occupational levels.</li> <li>• Implement culture change workshops in an integrated manner for all employees in order to achieve behavioural and mindset shifts.</li> <li>• Continuous support for line management and HR practitioners with regards to integrated disability management in the workplace.</li> <li>• Align HR policies, procedures, processes and systems to ensure the effective tracking and monitoring of affirmative action measures.</li> </ul>
<p><b>Ethics</b> <i>see pages 41 – 43</i></p> <p>Ensuring that all our operations are run in an ethical manner.</p>	<ul style="list-style-type: none"> <li>• Proactively launched a comprehensive and vigorous independent competition law compliance review of all our businesses, including all our offshore business activities in July 2008.</li> <li>• Placed greater emphasis on consistent consequence management of ethics cases and the escalation of high-risk cases, including independent investigations led by the group ethics office.</li> <li>• All employees at the senior and middle management job levels completed on-line training in anti-trust/competition law and anti-corruption issues. "High risk" employees below management level (such as procurement and marketing staff) are being included in the on-line training.</li> <li>• Developed more robust governance of ethics issues, including certification on our code of ethics and the guidelines to the code, as well as anti-trust/competition law and anti-corruption legislation for middle and senior management.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to root out any non-compliance within our businesses and to ensure full compliance.</li> <li>• Complete the competition law compliance review of all our businesses by the end of the calendar year 2009.</li> <li>• Continue to work with leadership and leadership teams on our six "levers of influence": personal insights; fostering understanding and conviction; developing talent and skills; team and system insights; reinforcement with formal mechanisms and role modelling.</li> <li>• Step up stakeholder engagement regarding Sasol's code of ethics and specific provisions in the code.</li> <li>• Increase emphasis and specific programmes related to human rights, including increase awareness and understanding.</li> </ul>
<p><b>Skills development</b> <i>see pages 44 – 45</i></p> <p>Developing, attracting and retaining sufficient talent to meet our growth objectives.</p>	<ul style="list-style-type: none"> <li>• Invested R386 million in employees' training and development.</li> <li>• Achieved 65 526 development interventions, a 53% increase on 2008.</li> <li>• Expanded our global venture support division – which develops skills for planned expansions – to 700 positions.</li> <li>• Invested R45 million in our bursary scheme.</li> <li>• Investing R123 million in artisan training over seven years.</li> <li>• Provided further investment of R25 million to South African universities.</li> <li>• Further developed career and succession planning.</li> </ul>	<ul style="list-style-type: none"> <li>• Build capabilities of employees to develop innovative solutions required to address current and future challenges.</li> <li>• Ensure ongoing focus on leadership development.</li> <li>• Contribute meaningfully to addressing the skills shortage and unemployment concerns in South Africa.</li> </ul>
<p><b>Black economic empowerment</b> <i>see page 46</i></p> <p>Promoting meaningful black economic empowerment throughout our operations and within our sphere of influence (South African operations).</p>	<ul style="list-style-type: none"> <li>• Finalised South Africa's single largest black economic empowerment (BEE) equity transaction, Sasol Inzalo, in 2008.</li> <li>• Improved representation of designated groups to 56,4% of our workforce.</li> <li>• Progressed towards meeting the targets of the Mining Charter and Liquid Fuels Charter.</li> <li>• Established The Sasol Inzalo Foundation to focus on contributing to the skills development and capacity building for South Africa.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to strive towards meeting our self imposed targets for improving our broad-based BEE scorecard.</li> <li>• Focus further on advancing women in the workplace.</li> </ul>



chief executive's statement



# positive actions

Pat Davies, chief executive

The economic slowdown has presented us with significant challenges in the last year. Sasol has, however, managed to stand strong due to a conservative and well-considered approach to doing business, with a focus on cash preservation.

## Our performance at a glance

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Despite our cost cutting measures, we are determined not to compromise the safety of our workforce, the environmental performance of our operations, the integrity of our equipment, the rigour of our governance and legal compliance or our strategic growth projects. Before the crisis, we were already underway with three key cross-cutting programmes, namely Project Enterprise (page 12), Operations Excellence (page 13) and Functional Excellence (page 13), which will continue to serve us well in pulling through this economic downturn.

The major disappointments in the last year were the fines imposed on Sasol Wax GmbH and Sasol Nitro for their anti-competitive behaviour. This has raised enormous reputational concerns related to certain behaviours that are so contrary to the values of our company. Regrettably, we were informed that Sasol was removed from the JSE's Socially Responsible Investment (SRI) Index for 2008 as a result of the Sasol Wax fine. I know that our colleagues, with very few exceptions, take compliance

seriously and are honest and hard working people. We have committed ourselves to root out any form of anti-competitive behaviour and our proactive internal investigations into this will continue.

We have further demonstrated our commitment to sustainable development by starting to explore options beyond Fischer-Tropsch (FT) as the single foundation for Sasol. While we will continue to improve the environmental and safety performance of FT based assets, our Sasol New Energy unit will focus on preparing for a future beyond the carbon economy.

Through the sustainable development reporting process and our road shows with our investors, our stakeholders have begun to engage with us openly to help address our sustainability issues. We have been complimented on how we are addressing our environmental challenges and look to leverage this engagement further to continue improving our performance and reducing our footprint.

Our focus on sustainable development has, once again, yielded positive results, with a number of significant achievements across a range of areas, including our safety systems, our investments in energy efficiency and GHG reduction, our savings in water usage, and our activities in promoting transformation in South Africa through our BEE transaction and our progress in meeting employment equity targets. These achievements are summarised on the cover fold out.

While we strive continuously to improve the sustainability of our operations, we are faced with significant challenges. Although we have not improved on our 2008 safety record, we are satisfied that with our recordable case rate (RCR)\* of 0,54 we are performing among the best in the world. Regrettably, we experienced four fatalities in the last financial year. This is not acceptable and we will continue to work towards zero harm.

Skills availability remains a challenge, but the economic downturn has led to a positive change. A freeze on external recruitment has encouraged us to review our strategies and to increase focus on developing skills within our company. As we expand internationally, we will have to accommodate different styles and techniques of developing skills as we will not have the luxury of training all employees in our South African operations.

We are investigating a number of growth opportunities across a range of geographies and questions have been raised as to whether we would decline business deals that challenge our values.

We are committed to achieving our business objectives without compromising our values, and we would certainly walk away if we feel our values would be compromised. Sasol's code of ethics, developed in 2004, is based on the principles of responsibility, honesty, fairness and respect. We are also a participant in the United Nations Global Compact. This means that, within our sphere of influence, we support a core set of values in the areas of human rights, labour standards, the environment, and anti-corruption. In addition, we have now completed the development of a separate human rights statement.

While we believe that coal-to-liquids (CTL) has value in certain economies – such as China, India and Indonesia – the CO<sub>2</sub> challenge is escalating, and so is the level to which we have to assure others that we have a solution to the problem. We will only invest in future CTL plants if there is a technically viable opportunity to store CO<sub>2</sub>. In contrast, our gas-to-liquids (GTL) technology already matches conventional refineries' CO<sub>2</sub> emissions over the full product life cycle. We are happy with GTL prospects in Uzbekistan and a possible expansion of the Oryx GTL facility in Qatar.

The decisions as to how to manage the downside of CO<sub>2</sub> emissions, while ensuring energy security, are not ours alone. We are working openly and sharing information with those who can help us – including government, academics, non-governmental organisations (NGOs) and other industries – to balance the need for and viability of these decisions. We have set ourselves challenging targets to reduce our CO<sub>2</sub> emissions.

This is not just about our desire to be a responsible company – a strong business case exists for sustainable development. We have great hopes for our Sasol New Energy unit, which will in the short term improve energy

efficiency in our current operations and in the longer term explore opportunities for ensuring the sustainability of Sasol in a carbon-constrained future. While it is still early days, the unit is almost fully resourced and Sasol has already invested in a South African solar technology company.

We believe that South Africa needs to respond more quickly to the challenge of a 6% GDP growth ambition in the context of the current economic slowdown and climate change challenges. With the significant GHG footprint of our current technology, Sasol will continue to work with other stakeholders to agree on a path forward for South Africa in the climate change debate.

Our road shows over the last year gave us the opportunity to engage with investors and to understand the views of those who are interested in the long-term vision and sustainability of the company. These engagements have indeed guided our approach to the future and encouraged beyond FT thinking. Our investors clearly want us to manage our existing efforts profitably, but also prepare for a low-carbon future.

**We will continue to engage with governments to ensure that we are part of the solution rather than part of the problem. We are also building the capacity in our organisation to ensure that our people are able to contribute to South African and international sustainability-related initiatives.**

My personal commitment is to promote an understanding and to help manage the dual challenge of energy security and climate change. Sasol leadership is fully aware of the very real need to address all elements of sustainability with ambition and commitment. This is our tenth report on our sustainable development performance, which has once again been prepared in accordance with the Global Reporting Initiative guidelines.

Difficult choices have to be made. Because of the scale of our operations, our impact as well as our contribution towards a more sustainable future can be significant. I am confident that the work of our teams focused on reducing our environmental footprint will provide yet another way in which we will reach new frontiers.



**Pat Davies**  
Chief executive  
July 2009

\* The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.




## Project Enterprise

**"Mere compliance systems and processes do not suffice. Systems and processes can only be effective when combined with an appropriate organisational culture. The matter of Sasol's culture is very relevant to the situation we are describing today. In 2005, it was apparent from several indicators, including a tragic safety incident, that a significant shift in certain aspects of Sasol's historical culture was essential. We consequently, in 2005, launched a comprehensive values-driven culture change programme to address this."**

*Pat Davies in his statement to the Competition Commission on 20 May 2009.*

The programme referred to above is known as Project Enterprise (PE) and has as its base the understanding that positive culture means good business. Sasol has identified four strategic pillars required for building the future Sasol: deliver on our South African transformation agenda, nurture and grow our existing businesses, effectively commercialise our technology lead, and develop and empower people to deliver growth. These four pillars are built on a foundation of values-driven behaviour. To clarify what this means practically, Sasol's six values were augmented with five priority behaviour shift themes and 25 associated specific behaviour shifts.

 See report on Project Enterprise with PE aiming to deliver on the "From – To" shifts.

As Pat Davies mentions in the quotation above, effective compliance with the law depends on a congruent culture. Furthermore, the achievement of Sasol's safety ambitions will need the behaviour shift to mutual respect and care for colleagues to be truly lived at Sasol.

Operations Excellence (outlined next page) has confirmed that a major factor in the success of its pilot programme has been a shift in behaviour – in particular, the changes envisaged in the "Move to empowered accountability and trust" theme. PE will work closely with the Functional Excellence team to focus on the "Increase interdependence across all aspects of our business" theme.

PE measures progress of the transformation of Sasol's behaviours (by managers and others) and our culture transformation using various diagnostics, such as the Barrett survey. This has been conducted annually for the past three years, with the results confirming that there has been a significant, progressive shift in our culture in the right direction.

**"There is an even greater need now for aligned, confident and inspired leaders ... Our values bind us together and guide everything we do. By 2020 our culture will be high performing with a "people focus". There will no longer be a distinction between hard and soft issues. We will automatically integrate values-driven leadership, caring for and growing our people."**

*Pat Davies, chief executive*

**"Sasol is here today to agree that it has contravened the Competition Act ... We are here to explain how it was not detected earlier and how we are going to stop it recurring in the future. We accept full responsibility and apologise to all our stakeholders."**

*Sasol CE, Pat Davies, speaking to the Competition Tribunal*



## Operations Excellence


The Operations Excellence (OE) programme touches on a number of elements of sustainability, through its focus on such issues as promoting resource efficiency, empowering Sasol employees and achieving cost savings. The programme was introduced with the aim of improving the efficiencies of our operations in a responsible, reliable and safe way.

The essence of OE is about inspiring all our employees to deliver improved performance for the company. The OE improvement teams working on our first few selected plants have already achieved benefits, with some exceeding R50 million in efficiency improvements during the first year. Positive changes in how people feel about their work have also been evident and individuals are embracing the power of working more productively in cross-functional teams.

We have conducted OE interventions on eight different plants during the last year, with the target of involving all Sasol plants with some form of OE engagement within the next two years. This will be a challenge given the intensity of our interventions, but one which we believe will be worth the effort.

**“Once employees understand Operations Excellence, they move beyond a compliance mentality of only meeting minimum standards and develop aspirations of true excellence. Their work becomes more meaningful and they embrace being part of a great team and part of a great company that is continuously improving to deliver sustainable performance.”**

*Howard Parry, director: Operations Excellence*

 See Operations Excellence: a full interview with Howard Parry for further information.

## Functional Excellence: one Sasol way of doing business


The Functional Excellence (FE) programme in essence helps to streamline and standardise the support functions of Sasol. The intention is that this will help employees to focus on their core functions and, in the process, assist in reducing safety incidents, allow for easier job rotation and improve efficiencies.

A benchmarking survey conducted throughout Sasol in 2007 identified concerns relating to a lack of process- and systems-standardisation across the company. It was found that in many instances functional capabilities are fragmented, making it difficult for some of Sasol's enabling functions (such as human resources, supply chain management, information systems and finance) to provide an effective service across the business.

To address this challenge, the Functional Excellence initiative was established in May 2008, as a key response to position the company in line with our strategic growth agenda. In the face of increased global expansion, Sasol requires functions that are operationally aligned and set up for delivery with appropriate and standardised policies, structures, capabilities, processes and technology. While it will be challenging to implement a programme of this magnitude, we believe that it will make work easier, provide employees with more exciting career opportunities and greater mobility across the organisation, and encourage greater efficiency and effectiveness throughout Sasol. We are excited about what this might do for developing and building careers. The final programme implementation date is set for late 2011.

**“In order for Sasol to achieve its vision of having respected world-class supply chains that create significant value for Sasol, supply chain management must be fully integrated across divisions and functions. I firmly believe that functional excellence will provide the framework to achieve this integration and fulfil our vision.”**

*Wikus Kritzinger: General Manager: Supply Chain Optimisation*

 A more detailed report on Functional Excellence can be found on our website.

## independent assurance report of the assurers to sasol limited

### Introduction

We have been engaged by Sasol Limited ("Sasol") to conduct an assurance engagement on selected subject matter reported in Sasol's sustainable development report 2009 ("the report"), for the purposes of expressing a statement of independent assurance, for the year ended 30 June 2009. This assurance report is made solely to Sasol in accordance with the terms of our engagement and applies only to the hard copy publication of the report, and as set out on the pages referenced below.

The following subject matter in the report (page 56) was selected for an expression of reasonable assurance:

- Total production (kilotons)
- Recordable case rate (RCR), including employees and service providers
- Total number of fatalities
- Total energy use (thousand gigajoules)
- Total material use (kilotons)
- Total water use (1 000 m<sup>3</sup>)
- Direct carbon dioxide emissions (kilotons)
- Indirect carbon dioxide emissions (kilotons)
- Total number of fines, penalties and settlements
- Transport Indicator of Performance (TloP)

and the GRI application level (page 60)

The following subject matter in the report (page 56) was selected for an expression of limited assurance:

- Total number of reportable fires, explosions and releases
- Total water recycled (1 000 m<sup>3</sup>)
- Sulphur dioxide emissions (tons)
- Non-methane hydrocarbon emissions (tons)
- Hydrogen sulphide emissions (tons)
- Particulate (fly ash) emissions (tons)
- Methane emissions (tons)
- Nitrous oxide emissions (tons)
- Total greenhouse gas emissions (kilotons)
- Hazardous waste (kilotons)
- Non-hazardous waste (kilotons)
- Recycled waste (kilotons)

and BEE procurement in Rand value (page 46)

### Directors' responsibility

Sasol's directors are responsible for the preparation and presentation of the selected subject matter in accordance with internal corporate policies and procedures, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines.

### Responsibility of the independent assurers

Our responsibility is to express to the directors an opinion on the selected subject matter contained in the report, for the year ended 30 June 2009, based on our assurance engagement.

### Work performed

We conducted our engagement in accordance with the International Standards for Assurance Engagements 3000, "Assurance Engagements other than audits or reviews of historical financial information" (ISAE 3000), issued by the International Auditing and Assurance Standards

Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain either reasonable or limited assurance on the selected subject matter as per our terms of engagement.

Sasol's internally developed Sasol sustainable development (SD) report guidelines and definitions, based on the GRI sustainability reporting guidelines, were used as criteria to evaluate the selected subject matter. The "Notes on measurement" in the "Basis of reporting" (page 57) provides detail on the definitions of the selected subject matter as described in Sasol's SD report guidelines and definitions. In terms of evaluating the application level, the specific application level criteria as stipulated by the GRI new generation (G3) guidelines, have been used.

### Our work consisted of:

- reviewing processes that Sasol has in place for determining material subject matter to be included in the report;
- obtaining an understanding of the systems used to generate, aggregate and report data at the ten selected sites and business units in South Africa;
- conducting interviews with management at the sampled operations and at head office;
- applying the assurance criteria in evaluating the data generation and reporting processes;
- performing a controls walkthrough for limited assurance, and further key controls testing for reasonable assurance;
- testing the accuracy of data reported on a sample basis for reasonable assurance;
- reviewing the consolidation of the data at head office to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for deviations in performance trends;
- reviewing the consistency between the subject matter and related statements in Sasol's sustainable development report; and
- reviewing the accuracy of Sasol's self-declaration of the GRI (G3) Application Level in the report.

### Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. The "Basis of reporting" (page 57) highlights key issues, limitations and any uncertainties affecting the accuracy of Sasol's performance data reported. It is important to understand the reliability of

the selected subject matter in the context of these limitations. We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the agreed subject matter. The evidence-gathering procedures for limited assurance are more restricted than for reasonable assurance and therefore less assurance is obtained with limited assurance than for reasonable assurance.

### Conclusion – Reasonable Assurance

On the basis of our reasonable assurance procedures, the subject matter selected for assurance for the year ended 30 June 2009, has been prepared, in all material respects, in accordance with corporate policies and procedures and is free from material misstatements.

### Conclusion – Limited Assurance

On the basis of our limited assurance procedures nothing, has come to our attention to believe that the subject matter selected for limited assurance for the year ended 30 June 2009, have not been compiled in accordance with the corporate policies and procedures or are materially misstated.

### PricewaterhouseCoopers Inc.

Director: Wessie van der Westhuizen  
Registered Auditor  
Johannesburg  
21 September 2009



## section 2



### Responding to our stakeholders

At Sasol we believe that our sustainability reporting process should achieve the following three objectives:

- provide a meaningful and accurate account of our sustainability performance, so that our stakeholders can review our performance year-on-year, and compare us with our peers;
- assist us in informing our broader strategy and growth plans; and
- enhance the levels of trust that we have with our stakeholders.

Achievement of each of these objectives is dependent on us being responsive to the interests of our various stakeholders, both internally and externally.




Recognising the value of stakeholder engagement, in this section we:

- describe the stakeholder process that we followed as part of this reporting process (our broader engagement activities are described on our website);
- summarise the outcomes of a recent employee survey on our sustainability reporting practices;
- provide a sample of views expressed by certain stakeholders and outline our response to these views;
- summarise the outcomes of a high-level dialogue session that we had with external thought leaders; and
- include an independent external perspective on this dialogue process.

## identifying what our stakeholders are saying

As part of our previous sustainability reporting processes we undertook independently facilitated consultations with different external stakeholder groups, with the aim of identifying and responding to their material interests, and understanding their views regarding our sustainability performance. For this year's reporting process, we have sought to identify and respond to the views of our external stakeholders in a slightly different manner:

- We have invited a respected South African academic and political commentator to share his views on the nature of business leadership in the context of current global challenges (see prologue).
- We have reviewed various statements made or reported on in the media and by the investment community that have a bearing on our sustainability activities. While these are typically the views of particular individuals, in many instances they may be seen to either reflect – or shape the opinion of – broader sections of Sasol's external community. A sample of these views, and our responses to them, is provided in the table on page 17. While these are necessarily a selective view only, we believe that they provide a sense of some of the broader perceptions regarding our performance as a corporate citizen.

 Further examples are provided on our website: [www.sasol.com](http://www.sasol.com)

- For each of our six most material sustainability issues we have invited a respected external commentator to write a candid challenge to Sasol, outlining their assessment of the implications of this issue for Sasol and commenting on how Sasol is – and should be – addressing the issue (see page 22). Each of these commentators and three further external sustainability experts then participated in an externally facilitated panel discussion with the Sasol chief executive and with senior members of the management team. An independent summary of the outcomes of that discussion is provided on page 19.

From these various interactions, a number of particular challenges facing Sasol have been identified. Understandably there have been particular concerns relating to our activities in breach of competition law and the associated implications for our governance activities. While we have included a response to this issue in part in this report, a more detailed commentary on this can be found in our annual review. Many stakeholders have also highlighted the particular responsibilities that Sasol faces in the context of the changing global energy mix, compounded by the challenges of climate change and increasing demands on water resources. Together with the issues of skills development, culture change and (in South Africa) the imperative for transformation, these are seen to have significant implications both in terms of Sasol's performance as a business and in the nature of its contribution to addressing societal expectations.

In addition to these structured interactions as part of the sustainability reporting process, we also engage our various stakeholders on a periodic basis through our regular activities. A description of our approach to engaging with each of our different stakeholder groups is provided on our website.

 See *Engaging our stakeholders*.

### Employees' views on Sasol's sustainability reporting

**In a recent employee survey, Sasol employees identified the following issues as being particularly important to our sustainable development reporting:**

- Employees would like to see climate change related issues (including CO<sub>2</sub> and renewable energy) reported on in more detail in Sasol's sustainable development reports.
- Most employees believe that BEE and safety are the sustainable development issues where Sasol is doing a good job but that issues relating to the environment require improved performance.
- Some employees felt that the key issues were being reported on only vaguely and that more specific initiatives and performance needed to be reported.
- More visible goals and improved communication were identified as the key requirements to assist employees to better understand sustainable development. However, most employees felt that communications around sustainable development had improved.

This table presents a sample of some of the views of our stakeholders.

 Some additional examples are presented on our website: *Our stakeholders' views*.

## What some of our stakeholders have been saying

### Anti-competitive behaviour

"What factors caused senior individuals within the group to meet competitors in secret off-site meetings? Did incentive structures encourage underhand behaviour? Was there a tacit tolerance of market players dividing up industry segments for their own benefit? Just how deep-seated are the roots of the problem? And, most importantly, did executives know or even actively encourage that behaviour?"

*Bruce Whitfield – Mining MX (June 2009)*

"You've fallen out of JSE SRI due to having fallen short of competition issues – we now need more comfort that you are doing the right thing."

*The JSE SRI*

### Sasol's greenhouse gas emissions

"Carbon dioxide is your silver bullet – we don't know how to look at you any more, because you may become like a tobacco company."

*Sasol investor*

"In Johannesburg, Earthlife Africa awarded Sasol the prestigious 2009 Fossil Fool of the Year Award for producing 72 million tons of CO<sub>2</sub> per year (over 15% of South Africa's total emissions) and for trying to build a new coal-to-liquids power plant."

*Earthlife Africa (1 April 2009)*

### Water

"South Africa is running out of water. Not this year or the next, or even in a decade. But most experts agree South Africa is headed for a water crisis in 20 – 30 years unless it changes the way the scarce resource is used and managed. SA's thirsty industries, especially agriculture and mining, need to come to the party. The alternative is a dry future for the country."

*Financial Mail (28 November 2008)*

### Sasol's 2008 sustainable development report

"While King III talks about a consolidated annual report, we call for you to keep your separate sustainable development report."

*Sasol investor*

"Your sustainability report should be web-based, rather than printed."

*Sasol investor*

"There are a lot of words in our sustainability report, but we are skirting around the issue (especially climate change). There's a lot of opinions included from relevant stakeholders (and yes, the report compilers have been objective in selecting positive and negative comments), but much less is being said – and vaguely – about what is actually being done."


*Sasol employee*

"The sustainability report is the best I have read in the industry and, in my view, Sasol continues to show real conviction with regard to CO<sub>2</sub> and safety issues."

*Analyst – JP Morgan*

## How we are responding

In July 2008, we initiated a competition law compliance review of all Sasol businesses, and subsequently commissioned a review of our internal competition law compliance processes. During December 2008, our compliance review revealed evidence of potentially collusive conduct in the fertiliser business of Sasol Nitro. We reported this to the Competition Commission; we have since paid an administrative penalty relating to the anti-competitive activities in the fertiliser industry and we have suspended the relevant officials and have underway an independent investigative process to determine the appropriate sanctions. While many of these activities took place and then ceased some years ago, we deeply regret that these activities occurred. Further information on our policies and procedures relating to ethical compliance aspects can be found on pages 42 – 43.

 A more detailed review of this issue is provided in our annual review and is also available on our website.

Sasol considers global climate change to be one of our principal strategic challenges, both for existing operations as well as future growth opportunities. Our strategic response to the climate change challenge is provided on pages 27 – 29. Information on the activities of our recently established Sasol New Energy unit is provided on page 24.

A review of our GHG emissions performance over the past year, and a comparison with industry peers is provided on page 29.

At Sasol we are acutely aware of the responsibility that comes with being a large industrial water user in South Africa, where water is scarce and our demands are clearly large. Recognising the strategic significance of water as an enabler for growth and development, we have identified it as one of our most material sustainability challenges. A review of our response to this challenge is provided on pages 31 – 32.

*Sasol's 2008 sustainable development report*

For the past five years, Sasol has included an integrated report of its sustainability performance within the company's annual report, in which we focus on those issues that we believe are of greatest material interest to investors. In addition, we have published a separate sustainability report that provides a higher level of detail and that addresses a broader range of issues that are of greater interest to the broader community. We believe that there is merit in retaining this approach. Based on feedback from users, we have decided this year to shorten the printed copy of our sustainable development report and to print fewer copies, making more detailed information available on our website in a more accessible format.

We believe that understanding and sharing the informed views of some of our critics is of great value, both in holding us to account and in assisting us in developing our strategic responses. This year we have invited a number of leading commentators to share their views on some of the key challenges facing the company. See pages 23 – 46. An outcome of a panel discussion with these external stakeholders is provided on pages 19 – 20.



## Recognised for our sustainability reporting and/or performance



left to right: Jayne Mammatt (E&Y, Senior manager, Governance and Sustainability), Kim Fraser (General manager, SH&E Centre), Stiaan Wandrag (Manager: Sustainable development), Ajen Sita (E&Y, Head of Assurance)



We have been recognised as among the leaders in corporate sustainability reporting since our first standalone environmental report. This year we received the following accolades for our reporting practices:

- Sasol was a joint winner of the 2008 Ernst & Young Excellence in Sustainability Reporting annual award with Anglo Platinum.
- Sasol was listed on the Dow Jones Sustainability Index – representing the top 10% of companies in the oil and gas producers cluster.
- In 2009, Sasol was acknowledged by the Investment Analyst Society (IAS) with an award for Best Reporting and Communication in the Resources Sector, which includes oil and gas, chemicals, steel and other metals, forestry and paper. The award recognises our commitment to disclosure. Our priority is to deliver no surprises or disappointments to the market by ensuring the investment community understands Sasol's strategy, operations, performance and future prospects.

## External commentary on Sasol's dialogue process

### A reflection on Sasol's dialogue process by Stef Raubenheimer, facilitator of the stakeholder panel:

Sasol is to be commended in its efforts to hear external voices; and not only to listen but also to invest in real action inspired by the inputs received. This year's event saw external "critics" giving input to Sasol's leadership on the themes of energy, climate change, water, safety, ethics, and diversity. While it is traditional to see these issues as belonging in the basket of "sustainable development", I believe that revision of this approach is now required.

In terms of the external panel, apart from striving to do too much in a half-day meeting, it would be helpful to see these issues in two separate sections: sustainable practices (comprising such issues as diversity, health, safety, emissions, ethics and governance) and sustainable strategy, where the impacts of the large external issues are the focus (namely climate change, country policies and energy strategy). I believe that more value would be gained if external comment was focused on the second of these, as the first is internally benchmarked and data heavy, with the result that it is typically more difficult for external commentators to add much value in a very short period.

In addition, it is suggested that external commentators to a session on strategy should be better informed of Sasol's existing plans in order to critique substance, rather than overall concept. This year's event probably gave back less to Sasol than was hoped for, and I believe this suggestion will form the basis for a stronger event next year.



## business leadership in turbulent times

### Perspectives on Sasol's performance

Following is a summary of the dialogue that took place between senior Sasol executives and external commentators at Sasol's Rosebank offices on 7 August 2009. This summary is written by Incite Sustainability, the convenors of this dialogue.

Some additional examples are presented on our website: *Our stakeholders' views*. See also: *Full Stakeholders' dialogue*.



The aim of an independently facilitated dialogue between Sasol executives and external commentators was to discuss Sasol's responses to written challenges on various material sustainable development issues.

On 7 August 2009, an independently facilitated dialogue was held between a Sasol executive team and the external commentators who submitted written challenges to Sasol on the various material issues.\* (These written challenges and our responses are provided in section 3.) The aim of this four-hour meeting was to provide the commentators with an opportunity to engage in frank discussion with Sasol on what they felt was outstanding in terms of Sasol's written responses. Sasol was represented at the meeting by 13 executives and senior managers from the Sasol group executive committee, group strategy, the SH&E centre, investor relations and group communications. Sasol CE, Pat Davies, participated at the opening and closing of the meeting. The dialogue was facilitated by Stef Raubenheimer, an independent facilitator and climate change expert who was involved in the development of the Long Term Mitigations Scenarios (LTMS) for South Africa. Jonathon Hanks, Incite Sustainability, contributed to the discussion and served as rapporteur.

#### *Business leadership in challenging times: perspectives on Sasol's performance*

The dialogue was framed in the context of "Business leadership in challenging times", and focused briefly on each of the seven material challenges identified by Sasol. Richard Calland opened the discussion, sharing his perspectives on the nature of the sustainability challenges facing Sasol and on the implications of these challenges for business leadership. Suggesting that change is happening at a scale and pace that is difficult to grasp, he argued that business leaders require a systems thinking approach that understands the linkages between social, economic, environmental and political drivers. Referencing Nicholas Taleb's "Black Swan" theory – which refers to high-impact, hard-to-predict events beyond the realm of normal expectation – he suggested that business leaders need boldness and imagination to anticipate the unthinkable and provide for the possible "unknown unknowns".

#### *Anticipating the unimaginable: the "Black Swans" of energy, climate change and water*

The discussion focused initially on the three themes of energy, climate change and water, issues on which there is seen to be "a lot of science", but where there remains much uncertainty. Despite this uncertainty, there was general agreement that we are entering a "crunch time" – an era in which global oil production will peak and where fossil fuels will no longer be cheap, where water will become a significant limiting factor to business growth no matter how strategic the business, and where climate change will fundamentally shift assumptions regarding the nature of the global economy.

Each of these issues has potentially profound implications for Sasol's business model, exposing it to vulnerability that is larger than may have been anticipated, and raising questions on the role that the company can

\* The external participants comprised: Richard Calland, Jeremy Wakeford, Saliem Fakir, Mike Muller, Leo Strydom, and Johan Hattingh. Unfortunately, Jimmy Manyi was not able to attend.



## business leadership in turbulent times continued

and should play in terms of promoting a transition to a more resource efficient and equitable, low-carbon economy. While it was recognised that Sasol may be a relatively small player in the global energy mix, it is seen to have the ability to exert a positive influence on national policy in South Africa. Discussions on the location and nature of a CTL plant in the Limpopo province, for example, provide a particular opportunity for enabling such debate.

While there was general agreement that Sasol is tackling energy, climate change and water issues with some rigour, and that it has generally moved beyond compliance, it was nevertheless felt that Sasol is not sufficiently realising the opportunity to lead change. Various specific concerns were raised:

- Although the establishment of the Sasol New Energy unit is welcomed, and while there is an understandable desire to be conservative and to carefully review all technologies, there is concern that the response is not sufficiently bold.
- It is suggested that Sasol may be relying too heavily on carbon capture and storage (CCS) as a technical solution, and that it does not have a sufficient alternative should CCS be unable to deliver.
- Sasol's vulnerability to water shortages may be larger than anticipated. Addressing this effectively will require a more holistic perspective and significantly broader engagement than it has demonstrated thus far. There is concern that Sasol's planned activities in the Limpopo province will add substantially to already high water demand in the region and it was suggested that there is thus a need for a more wide-ranging review of options.

### *Addressing the internal challenges: safety, diversity and ethics*

On the more internally focused issues of safety, ethics and diversity, there was broad agreement that while Sasol continues to face particular challenges in each area, it has a good appreciation of the nature of these challenges and an evident commitment from the top to address them. Some specific suggestions for improvement were identified:

- While the company has made good progress in its safety performance, there is concern that this performance has reached a plateau. A need for further work on leadership behaviour that shapes the internal culture, particularly at the supervisor level, was highlighted.
- On diversity, while Sasol deserves some praise for its recent achievements, specific challenges remain regarding both race and gender. Although it was argued that Sasol should move beyond compliance, it was nevertheless suggested that it should "focus on the numbers", at least for the interim.
- In the context of recent developments relating to anti-competitive behaviour, Sasol's performance on ethical issues has gained increased prominence. At a broader level, it was suggested that the key ethical challenges facing Sasol relate to its approach towards meeting societal objectives and to deciding when and how to influence government policy. In the context of current global challenges, it was suggested that there is a need for "an ethical revolution, one that makes greater provision for the inter-generational aspects" and that Sasol should become a change agent, encouraging greater collective action.

### *Sasol as a change agent: the need to "up its game"*

A predominant theme throughout the discussion was the sense that while Sasol can be complimented for many of its activities, there remains scope for the company to "up its game" and to play a more active role in effecting change. It was suggested that Sasol has a particular opportunity to address its past, especially given its scale in the local coal business and the fact that decisions on coal use are critical to a sustainable future.

A key remaining question relates to finding the right balance between maintaining the current economy (for example by entrenching use of the internal combustion engine) and using the income generated from this economy to enable a shift towards a low-carbon future. Recognising the need for greater clarity as to how this future looks, and how best to effect this transition, it was suggested that Sasol needs to create a space that allows for discussions around redesign and rethink. Noting the experience at Tata, it was recommended that Sasol appoint a small team of cross-functional experts to explore disruptive innovations and bring these ideas to internal leadership.

In response to these observations, Sasol made the following points:

- While it believes it is responding effectively to most of these challenges, Sasol acknowledges there is scope to exert greater influence on policy developments.
- Sasol recognises the need for "a leap in thinking", and suggests that this recognition informed the establishment of the Sasol New Energy unit, which aims to reposition Sasol in a new energy future. There is a need, however, for an initial period during which the focus will be on maximising efficiencies and reducing the carbon footprint associated with existing technologies. Sasol further believes that it needs to be cautious to ensure it invests in the right technologies. In terms of its response to climate change, the company is increasing its ambition to respond to this challenge and is currently finalising stringent CO<sub>2</sub> emission reduction targets for 2050. The company further recognises the need for an increased focus on water.

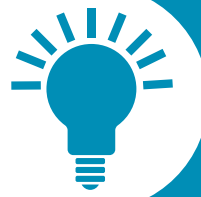
### *Closing words from Pat Davies*

In his closing contribution, Pat Davies made the following observations:

- Regarding Sasol's history and its association with the past regime, he stated there has been a lot of internal introspection on how to address this issue and suggested that this has made the company even more resolved to make a positive contribution to society. Acknowledging the recent anti-competitive behaviour issues, he expressed that Sasol is not now where they would like to be, but suggested this has provided an opportunity to confirm everyone's understanding of Sasol's values, and to re-emphasise the need to take Sasol's role in society seriously.
- Over the past year, Sasol has begun to be more structured in its thinking about long-term timelines and scenarios, asking each business to review how different scenarios would affect their businesses.
- On the role that Sasol should play in the broader society, it was noted that the company currently does a great deal of work with business aimed at influencing society and promoting change; understandably a lot of this work is undertaken through business associates that Sasol is affiliated to. It was suggested that Sasol's preferred style is to do first and then talk afterwards.

**Davies concluded by stating that Sasol will take seriously what has been said: "While we may agree with some points and disagree with others, we are committed to moving beyond debate and to action."**

## section 3



### Addressing our material challenges

This section of the report focuses on eight issues that are regarded as being most material to our sustainable development performance. For six of these issues we have asked a respected external commentator to write a candid challenge to Sasol. The following issues were prioritised:

1. Global energy security – Jeremy Wakeford (Association for the Study of Peak Oil)
2. Operating within a carbon-constrained future – Saliem Fakir (WWF South Africa)
3. Managing water scarcity – Professor Mike Muller (University of the Witwatersrand)
4. Maturing Sasol's safety culture – Leo Strydom (Behaviour Based Initiatives)
5. Managing workforce diversity – Jimmy Manyi (Confederation of Black Business Organisations)
6. Promoting ethics and integrity – Professor Johan Hattingh (University of Stellenbosch)
7. Investing in skills development
8. Promoting black economic empowerment

These issues have been identified as our material sustainability risks on the basis of:


- the outcomes of our internal group risk assessment process (see page 22);
- feedback from external stakeholders during independent stakeholder processes over the past five years;
- ongoing engagement with government, industry associations and NGOs; and
- feedback from our employees. See page 16.

## Sasol's risk analysis review process

Sasol's most material risks are identified on the basis of a structured review process, comprising:

- a review of the external, internal and transactional environment;
- analysis of the top risks against external risk reviews and reports (such as those published by the World Economic Forum and major advisory and research bodies);
- analysis of individual internal assessments of top risks presented to Sasol's group risk and SH&E committee, a subcommittee of the Sasol board; and
- a review of top risks reported at business unit and functional level, evaluating these in terms of: their potential to significantly affect the achievement of the group's strategy (inside front cover); the need for a group-wide initiative to manage the risk and its impact on Sasol's integrated supply value chain.

On this basis, we have identified the most significant group risks, several of which have a very strong bearing on sustainable development. These risks are presented to the group risk and SH&E committee and to the Sasol Limited board for their review on a quarterly basis.

 A table of Sasol group risks and our approach to managing them is provided on our website.

*Sasol's most material group-wide risks are identified on the basis of a structured review process that includes a review of the internal, external and transactional environment.*



# 1. Global energy security

## The challenge – global energy security: implications for Sasol



Jeremy Wakeford: Research Director:  
Association for the Study of Peak Oil (South Africa)

**Sustainable development is development that meets the needs of current society without compromising the ability of future generations to meet their own needs. It has three principal dimensions, namely economic efficiency, social equity and environmental sustainability. All socioeconomic systems depend on energy flows for their functioning, and thus energy security – ensuring an adequate, affordable and sustainable supply of energy – is a vital component of sustainable development.**

The global energy security situation has transformed rapidly over the past few years. After almost two decades of relatively low and stable energy prices, a combination of factors – including rapid growth in demand from large emerging economies and a levelling off of oil supplies – culminated in a major oil price shock between 2004 and 2008.

These developments are consistent with the view of many experts that the world is rapidly approaching (or possibly already at) the all-time maximum rate of global oil production (peak oil), after which the rate of depletion from mature oil fields will exceed the flows from new fields, which are increasingly difficult and expensive to exploit. Global rates of natural gas and coal production will also reach inevitable peaks at some point, possibly within the next two decades according to some forecasts.

The fundamental fossil energy supply situation is exacerbated by several "above ground factors", including: political instability in some oil exporting countries (such as Iraq and Nigeria); ageing energy infrastructure; a growing shortage of skilled personnel; and continued geopolitical tensions in regions such as the Middle East (which accounts for nearly two thirds of remaining oil reserves) and Central Asia.

In addition, the global financial crisis and recession are having a debilitating impact on energy investment, with upwards of US\$ 170 billion worth of new projects being cancelled or postponed. Consequently, the International Energy Agency is predicting another major oil price shock by 2013 as spare production capacity disappears. Thus in the short to medium term, rising and volatile oil prices pose a threat to economic recovery. In the longer term, they will necessitate a major transformation in the global energy economy.

South Africa is exposed to international energy security developments since it depends on crude oil imports for approximately 70% of its current liquid fuel consumption. A wild card would be any substantial

discovery of oil off South Africa's coastlines, which remains an uncertain possibility.

The vulnerability of the domestic electricity sector is set to continue at least until 2013. The price of coal could rise considerably over the coming years as a result of increased demand by Eskom and heightened competition in the coal export market, while the development of new coal mines would push up costs.

In the near term the strong likelihood of volatile energy prices at the global and local levels poses a challenge for Sasol's economic sustainability and particularly the group's share price. In the longer term, rising prices of fossil fuels could boost the prices of some of Sasol's products and adversely impact on demand and revenues, although this will depend on demand elasticities.

In terms of social sustainability, in a future context of oil price spikes and shortages there is likely to be strong public pressure for Sasol to act in the societal interest rather than reap the rewards of scarcity rents. Government may also reconsider the option of imposing windfall taxes, and possibly even mandating the strategic use of Sasol's synthetic fuels in priority sectors.

The energy security case for continuing coal-based synthetic fuel and petrochemical production – and even possibly constructing a new CTL facility – would appear to be strong. However, from the perspective of environmental sustainability, and particularly the climate imperative to reduce carbon emissions, Sasol's activities represent something of a double-edged sword. Carbon capture and storage – were it to prove feasible and reliable – could be an avenue out of this dilemma, although it would add considerably to costs.

Broadly speaking, Sasol might respond to these challenges by following one of two paths. First, it could continue to occupy its niche in the fossil fuel sector, although possibly aiming to increase energy and carbon efficiencies by utilising sources such as imported natural gas, coal bed methane and perhaps underground coal gasification. This option has several important risks attached, including rising feedstock costs and running afoul of climate mitigation policies.

A second path could be for Sasol to reinvent itself and use its considerable managerial and technical expertise to become a leader in renewable energy technology. Promising options include solar (eg, concentrated solar thermal and photovoltaic power), wind power, biogas, and possibly certain biofuels (although food and water security concerns loom large). This would place Sasol on the cutting edge of the sustainable energy revolution.

Currently, Sasol plays a key role in South Africa's energy security, most especially by contributing about 34% of its liquid fuels requirements but also in the provision of natural gas and petrochemical products to industry. However, Sasol's use of finite, depleting (and polluting) coal and natural gas feedstock poses a significant challenge in terms of meeting environmental and social sustainability criteria.

Over the long term, use of fossil fuels should be progressively replaced by renewable energy sources if the company is to contribute to South Africa's sustainable development and energy security.





## 1. Global energy security continued



### Sasol's response to the energy security challenge

#### Balancing energy security and socioeconomic considerations with the climate imperative

**Sasol shares Jeremy Wakeford's concern that South Africa is exposed to international energy security developments due to its dependence on crude oil imports, and we recognise the challenges associated with volatile energy prices at both the international and domestic level, as well as the challenge of the climate imperative. We believe, further, that he is right to identify two broad paths that Sasol might follow in response to these challenges.**

Sasol plays in four of the major energy carriers – coal, crude oil, natural gas and electricity. Our focus ranges from coal, which is central to the company's business strategy, to producing electricity for a portion of our own needs. Although Sasol is a small player in the international energy sector, we are nevertheless a significant player due to the nature of our value proposition: converting gas and coal into oil and providing security of supply in transportation.

We believe that over the short and medium term there will be increasing demands globally for oil for mobility, particularly as India and China – both of whom currently have low energy use compared to developed countries – become more wealthy. Notwithstanding the high oil price last year, there was insufficient investment to result in a growth in the supply side of oil. Gas and coal are both seen to have significant advantages over oil in terms of energy security: not only does coal dwarf all the other hydrocarbon reserves, but it is also more widely distributed. Currently, 80% of coal reserves rest in countries with 45% of the world's population, as compared with oil where the majority of reserves rest with only 5% of the global population. Furthermore, usable coal reserves may become a strategic asset in the light of "peak oil" that may already be with us. Using this coal in a sustainable and efficient manner therefore becomes a primary objective, and access to clean coal technologies is of strategic importance.

South Africa faces similar challenges regarding energy security, both in terms of liquid fuels and electricity supply. For South Africa's economy to grow optimally – and to provide opportunities for job creation, education and housing – it will need access to reliable sources of energy. The lack of oil reserves in the country requires that we seek energy security through the available domestic resources – including coal and possibly nuclear, solar and wind – to give the country a sustained ability to grow. South Africa is at a crossroads as to whether to buy or make its own energy. We believe that there is a strong economic and energy-security case for the country to develop its own energy production facilities.

Sasol is seen to have a particular opportunity in this challenging international and national energy context, building on those activities that we are good at – such as operating and improving large synfuels and chemical plants, and our record of technological innovation and commercialisation – as well as utilising our capacity to do certain things better than our competitors, most notably applying the Fischer-Tropsch technology. While we believe that this presents us with an exciting value proposition, we recognise that realising this proposition raises some significant sustainability-related challenges, including in particular the challenge of reducing greenhouse gas (GHG) emissions.

In the context of the current energy security considerations, and in the belief that fossil fuels will dominate global energy needs for at least the medium term, we believe that Sasol's immediate focus should be to sustain its competitive position within the coal and natural gas environment – continuously striving to improve our energy efficiency and reduce emissions. At the same time, however, Sasol recognises the likelihood of a future low-carbon economy and is thus building its business and technology capacity in renewable and low-carbon electricity (including nuclear).


#### *Responding to the challenge: Sasol New Energy unit*

The formation of the Sasol New Energy unit forms part of Sasol's commitment to preparing for a low-carbon economy (see challenge on a carbon-constrained future; pages 26 – 29). Through the unit, we will be identifying options for differentiating from a fossil fuel based energy mix, with the principal alternatives being renewable and low-carbon electricity (including nuclear).

The Sasol New Energy unit will focus on two broad areas:

- Up to the medium term, the unit will drive the portfolio for optimising energy efficiency and reducing the carbon intensity of our current and future businesses; and
- Beyond this, the unit will plan for how Sasol could be resilient in – and possibly reposition itself for – a carbon-constrained future, by identifying a new package of solutions and technologies.

Regarding the first focus area, in addition to identifying energy efficiency measures that will reduce our CO<sub>2</sub> emissions we are also committed to implementing carbon capture and storage (CCS) technologies. We recognise, however, that these changes will come at an additional cost, and for CCS this cost element is still unclear. In South Africa, the CCS capacity and capability is still under investigation, and Sasol is participating in studies towards building knowledge in this area.

 See Sasol's energy efficiency initiatives and CCS activities.

Our preparations for a carbon-constrained future include both an internal and external focus:

- Internally, we will be exploring possibilities for low-carbon energy production in our own operations, including, for example, through hydro-electricity, nuclear, natural-gas-to-electricity and cogeneration-and-biomass-to-electricity.
- Externally, we will be looking to upscale and possibly improve existing renewable energy technologies to the extent that they could become viable businesses in their own right. The technologies that will be





*Sasol is recognised for its success as an innovative technology company that integrates its value chain, is able to replicate processes and thinking, and that commercialises technologies at scale.*



considered will include solar-photovoltaic and concentrated solar power, wind, biofuels and biomass, including the possibility to use algae to sequester CO<sub>2</sub>. In this regard, Sasol has obtained a 40% shareholding in Thin Film Solar Technologies (Pty) Limited in South Africa. This will involve building a plant in Paarl to manufacture photovoltaic (PV) panels and is set to be relatively large scale at 40 MW. While this would be the first manufacturing facility to scale in the country, utilising the locally developed cooper-indium-gallium-diselenide (CIGS) technology of the University of Johannesburg, we would need to build bigger plants to reach world scales. We view wind as a mature technology with good potential opportunities in South Africa. In terms of biomass, we will hold off moving forward until there is further policy clarity on biofuels and greater evidence of potential for collaboration with the biofuels industry. We are also exploring the further development and commercialisation of the electric vehicle in South Africa.

### ***Building on our history of innovation***

We believe that Sasol is recognised for its success as an innovative technology company that integrates its value chain, is able to replicate processes and thinking, and commercialises technologies at scale.

Using these competencies, we aim to build relationships with research bodies to further develop low-carbon and renewable energy technologies. Over the past financial year, Sasol's research and development division has established collaborative development programmes with a number of local and international universities and research institutes in selected alternative energy and GHG mitigation technology fields. The current investment in these programmes is in the order of R8,2 million for 2010. R&D spend on GHG mitigation technology fields for 2009 is R4 million. We are committed to growing these investments, in the belief that these will provide exciting opportunities for Sasol's growth, as well as contributing to greater energy security in South Africa.

Achieving these opportunities, however, will require greater clarity on the national regulatory environment relating to renewable energy. While we view the publication of feed-in tariffs as a useful step forward in encouraging renewable energy development and use in South Africa, we believe that further policy developments are needed in this area. We look forward to collaborating with other parties to ensure that Sasol can play a valuable role in addressing some of the significant challenges that we all face in terms of ensuring energy security in a low-carbon economy.

**“What is good is that Sasol is starting to say that we can make money out of developing greener technologies. This should have been our position long ago – but it is most encouraging.”**

*Sasol employee (Sasol sustainable development report employee survey)*

## 2. Operating within a carbon-constrained future

### The challenge – Sasol: holding onto tradition or becoming a champion of the low-carbon economy?



Saliem Fakir: Director Living Planet Unit (WWF South Africa)

**There is a new world emerging. It is in the distance but people are trying to fast-forward the future.**

**Nobody really knows what the future will look like; nobody will. There are many visions and roads being carved out. Some will succeed and others will not. Some will gain dominance, while others will have the following of a few. The one thing you can be sure of is that both the large and big visions about the future are an attempt to grow out of the old mould of thinking. Nobody is looking back and holding onto the past.**

It is possible that one pathway may well in the end displace old routes and begin new paths or routes, gaining as a result a momentum of its own. When it grows it will be unstoppable. Its noise will be too large to ignore. It should not be the case of Sasol waiting to see what others say or do – it matters more that Sasol says what the future should be and leads others on this path.

Sasol is a company with a history of ingenuity, tremendous technical know-how, and it has the resources to shape the world of the future – not all of it, but certainly the part of the world where Sasol has great influence and a direct stake in.

The strategic question is whether to play in the same market and make the required technological fixes to the new regulatory environment, or making these while shaping a new market with a new portfolio of clean technologies for fuel, clean industrial solutions and processes or new clean and low-carbon products. This step, granted, is the great leap into the unknown. Isn't it that great companies, though, have come forth from making precisely this leap into the unknown simply on the intuitive force of belief in a new idea?

We can pretty much conclude the new must happen. Nobody disputes that old world will still be part of us for a long time to come. But it will be displaced. You can be sure that its future is on shaky grounds. It is assumed that government regulations or the conclusion of a new Kyoto Protocol will bring this about.

I want to rather suggest that in fact a new moral awakening is beginning to generate a groundswell of agitation below all

of this high-level political froth. Voices of people, organisations and corporations you probably would not have heard of are drivers of change. It would therefore be a flaw to think that a carbon-constrained world is merely a programme of government. I would suggest it has all the potential to become a growing civil movement – starting with consumers, the youngest of school-learners, entering supermarkets, affecting car manufacturers, like it will soon in the US. Starting from the anonymity of the small and beginning to infect the big names and logos we are all familiar with.

This realisation dawned on Per Castedt, from Sweden, who 14 years ago launched the flexi-fuel car in Sweden. It was laughed at, at first. He didn't ask if there was a market or let the lack of ethanol dissuade his dream and belief. He simply proceeded to create it. Today, 100 new ethanol pumps are going up per month in Sweden whereas in the first ten years only 100 pumps went up. From flexi-fuels, Carstedt went on to create Green Zones – integrated business operations with built-in energy efficiency and other green options. He moved laterally from a car dealership to creating new green businesses.

I would suggest that instead of asking the outside world what Sasol should look like in 20 – 30 years, put the challenge out to your company's finest brains. This is what Coca-Cola™ did when it needed to find solutions for reducing its water consumption. It doesn't these days talk about water efficiency but a movement around water. That is the leap in logic Coca-Cola™ has made. It is a significant step in their thinking. The Tata Group has also asked six of its top brains to start thinking about low-carbon economy solutions from within the company.

We hope Sasol can do the same: set in motion a low-carbon economy movement and not seeing the carbon-constrained world as a risk but a way to create a new vision of the world. I want to propose that Sasol start somewhere and challenge it to invite Eskom and other like-minded industries in a Sasol-led initiative. I want to ask Sasol to be bold and seed the green sprouts of the future today. Let's call it for now a "Sasol low-carbon economy forum"; a place to think up new ways of finding low-carbon economy solutions.

And let not people continue to say: "Why is it that Sasol does not get it?"



## → Sasol's response to the climate challenge

### *Preparing for a transition to a "low-carbon economy"*

**Sasol is fully aware of the new low-carbon world that is emerging, and we understand the immense pressure that we will be facing to adapt to this future. However, we also recognise the need to maintain a strong balance sheet so that we can survive the current financial situation and address other pressing socio-economic and environmental challenges. We believe that this is necessary if we are to be the catalyst that we wish to be, in a world that generally tends to be slow to change. The challenge of balancing immediate energy needs with the climate change challenge is well understood, making the timing and nature of our investment decisions increasingly significant.**

*See also pages 23 – 25 for a review of our response to the energy challenge.*

As a business, we will always consider the risks posed by our new ventures, including the significant potential business risks associated with climate change (see Responding to the risks of climate change). We cannot ignore these risks and build a new business on "intuition" alone. This does not, however, take away the need for visionary leadership. Recognising this need, a year ago we embarked on a dedicated effort to develop the Sasol New Energy unit in the group, an important goal of which is to investigate the implications for Sasol to reposition itself for a carbon-constrained future (see page 24). This business is not bound by the strings of existing Sasol businesses, but reports directly to the holding company of Sasol Limited.

Since we are a late starter in new energy when compared to some of our global peers, we expect the first year or two to be more about exploration of our opportunities, followed by a rapid focus on and investment in growing the identified opportunities. Until such time as new energy opportunities are clearly identified, we will have to advance incremental improvements in existing assets to manage the threats, and leapfrog our new assets and investments to meet the expectations of a low-carbon future.

### *Sasol's strategic response to climate change*

We fully support the view that the activities of government, and the conclusion of a post-Kyoto deal, will not in themselves be sufficient to bring about the required change to a low-carbon economy. Business, civil society organisations, research bodies and individuals will all need to respond to the climate challenge.

As a company, Sasol has developed a comprehensive climate change response strategy and adopted ambitious emission reduction targets. A GHG management committee has been established to give specific guidance and direction to the group on GHG issues. Accountability for the strategy rests with the group executive SH&E committee chaired by the chief executive. Execution of the strategy lies with the business units.

In December 2008, the group executive committee approved new GHG reduction targets. We have committed to achieving a 15% reduction in emissions intensity of all our operations by 2020 on a 2005 baseline, as well as an absolute target of a 20% reduction on emissions for new CTL plants commissioned before 2020, and a 30% reduction for plants commissioned before 2030 (with 2005 designs as the baseline).

Performance against our targets is monitored and reported quarterly. A review of our GHG emissions performance over the past year is provided on page 29. We place these figures in context by comparing our performance with that of our peers (page 29), as well as with the overall South African emission levels (page 29).

Further information on our climate change response activities is provided on our website; this includes an assessment of the GHG emissions associated with transportation activities in our supply chain.

*See Sasol's CCS activities; CDM update; Measuring Sasol's Scope 3 emissions; Communicating on climate change; Case study – mitigation activities in Germany; Case study – Sasol participation in Earth Hour; Case study – World Environment Day.*

Sasol will strive to meet these targets in many ways, including by:

- developing and implementing energy- and carbon-efficient technologies and processes;
- actively pursuing mitigation-related financial instruments such as the Clean Development Mechanism (CDM);
- developing and maintaining partnerships in the alternative energy, carbon capture and storage (see page 29) and other fields;
- investigating opportunities to capture and store CO<sub>2</sub> as part of our planned international expansion of our CTL interests (page 50); and
- working with governments and regulatory authorities in the countries where we operate to achieve optimum GHG management solutions.

### *Implementing GHG mitigation and energy efficiency measures*

Reducing GHG emissions forms part of the risk profile of new projects and thus influences the final investment decision on these projects. A carbon calculator has been developed to assess the GHG footprint of all new projects to enable project teams to assess the cost of carbon, with the aim of factoring this cost into the overall project cost. Carbon prices associated with CDM certified emission reductions (CERS) are used to estimate costs and penalties for GHG emissions.

Last year, Sasol committed capital expenditure of R4,8 billion to improve energy efficiency by 2012.

*See Sasol's energy efficiency initiatives, which we anticipate will result in a reduction of more than two million tons of CO<sub>2</sub> emissions per year.*



## 2. Operating within a carbon-constrained future continued

### *Collaborating on climate-related initiatives*

As a leader in the energy and petrochemical sector in South Africa, Sasol seeks to play a prominent role in formulating GHG policy and regulation for South Africa. Sasol has been involved in the development of LTMS mitigation scenarios for South Africa, which were completed in July 2008. The company has also, through Business Unity South Africa (BUSA) and its involvement with the South African National Committee on Climate Change (NCCC), been able to assist the South African government with the establishment of position papers related to points discussed at the international climate negotiations in 2008 and 2009. In the same way – we are participating in a Fund for Research into Industrial Development, Growth and Equity (FRIDGE), which is specifically focused on the evaluation of economic instruments for managing carbon in South Africa.

Sasol also participates as a South African representative on the international Carbon Sequestration Leadership Forum (CSLF), where

there is valuable sharing of information amongst experts from more than 20 countries. We regularly meet with Eskom and other corporates to share our views on the climate challenge and have also co-sponsored several National Business Initiative (NBI) initiatives on this topic with the aim of ensuring greater business leadership on this issue.

The recent establishment of the Sasol New Energy unit forms a cornerstone of our response to the climate challenge, and we believe reflects our commitment to identifying new opportunities towards developing a new low-carbon economy. We are working hard at finding the answers to the challenges at hand.

### **Professor Hattingh also put forward challenges relating to the ethics of climate change.**

*See External challenge – the ethics of climate change and Sasol's response to the ethics of climate change.*



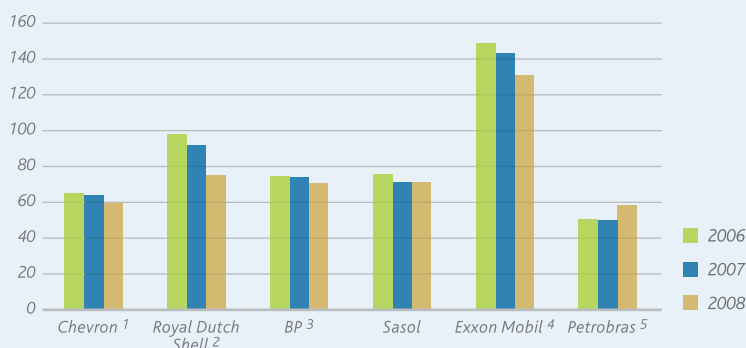
*The important benefit of having a centralised complex such as our Synfuels facility at Secunda is that it provides the best opportunity for carbon capture and storage.*

## Understanding Sasol's greenhouse gas emissions

To assist in understanding our GHG footprint, we have once again benchmarked our emissions with some of our peers in the integrated oil and gas cluster. The aim of this benchmark is to provide a general indication – at a very broad level only – of how Sasol's GHG emissions compare with other large companies, with the aim of making our emissions data more meaningful. In reviewing these figures, it is important to appreciate that the size, products, processes, equipment and regulatory reporting requirements in each of these companies may differ significantly. The data provided below should not be used as a basis for making direct company-to-company comparisons, but rather is intended as a general comparison. While Sasol's products and processes are in many respects unique, we have chosen to assess our performance against the following oil and gas companies: BP, Royal Dutch Shell, Chevron, Exxon Mobil and Petrobras.

*The data quoted below comes from the most recent public report of the Carbon Disclosure Project ([www.cdproject.net](http://www.cdproject.net)).*

Total (direct and indirect) GHG Emissions (thousand metric tonnes of CO<sub>2</sub>e)



- [http://www.chevron.com/globalissues/corporateresponsibility/2008/documents/Chevron\\_CR\\_Report\\_2008.pdf](http://www.chevron.com/globalissues/corporateresponsibility/2008/documents/Chevron_CR_Report_2008.pdf)
- [http://sustainabilityreport.shell.com/2008/servicepages/downloads/files/entire\\_shell\\_ssr\\_08.pdf](http://sustainabilityreport.shell.com/2008/servicepages/downloads/files/entire_shell_ssr_08.pdf)
- [http://www.bp.com/liveassets/bp\\_internet/globalbp/STAGING/global\\_assets/e\\_s\\_assets/e\\_s\\_assets\\_2008/downloads/bp\\_sustainability\\_review\\_2008.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/e_s_assets/e_s_assets_2008/downloads/bp_sustainability_review_2008.pdf)
- [http://www.exxonmobil.com/Corporate/Imports/ccr2008/pdf/community\\_ccr\\_2008.pdf](http://www.exxonmobil.com/Corporate/Imports/ccr2008/pdf/community_ccr_2008.pdf)
- [http://www2.petrobras.com.br/ResponsabilidadeSocial/ingles/pdf/BSA2008\\_ING.pdf](http://www2.petrobras.com.br/ResponsabilidadeSocial/ingles/pdf/BSA2008_ING.pdf)

Sasol facilities by country	Scope 1 emissions (kilotons CO <sub>2</sub> e)		Scope 2 emissions (kilotons CO <sub>2</sub> e)	
	2008	2009	2008	2009
South Africa	61 083	60 192	9 277	9 223
Italy	521	382	109	32
Germany	548	513	147	142
USA	686	673	178	155
Others (excluding Qatar)	11	8	3	2

## Seeing our emissions in the South African context

In addition to understanding our GHG emissions compared with our peers, we also need to consider our emissions in the context of our contribution to overall carbon dioxide emissions in South Africa. South Africa's Long Term Mitigation Scenario Process estimated South Africa's GHG emissions as measured in 2004 to be equivalent to 440 millions tons CO<sub>2</sub> equivalent. This is regarded as a reasonable estimate for the purposes of this assessment.

Studies of GHG emissions in South Africa highlight the predominant contribution of the energy and fossil fuel combustion sector, with Eskom and Sasol being among the most significant contributors. Eskom's publicly reported calculated emissions of carbon dioxide for the year ended March 2009, is 221,7 million tons (Eskom 2009 annual report). For the year ended June 2009, Sasol's direct carbon dioxide emissions for our South African operations amounted to 52,7 million tons. Including our indirect emissions (ie, the additional emissions associated with our usage of Eskom electricity), our total emissions in South Africa amounted to 62,0 million tons.

Most of our emissions come from our Sasol Synfuels complex in Secunda, which produces approximately 160 000 barrels of oil equivalent products per day. It emits the same amount of CO<sub>2</sub> as is produced by four large South African power stations, or eight average-sized United States power stations (of which there are more than 700 in the USA). An important benefit of a centralised complex such as Secunda, is that it provides the best opportunity for carbon capture and storage (CCS): the emissions are concentrated (thus facilitating capture), and there are economies of scale that justify investment in CCS in the future.



### 3. Managing the challenge of water scarcity

#### The challenge – managing increasing water scarcity



Professor Mike Muller: School of Public Development and Management: University of the Witwatersrand

#### What are the key developments that you see happening in this field over the next 15 years both locally and globally?

South Africa faces growing constraints on water availability. As one of the drier countries in the world, with water already relatively intensively used, current South African challenges reflect those now emerging elsewhere. Many of South Africa's river basins are effectively "closed" meaning that no additional consumptive water use is feasible within that basin. This can be ameliorated to some extent by transfers from "surplus" basins. This has an increasingly high financial cost and will also increasingly conflict with alternative uses in the "donor basins".

New activities requiring additional consumptive water use will therefore only be feasible if either existing uses are constrained and reduced or if the reliability of existing uses is reduced – the trade-off between availability and reliability needs to be well understood, particularly because Sasol is a proto-typical high-reliability user. The critical exception is that high value users located at or near the coast will always be able to produce their own fresh water, subject to energy costs and the evolving efficiency of desalination technology.

Water quality will become more important in the future (again, the linkage between the quality of water and its usability and thus its availability needs to be better understood). As at the coast, "polluted" water can always be reclaimed for use, subject to energy costs and the evolving efficiency of treatment technologies.

However, both quality and quantity of water will be impacted upon if the resource management/regulation capabilities required to assure them are not in place. There are strong indications that, in South Africa, this capacity is already severely eroded.

#### What do you see as the principal implications for Sasol's activities?

As an important strategic actor in the national economy, Sasol will continue to have nominal priority of access to water for its operations. However, any reduction in water resource management capabilities puts Sasol's operations at increasing risk and a site/project-based approach to water will no longer be sufficient to mitigate this risk.

In addition, Sasol's "priority access" places a particular burden on Sasol to consider the impacts of both existing and new water uses. Perhaps the most important issue in South Africa is the crowding out of other

opportunities. This is evident in the proposed expansion of Sasol's activities in the Lephalale district where the water used by the process and by the social expansion that will occur as a result will directly compete with and constrain other activities in the Limpopo river basin that are already dependent on recycled water. These social costs will be imposed on the nation by Sasol's activities.

An alternative expansion strategy would move the coal and the production to areas with lower water impacts in a more socially cost-effective way or select alternative sources of feedstock. This could contribute to reducing high unemployment in existing communities rather than encouraging migration which will demand additional, more expensive, social investment and be more socially disruptive as well as increasing water demand in water stressed localities.

A further issue is the impact of coal mining on the quality of water resources. As a major coal user, Sasol has an obligation to ensure that its corporate activities and those of its supply-chain partners, do not aggravate what is already a serious problem on the Mpumalanga Highveld. Again, the role that Sasol can play in influencing non-Sasol production streams needs to be considered.

Globally, the benchmarking of water use by large corporates is likely to increase as part of the promotion and incentivisation of sustainability. It would be important to develop an objective estimate of water use for the production of liquid fuels by CTL/GTL compared to production from "natural" sources or other emerging sources of transportation energy.

#### What would you like to see Sasol doing to demonstrate that they are responsive to these challenges?

In South Africa, Sasol should develop proposals to contribute to better water management in general rather than simply assuring its own access. In addition, Sasol should consider the broad public interest considerations when making its investments as well as considering project level viability since this will impact on the ongoing viability of the enterprise.

Specifically, Sasol should consider the public social costs of locating future expansion in the Lephalale area both in terms of sustaining development in a very dry area as well as the (external) opportunity cost impacts on other users in the basin. This should be compared to the (internal) cost of the "water sensible" option of moving coal to water rich locations with lower social costs or seeking alternative feedstocks and locations.

#### What are your general thoughts on Sasol's current performance on this issue?

For obvious reasons, Sasol focuses on its own internal costs rather than societal costs, save where the externalities are specifically regulated. While it seeks to be a responsible corporate user by complying with regulations and seeking to improve water use efficiency and minimise its effluent impact, it does not yet address adequately the broader economic and social impact of its operations. That approach is in accord with its short-term shareholder mandate but potentially in conflict with broad social interests. To the extent that it may contribute to a further weakening of resource management, this could in the long term impact negatively on its operations.

## Award for Sasol's water conservation activities



Sasol's Project Landlord cooling tower water recovery project has resulted in a saving of approximately 18 megalitres per day, a significant 5% on the total raw water intake to the Secunda complex. This achievement in water conservation was rewarded by Sasol being announced overall winner of a 2009 Water Conservation and Water Demand Management (WC/WDM) award in March 2009.



## Sasol's response to the water challenge: moving beyond the factory fence-line

**Mike Muller makes an emphatic call on the South African water sector to strengthen its water resource management capabilities. Further, he questions the merits of expanding into water-constrained regions which results in controversial competition for access. He also challenges us to respond to the broader water management issues in order to alleviate socioeconomic impacts associated with our operations.**

### Water – the key enabler

At Sasol we are acutely aware of the responsibility that comes with being a large industrial water user in South Africa where water is particularly scarce and our demands are clearly large. Access to water is crucial to meet South Africa's social and economic development aspirations and there are many environmental constraints within which these need to be met.

Water use by Sasol's operations varies widely depending largely on feedstock, technology choice and the age of the facility. A gas-to-liquids (GTL) plant has a much smaller water demand than a coal-to-liquids (CTL) process whose greater water demand is driven by larger cooling requirements. Both GTL and CTL processes generate useful quantities of process water that is beneficially re-used. New designs are well over 30% more water efficient. Various technological advancements in effluent recycling, cooling, pre-treatment of water for steam generation and solids handling have paved the way for significantly improved zero liquid effluent discharge designs which are being developed irrespective of water availability or pricing. Benchmarking water use needs to particularly consider geographical location, feedstock type and technology choices. While benchmarking water use is a useful measure, we believe it does not go far enough. We are, therefore, advancing our methodologies to better map our water footprints. We believe this approach will provide a better basis from which to reduce water use risks that are reflected in more dimensions than the volumes of water used.

In South Africa we continue to reliably receive our water requirement for existing facilities. The Vaal river water supply system from which Sasol receives its water remains in a precarious state of balance. In a region where rainfall is erratic and where recovery of rainfall-runoff

is limited, water users have become highly dependent on large storage and inter-basin transfer schemes. The current imbalance in the Vaal system is largely attributed to the growing demand from domestic users. Physical leakages from urban water supply infrastructure and unlawful water use in the catchment area are placing further burdens on this stressed system.

Sasol utilises roughly 3,5% of the Vaal system's supply capability but this supply has not always been secure. The consequences of the severe drought that occurred in the mid 1980s are to most a distant memory. Recent investments have been made to improve water security following a water supply shortfall identified in 2004 for the Sasol Secunda operations. The R2,7 billion Vaal River Eastern Sub-system (VRESAP) pipeline project, in which Sasol has a 40% share, is being commissioned and will provide an additional reliable supply of water from the Vaal Dam to both the Sasol Secunda operations and for use by the electricity utility Eskom. A significant water conservation initiative was realised when a capital investment of about R0,5 billion was undertaken at the Sasol Secunda complex to install a series of water treatment processes to recover effluent. The water recovery project has resulted in a saving of approximately 18 megalitres per day or about 5% on the total raw water intake to the Secunda complex.

The impact on water resources by the mining and manufacturing sectors remains under the spotlight, which we are acutely aware of and we continue to focus on reducing our impacts. There are complex site-specific mining, process effluent and rehabilitation challenges that are being addressed in various ways in the design, operational and closure phases of projects. A particular area of focus is our coal mining activities on which progress will be reported in the next year.

[See case study – Water efficiency and quality improvements at Sasolburg.](#)

### 3. Managing the challenge of water scarcity continued

#### Water for growth

The motivation for exploring CTL opportunities in the vicinity of Lephalale in the Limpopo province is driven by the fact that almost half of South Africa's remaining coal resources are located in this region. There are various aspects that need to be considered for citing of a CTL plant, with water being a key consideration. Amongst others, we need to consider the overall footprint of the location of our operations. Transporting coal to another, water abundant region and the refined product back to the interior might well lead to a greater footprint than the transfer of water described below. Our assessments identify that better synergies would be realised when a CTL facility is located closer to the coal and fuel markets.

A water supply solution to develop this region exists with treated sewage effluent, also referred to as return flow transferred from the Gauteng region. The return flows are a consistent and reliable supply of water of which a significant portion could be allocated to support and in fact leverage urban and industrial development. The transferred treated effluent will need to be upgraded to make it suitable for use. While some very significant infrastructure challenges and water quality considerations remain, this proposed water supply strategy would beneficially exploit the underutilised excess treated effluent which is present in the system. Anchor projects like a new Sasol plant make such transfer schemes viable which in turn provide numerous opportunities for broader social and economic growth in what is a very underdeveloped region of the country.

#### Making a difference beyond the factory fence-line

As a key stakeholder of the Vaal system we are highly dependent on the whole system functioning to ensure that our future needs can be met. Being mindful of this we are exploring opportunities beyond our factory fence-line to support water demand management across the catchment. We see significant water saving opportunities through helping to reduce physical losses in urban water supply systems. This supports our commitment to take a catchment view when considering water access and emphasises the need for collective action to reduce inefficiencies in the catchments within which we operate.

We commit to supporting the realisation of effective and efficient water supply infrastructure and institutions which includes skills development. Our future water requirements will no doubt change as Sasol responds to the changing energy landscape which is discussed in the energy security dialogue. We will require broader and deeper responses to the water challenge. One tool that is helping us to manage our water risks is our alignment with the UN Global Compact CEO Water Mandate.

[See UNGC CEO Water Mandate for updated information.](#)

We appreciate that managing water does not have an end point and we will continually and responsibly respond to the challenges and opportunities as they arise.

[See also Managing water in Italy.](#)

Capital investment of about R0,5 billion has been undertaken at Sasol Secunda to install a series of water treatment processes to recover effluent.



## 4. Maturing Sasol's safety culture

### The challenge – maturing Sasol's safety culture



Leo Strydom: Managing member: Behaviour Based Initiatives

**Safety performance is increasingly part of an organisation's sustainable development. Research published in 1999 and subsequent follow-up studies suggest that companies' performance in safety is predictive of their excellence in productivity and financial performance – but the converse fails to hold true with any consistency. This finding has been borne out by additional research and by the practical experience of companies that lead in safety performance, including Alcoa, Exxon Mobil, ConocoPhillips, PPG Industries, and others. Both the research and the practical experience continually point to two underlying factors that drive safety outcomes: the quality of an organisation's leadership and the resulting culture.**

#### Where is safety headed?

Safety management has made significant changes over the past decade and will continue to evolve over the next several years. Specifically, the trends we see occurring in safety include:

- The norm in safety management will move toward a "less is more" approach, namely, organisations will seek to sustain fewer systems that are more closely integrated with other business systems, such as performance management and staffing, and with business strategy and operations generally.
- Supervisors will take on a greater role in safety, specifically in ensuring that systems, procedures and behaviours are aligned, reinforced and developed. Organisations will begin developing in supervisors a clear personal perspective on their accountabilities, as well as the skills and behaviours that support them.
- Some elements of Process Safety Management (PSM) will be included even in organisations not required by law to have PSM systems. These systems have fundamentally sound principles that can enhance safety management regardless of industry.
- As injury rates decline across industry, organisations will move to standardise more precise upstream measures of performance, such as levels of exposure (rather than injuries), compliance with safety-supporting behaviours, and audits of alignment between safety and organisational systems.
- Fatality prevention will become a focus in many organisations, but with a new approach that breaks down the traditional paradigms and focuses instead on a small set of precursor events that leads to fatalities.
- Safety will start to use "soft" organisational systems to drive improvement to a far greater extent. This will lead to a significant change in the role of HSE professionals who will need to learn skills as change agents, and not just engineers.

#### Principal implications for Sasol activities

Sasol is recognised as one of the top employers in South Africa. Operations in the region are known for their commitment to education and innovation. Despite a strong record, there are several opportunities that we see for Sasol to improve its safety functioning, notably:

- Safety results are currently mixed; results for contractors are improving, yet those for permanent employees are not.
- The company's 80 active employee-driven safety systems tend to function well, however, they are also relatively isolated from the strategic operations of the business, significantly limiting their impact.
- Sasol has sound set safety systems and activities, for example, hazard recognition, controls and safety audits. Again, however, these activities are relatively isolated and tend to function without support from non-safety organisational systems (for instance promotions and skills development).
- Safety performance tends to be managed, rather than led. Sasol leaders are concerned with safety and wish to improve it, but their roles have not been clearly defined.
- Skills and accountabilities, particularly at the supervisor level, are often insufficient for supporting existing safety activities.

The direction of the safety field suggests that leading organisations will be moving toward a more integrated approach to safety management. For Sasol, the opportunity is to connect safety in a more concrete way to the daily operations and strategy of the business.

#### Recommendations

Based on this brief assessment of Sasol's performance with respect to industry trends, we suggest the following actions:

- Develop a detailed understanding of the current culture and safety climate within the organisation. We would recommend using validated diagnostic tools that can show results that relate to outcomes.
- Identify a vision of Sasol's desired safety state and transfer that vision into behavioural terms for each level in the organisation.
- Diagnose the state of leadership performance with respect to safety and transformational leadership style and establish coaching and mentoring for senior leaders to help them adapt key behaviours identified in the vision.
- Define specific safety accountabilities for the supervisory level and invest in skills development and mentoring to help instil these behaviours.
- Create a stronger link between the leadership groups and employee-engagement systems.
- Assess the alignment between safety systems and activities and the organisational processes that support them.

It is our belief that Sasol is well-positioned to achieve safety excellence both now and in the future. The company has strong safety activities and systems in place. Taking deliberate, strategic steps to integrate these systems more closely with the business would significantly enhance the effectiveness of existing safety activities and position the organisation for long-term excellence.





#### 4. Maturing Sasol's safety culture continued

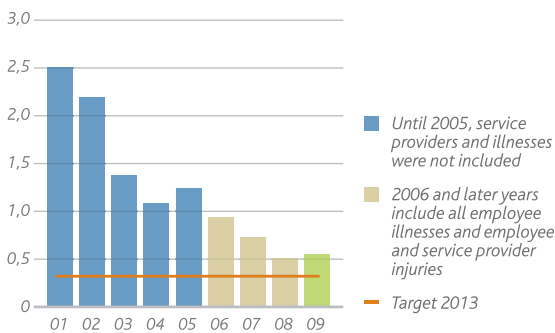


### Sasol's response to the safety challenge: maturing Sasol's safety culture

Against a backdrop of economic upheaval and uncertainty, safety remains a key priority and a core value of everyone at Sasol. Our safety goal remains zero harm and we aim to manage our activities according to a philosophy of "zero exposure to harm" thereby reducing the occurrences of all incidents. Our safety target is to achieve a 10% year-on-year reduction in the recordable case rate (RCR) so that we reach less than 0,30 by June 2013. This statistic includes injuries and illnesses for employees and injuries for hired labour and service providers.

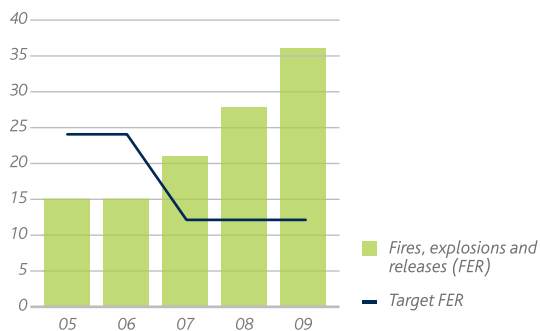
The safety performance improvement noted in 2008 was not sustained during 2009 and safety performance has regrettably worsened slightly with a year-end RCR of 0,54 compared to 0,50 in 2008 which also included four fatalities. On a positive note, there was an ongoing improvement in service provider safety performance (included in the overall performance) which can be attributed to the initiatives highlighted in the 2008 sustainable development report.

Recordable case rate – RCR (recordable cases per 200 000 hours)



In terms of process safety incidents, our target is to achieve less than three significant fires, explosions and releases per quarter by July 2011, and a 50% reduction in minor fires, explosions and releases on the 2006 baseline by July 2011, with the ultimate goal of zero incidents. Performance in process safety incidents has been erratic and although for the majority of the year significant incidents were below three per month, it is difficult to draw conclusive trends. This reporting format is the subject of one of the initiatives noted below.

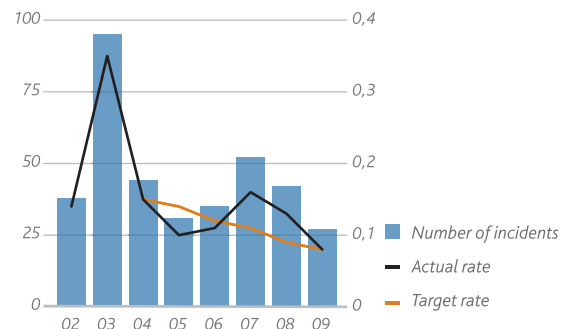
Process safety incidents (number)



Our target for logistics incidents was to achieve a 50% reduction in significant logistics incidents per ton of product transported, on the 2004 baseline, by July 2009. 2009 has seen a further 30% reduction in the number of logistics incidents as a result of the joint initiative taken between Sasol logistics and its service providers during 2008. We have ended marginally above our target.

Further information on logistics incidents can be found in *Managing our logistics incidents*.

Logistics



#### Addressing safety challenges

Initiatives to achieve our safety targets are documented in a "roadmap" style document that addresses both behaviour-based safety and process safety management. This roadmap is updated regularly.

#### Behaviour-based safety (BBS)

The group-wide implementation of BBS has continued with a number of business units embarking on new programmes while others have strived to refine and improve their initiatives. During the BBS process, a trained observer will survey a colleague performing a task and evaluate the execution against area-specific critical behaviour requirements. Further to the observation, support and reinforcement of safe behaviours is provided and at-risk behaviours are discussed to collectively seek ways to enable safe behaviours.

A set of three leading indicators – competency, commitment and contact rate – is used to measure the ability of the organisation to conduct observations; to date implementation has been widely embraced. Of particular note is the extension of BBS to site established service providers in both the Sasolburg and Secunda centres. Through BBS it is our intent to increase safety interaction between all levels of employees and thus to reduce at-risk behaviour. We concur with the external expert comments regarding the need





Through behaviour-based safety it is Sasol's intent to increase safety interaction between all levels of employees, to reduce at-risk behaviour.

for high standards of engineering integrity in order to maintain safe work conditions and this is addressed in our PSM initiative.

### Process safety management (PSM)

The implementation of PSM standards across the group has continued. During the year, a third party audit conducted on some of the business units highlighted that while some elements of PSM have been well entrenched, it is evident that others will require significant effort and that the original deadline of 2010 for full implementation across all business units will not be achieved. The steercom remains confident, however, that PSM is on the right track. Five highlights are worthy of note:

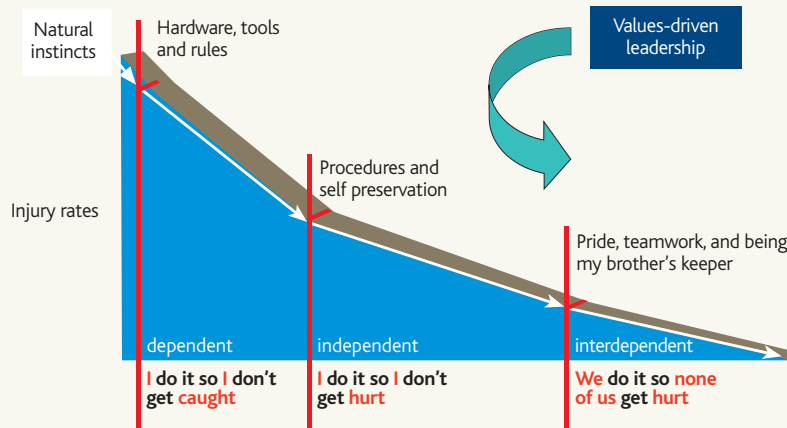
- **Permit-to-work system:** A task team from all business units has developed and implemented a single permit-to-work system for all of our Southern African operations. This will ensure increased consistency in interaction between Sasol process owners and those parties – employees and service providers – performing work on equipment and processes.
- **Standard incident investigation procedure:** A standard incident investigation procedure has been developed for utilisation throughout the group, with the aim to effectively facilitate

the consistent identification and response to root causes. The procedure goes beyond the investigation dynamic to incorporate a knowledge sharing process.

- **Fire, explosion and release severity index (FER-SI):** The FER-SI tool, in which more significant incidents carry a higher weighting, has been developed to contribute to more meaningful reporting of process safety incidents. This will be implemented during the forthcoming year.
- **Risk assessment:** We are currently developing a separate SH&E risk assessment matrix, which will be used to evaluate and manage individual, pure SH&E risks (ie, those occurring at extremely low frequencies) as opposed to the risks reported on the existing integrated matrix.
- **New ventures:** The development of new overseas facilities presents a challenge to ensuring the appropriate incorporation of SH&E design standards. Sasol Technology has responded to this challenge by the strategic placement of SH&E coordinators in both China and India. Effective SH&E governance practices are also negotiated with our JV partners and included in appropriate commercial agreements.

#### 4. Maturing Sasol's safety culture continued

##### Key challenges for the future



The lack of adequate improvement in the RCR is evidence of hesitant progress along the safety maturity curve towards a state of interdependence. It is clear that our main challenge, as highlighted in the 2008 report, is the further entrenching of a shift in behaviour and attitude towards safety in Sasol. Such a challenge will continue to be met by implementing the safety roadmap initiatives, and will be enabled by the broader group-wide initiatives of values-driven leadership, Functional Excellence and Operations Excellence (see page 13). From this will stem the further development of common best practices and ultimately the foundation upon which to build integrated management systems. This should bring safety closer to the strategic outlook of the organisation.

In the more immediate future, we will mature our safety programmes, amongst other things, by:

- developing leading indicators (upstream measures) of performance; and
- focusing BBS programmes on the quality of interactions and ensuring that data collected is effectively used to reduce exposures to risk.

We will also review our safety roadmap to include some of the aspects highlighted above and, further to the initiatives noted above, our priority areas for the forthcoming two years will be to evaluate those culture aspects that are hindering our progress towards interdependency, including the following:

- An update on our culture survey to ascertain exactly where we lie on the safety maturity curve.
- Build on existing ad-hoc business unit initiatives to develop safety leadership at both management and supervisory levels.
- Continue with the development of a set of roles, responsibilities and accountabilities supplemented by a set of SH&E behavioural principles with the aim of creating the stronger links between leadership and employee-engagement systems.

See further case studies and information on the website: *Emergency preparedness in our mining operations; Case study – responsibly managing storm cleanup damage, Sasol Oil – emergency response protocol, Case study – enhancing safety in our US operations, Case study – strategy for systematically enhancing safety performance at Sasol Oil and Case study – Oryx GTL: the road to zero.*

Sasol will build on existing ad-hoc business unit initiatives to develop safety leadership at both management and supervisory levels.



## Benchmarking our safety performance data

We have chosen to benchmark our performance against the following companies in the energy, resources and chemicals sectors: AECl, BP Global, Royal Dutch Shell, Dow Chemicals US, Chevron, Anglo American, Eskom and Petrobras. The data from each company comes from their most recent publicly available sustainable development or annual reports.

This data shows that the ambitious targets that we have set ourselves are achievable and would demonstrate safety performance that is in line with the world's best in this industry sector.

Company	RCR (employees and service providers)		Lost time injury frequency rate		Fatalities		Number of employees	
	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009	2007/2008	2008/2009
US Responsible Care Companies <sup>1</sup>	1,16	1,23	0,25	0,24	–	–	–	–
AECl (SA) <sup>2</sup>	0,98	0,89	–	–	2	4	7 123	6 474
Sasol <sup>3</sup>	0,50	0,54	–	–	3	4	34 157	33 544
BP Global <sup>4</sup>	0,48	0,43	0,08	–	7	5	98 100	92 000
Royal Dutch Shell <sup>5</sup>	0,36*	0,36*	0,14	0,12	21	26	104 000	102 000
Dow Chemicals US <sup>6</sup>	0,29	0,33	–	–	–	–	42 578	46 102
Chevron <sup>7</sup>	0,35	0,36	0,07	0,05	17	5	49 162	61 675***
Anglo American <sup>8</sup>	–	0,13**	1,26	1,04	40	27	100 000	105 000
Eskom <sup>9</sup>	–	–	0,35	0,34	17	8	30 745	32 954
Petrobras <sup>10</sup>	0,16	–	0,76	0,59	15	18	68 931	74 240

\* Total recordable case frequency (TRCF) measures injuries per million exposure hours (employees and contractors). The figure was divided by five to get a value per 200 000 exposure hours

\*\* Total occupational illness incidence rate (per 200 000 hours or 100 man years)

\*\*\* <http://www.chevron.com/annualreport/2008/chevronataglance/operatinghighlights/>

1 [http://reporting.responsiblecare-us.com/reports/osa\\_ia\\_rpt.aspx](http://reporting.responsiblecare-us.com/reports/osa_ia_rpt.aspx)

2 [http://www.aeci.co.za/Finacial/2008\\_annual\\_report/pdf/full.pdf](http://www.aeci.co.za/Finacial/2008_annual_report/pdf/full.pdf)

3 From 1 July 2006 onwards, our RCR includes all employee injuries and occupational illnesses and all service provider injuries

4 [http://www.bp.com/liveassets/bp\\_internet/globalbp/STAGING/global\\_assets/e\\_s\\_assets/e\\_s\\_assets\\_2008/downloads/bp\\_sustainability\\_review\\_2008.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/e_s_assets/e_s_assets_2008/downloads/bp_sustainability_review_2008.pdf)

5 [http://sustainabilityreport.shell.com/2008/servicepages/downloads/files/entire\\_shell\\_ssr\\_08.pdf](http://sustainabilityreport.shell.com/2008/servicepages/downloads/files/entire_shell_ssr_08.pdf)

6 <http://www.dow.com/financial/pdfs/161-00722.pdf>

7 [http://www.chevron.com/globalissues/corporateresponsibility/2008/documents/Chevron\\_CR\\_Report\\_2008.pdf](http://www.chevron.com/globalissues/corporateresponsibility/2008/documents/Chevron_CR_Report_2008.pdf)

8 <http://www.investis.com/aa/docs/RTS-08-final.pdf>

9 [http://www.eskom.co.za/annreport08/ar\\_2008/downloads.htm](http://www.eskom.co.za/annreport08/ar_2008/downloads.htm)

10 [http://www2.petrobras.com.br/ResponsabilidadeSocial/ingles/pdf/BSA2008\\_ING.pdf](http://www2.petrobras.com.br/ResponsabilidadeSocial/ingles/pdf/BSA2008_ING.pdf)

The ambitious safety targets we have set ourselves are achievable and show that our safety performance is in line with the world's best in our industry sector.





## 5. Managing workforce diversity

### The challenge – workforce diversity



Jimmy Manyi: President of the Black Management Forum

**The Black Management Forum (BMF) strongly believes that diversity is a business imperative, but is concerned that many organisations still deal with the issue either for compliance purposes or political correctness.**

At the centre of diversity, is a sensitive subject called racism, which no-one wants to be associated with nor labelled as a racist. The required robust debates on racism are often suffocated and glossed over because it is argued expediently that these discussions are divisive and based on the past rather than the future. The challenge though is that the recipients of racist tendencies would argue that racism is present today and is not a thing of the past. The other interesting observation is that people that manifest racist tendencies are often not aware of their actions and thus unconsciously and undeliberately offend others. The BMF would therefore argue very strongly that the discussion on diversity cannot be complete without making reference to racism which continues to be a challenge especially in the corporate environment.

The BMF subscribes to the view that racism is a global system of thought that subjugates black people. This subjugation takes various sophisticated and unsophisticated forms and thus may often be difficult to prove because it is often disguised in what at face value often appears to be well meaning initiatives but in fact on close examination these initiatives are intended to continue the supremacy of one race over the other. Over the next 15-year period, due to the globalisation phenomena, the issue of intercultural integration will become unavoidable. The rapid growth of the stature of countries like China and India will inevitably introduce a requirement for companies to understand and accept the values and ethos of those population groups.

Similarly, as Africa is being targeted by the superpowers of the world for market share growth, the values and ethos of the African people will also of necessity have to be incorporated. What this means is that the management structures and processes of organisations would need to be adapted to meet these new unusual dynamics. Therefore diversity is not only a South African issue but is a global phenomenon.

In the sustainability report of Sasol on transformation, a statement is made to the fact that transformation in Sasol is not a numbers game. This statement presents an interesting and curious challenge because whereas at face value it may sound politically correct, because it would seem to be capturing the spirit and the essence of transformation, at a substantive level, the BMF would argue that

the two are not mutually exclusive. The BMF would advise that the substantive transformation that Sasol is advocating can never be achieved if Sasol takes their eyes off the ball in terms of focusing on the numbers. It is indeed the numbers, especially when a critical mass is achieved, that will inform Sasol's transformation journey. Numbers will ensure that diversity in Sasol moves from being an academic concept to being real. The BMF would therefore advise Sasol to see the numbers as a centrepiece for transformation. Also because, the Employment Equity Act which is the law of this country will continue to measure companies in terms of not only qualitative aspects but also quantitatively.

It is pleasing to see the genuine efforts of Sasol in terms of achieving diversity at board level. Of particular importance is the fact that Sasol has managed to break through the psychological barrier by appointing black people to run strategic areas like finance and operations which in the past were the sole preserve of white executives. Also, Sasol has been exemplary in terms of its Inzalo deal by ensuring that a much broader section of the population is involved in the economic ownership of the organisation. The challenge facing Sasol today is to ensure that the middle to senior management layers below the executive directors reflect the economically active population of South Africa. The BMF is also aware that Sasol is dealing with this challenge and the BMF offers its support to provide the much needed black talent to bring about critical mass so that the transformation of Sasol is seen to be in line with the requirements and expectations of the laws of this country.



*Sasol's transformation goals aim to correct under-representation, in terms of diversity, by race, gender and level.*



## Sasol's response to the workforce diversity challenge

**Our transformation goals aim to reflect the demographic profile of South Africa in line with the economically active population at all levels. These goals are set to address areas of under-representation in terms of diversity by race, gender and level. To realise our growth strategy locally and internationally, we are focusing on the attraction, development and retention of all skills within Sasol and in the broader South African context. Following is our response to the questions we have identified in Jimmy Manyi's commentary.**

### *Is Sasol dealing with the issue of diversity for compliance purposes or political correctness?*

Sasol has developed key performance indicators (KPIs) for the period up to 2012 that, with a focus on changing the actual culture of the organisation, clearly take the company's transformation goals beyond compliance or political correctness. The KPIs are as follows, with text in parenthesis indicating how these will be measured:

- "All employees are fully engaged, committed, involved, loyal and proud to be associated with Sasol." (Gallup/Barrett survey.)
- "Sasol timeously and consistently achieves its quantitative and qualitative EE targets and broad-based BEE scorecard goals for level 4 contributor status." (Targets/broad-based BEE scorecard.)
- "Sasol is growing sustainably through harnessing the capabilities and capacity of its people." (Business results.)
- "Sasol achieves its employee value proposition to the extent that it attracts and retains the best talent locally and globally." (Retention metrics.)
- "Sasol leaders and managers face the future with confidence because they have the requisite skills to manage diversity and enabling policies, structures and processes are in place." (Gallup/Barrett survey.)
- "A values-driven culture is fully embedded in Sasol and fosters effective management of diversity." (Gallup/Barrett survey.)

### *To what extent is the issue of racism discussed in Sasol?*

We have established zones of uncomfortable debate that cover issues such as racism. These discussions are held firstly in various business unit diversity management forums, which are attended by the business unit managing directors, business unit leadership, unions and employee representatives, and secondly in diversity workshops, which have been conducted from top leadership to all levels of management and are currently being delivered to the rest of our employees. As part of Project Enterprise (page 12), personal insights workshops are run to ensure that individuals understand the impact of their own behaviour on others, with the aim of avoiding unconsciously offending others through what is said and done.

### *Does Sasol view diversity as solely a South African issue?*

In line with our KPI on attracting and retaining talent both locally and abroad, one of our strategic thrusts includes global leadership and talent management programmes. These ensure that employees are provided with opportunities, skills and attitudes that enable them to work across cultures and borders to foster personal growth and business success. The issue of intercultural integration more

broadly, therefore cannot be ignored by Sasol while ensuring South African regulatory compliance. The case study from our Sasol Olefins & Surfactants (Sasol O&S) business unit provides an illustration of integrating cultures in our international operations.

### *Are the values and culture of Sasol aligned with the markets where Sasol does business?*

Our initiatives are being interrogated and reviewed to ensure that their implications on the transformation agenda are positive. Processes are also in place for employees to take accountability for reporting all disputes arising from the implementation or any deviation of the Employment Equity plan. These actions reflect the seriousness with which Sasol views the issue of diversity. By setting up offices in the countries within which we operate or intend to operate, we strive to understand the cultures within which we will be working. We are developing a Sasol culture in which the tolerance of all cultures is promoted.

### *Are numbers the centrepiece of transformation?*

While we agree that the numbers are crucial, we believe that retention can become a key challenge when the company focuses on numbers only. Having said this, Sasol has put a peg in the ground, as evidenced by our efforts in terms of achieving diversity at board level. Sasol has managed to break through the psychological barrier by appointing black people to lead strategic areas in the main production and operations business stream. The litmus test now is to see the same example replicated at all levels below board level; hence our KPIs.

There are barriers to vertical advancements of well-educated and highly skilled professionals. Additionally, poorly communicated expectations and inadequate role models or mentors could possibly contribute to higher than expected turnover of under-represented groups. To address these issues, we have developed affirmative action measures centred around talent retention and mobility that include strategic leadership development interventions that will ensure the achievement of our transformation agenda.





5. Managing workforce diversity continued

**Diversity in South African operations**

Summary of the employment equity progress report for public companies as required in terms of Section 22 of the Employment Equity Act (55 of 1998).

	Females				Males				Foreign nationals vs South Africans		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	2	1	1	4	7	0	2	66	1	0	84
Senior management	5	33	4	25	31	8	21	183	7	1	288
Middle management	242	42	183	747	834	89	343	2 354	93	15	4 942
Junior management	700	132	179	1 487	3 447	256	348	4 462	69	16	11 096
Semi-skilled	947	59	55	737	7 824	93	114	1 222	328	4	11 383
Defined decision-making	366	6	1	10	1 237	10	1	154	26	0	1 811
<b>Total permanent</b>	<b>2 262</b>	<b>243</b>	<b>423</b>	<b>3 010</b>	<b>13 380</b>	<b>456</b>	<b>829</b>	<b>8 441</b>	<b>524</b>	<b>36</b>	<b>29 604</b>
Temporary employees	11	1	0	3	58	5	2	39	0	0	119
<b>Grand total</b>	<b>2 273</b>	<b>244</b>	<b>423</b>	<b>3 013</b>	<b>13 438</b>	<b>461</b>	<b>831</b>	<b>8 480</b>	<b>524</b>	<b>36</b>	<b>29 723</b>



When setting up offices in countries where we have operations, we strive to understand the local cultures within which we will be working to ultimately develop a Sasol culture where diversity is celebrated.

*“One Sasol O&S, one bottom line”*

**How diversity is managed in a non-South African business unit**

After the divestiture of Sasol O&S was terminated, the business was faced with the massive task of re-uniting an “up for sale” organisation – consisting of 3 000 employees, speaking 22 different languages and with 14 production sites in seven countries – into an aligned, profit-making entity.

The slogan **“One O&S, one bottom line”** was crafted to transform the country and business silos approach into a united organisation with one vision and one strategy. Where everyone, no matter where they were from or where they were working in the world, was to focus on “One O&S”.

The initiative required an innovative change and communication strategy which, among others, meant translating much of our communications into many languages, including German, Chinese and Italian. We introduced the concept of a functional organisation with world-wide responsibilities, which helped greatly in the alignment process.

Today the Sasol O&S website, branding, communication and leadership approach reflect the success of harnessing extreme diversities into a united whole without destroying that which adds value in being different.

## 6. Promoting ethics and integrity

### The challenge – promoting ethics and integrity



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jou kennisvennoot • your knowledge partner

Professor Johan Hattingh: Unit for Environmental  
Ethics: Stellenbosch University

From the angle of ethics in general, I would like to challenge Sasol on the apparent gap that exists between the values that it publicly professes, in particular that of integrity, and the conduct of its managers in some of its divisions within South Africa and abroad. Sasol is fully aware of this gap and has openly acknowledged its existence in its 2008 sustainability report with reference to the disappointment of Sasol Wax, one of the members of the European wax industry, being fined EUR318,2 million by the European Commission for cartel formation. Recently an administrative fine of about R250 million was also imposed by South Africa's Competition Commission on Sasol Nitro for anti-competitive behaviour in the fertiliser and phosphoric acid business. In the course of its own investigation into this matter, Sasol established that initial disclosures about the extent of the transgression were not complete, and immediately informed the Competition Commission about this new information. The chief executive of Sasol, Pat Davies went on record on this matter with a public statement on 19 May 2009 in which Sasol's commitment to eradicate anti-competitive behaviour was reconfirmed, and in which Sasol accepted full responsibility for the wrongdoing and apologised "to all those who may have been impacted by the conduct of managers and employees within the Sasol Nitro business unit in the early to mid 2000s".

The two incidents sketched above stand in sharp contrast to:

- the six values espoused by Sasol as a global player (namely safety, customer focus, winning with people, excellence in all we do, continuous improvement, and integrity);
- the fundamental principles (namely responsibility, honesty, fairness and respect) and standards of Sasol's code of ethics that has been established to form part of its business decision-making as well as the performance appraisal of each employee and director of wholly owned Sasol businesses; and
- the letter and spirit to many of the other ethical instruments and commitments that Sasol has adopted, including Responsible Care, the Global Compact, the Global Reporting Initiative and sustainable development.

While Sasol is firmly committed to stand by its values and ethical principles, and clearly does not condone the formation of cartels and anti-competitive behaviour (or any other unethical behaviour, for that matter), the fault line in Sasol's ethical risk management system sketched above conjures up a number of painful questions that will have to be tackled head on:

### What exactly characterises Sasol's ethical risk management system?

- Does it essentially entail a system of compliance that stands external to employees and directors and does not really become part of business decision-making and performance appraisal? If so, why is this the case, and what can be done to overcome this problem?
- Does it essentially entail an ethics of prevention that emphasises negative duties with a view to avoid blame at a later stage, leaving little room for a positive, aspirational approach to ethics that inspires employees and directors to act from inner conviction?
- What does Sasol really understand as the meaning of "integrity", and how does this meaning relate to the fundamental principles and standards of Sasol's code of ethics and its implementation?
- If the meaning of "integrity" supported by Sasol is "unpacked" in terms of the behavioural patterns and excellences that should characterise an employee or director that has appropriated the principles of responsibility, honesty, fairness and respect, what would these behavioural patterns and excellences be in different contexts – for example in the context of a director, a senior manager and a middle manager respectively.
- What should be in place in Sasol in terms of organisational structure, decision-making procedures, communication channels and "operational culture" to foster and promote the desirable behavioural patterns and excellences referred to in the third bullet above.
- What in the current organisational structure, decision-making procedures, communication channels and "operational culture" of Sasol is present, or lacking, that prevents the desirable behavioural patterns and excellences referred to in the third bullet above to take root and flourish?

*Professor Hattingh has also written a challenge on the ethical implications of climate change.*

*This challenge and our response to it is available on our website.*



## 6. Promoting ethics and integrity continued



### Sasol's response to the ethics challenge

Below follows a response to each of the questions that Professor Hattingh puts forward in exploring what characterises Sasol's ethical risk management system.

**1. Does it essentially entail a system of compliance that stands external to employees and directors and does not really become part of business decision-making and performance appraisal? If so, why is this the case, and what can be done to overcome this problem?**

Sasol's current code of ethics – and its accompanying guidance document – has been in place since March 2004, when it replaced the Sasol business conduct guide of 1993. The guide to the code provides detail on each fundamental principle that should guide the decisions of all employees in the normal course of business. The guide is supported by various processes designed to assist in ethical decision-making.

Implementation of our values is measured through the company's performance management system, with 20% of each individual's scorecard being allocated to values-driven behaviour, as assessed through "360 degree" reviews. In addition, given the recently identified competition law issues, the group executive committee has decided to significantly elevate the weighting that will be given to compliance in incentive schemes. We are also using a "values-driven leadership" process called Project Enterprise to further reinforce the general culture and values of the Sasol group.

In addition to these efforts aimed at promoting an ethical culture, in July 2008, we proactively launched a comprehensive and vigorous competition law compliance review of all our businesses, including all our offshore business activities. Four leading South African and three international firms have been appointed to undertake the review which will be completed by the end of 2009. The review has already yielded areas of concern in some businesses, which have been reported to the Competition Commission for review.

**2. What does Sasol really understand as the meaning of "integrity", and how does this meaning relate to the fundamental principles and standards of Sasol's code of ethics and its implementation?**

Sasol's main corporate values are "customer focus, winning with people, safety, continuous improvement, excellence in all we do, and integrity". The corporate values were articulated and widely communicated in the group in the early 2000s. The fundamental ethical standards of responsibility, honesty, fairness and respect are supported by ethical behaviour standards that together form the Sasol code of ethics. Our code of ethics defines "integrity" as "acting consistently on a set of ethical standards and principles". The Sasol code of ethics sets out ethical principles and standards that all Sasol employees and directors are required to apply.

**3. If the meaning of "integrity" supported by Sasol is "unpacked" in terms of the behavioural patterns and excellences that should characterise an employee or director that has appropriated the principles of responsibility, honesty, fairness and respect, what would these behavioural patterns and excellences be in different contexts – for example as a director, a senior manager and a middle manager?**

It is important to emphasise that the policy of "zero tolerance to unethical behaviour" applies to all Sasol people – employees and directors alike. The principle of "co-responsibility" means that as much as Sasol expects ethical behaviour and is responsible for putting into place systems and processes that govern decisions made, all Sasol people are co-responsible for ensuring that decisions made are ethical and in line with the spirit of a values-based culture. As one progresses through the hierarchy of an organisation, accountability for decision-making increases, with a higher standard of ethical behaviour expected of directors, senior and middle management.

The most important role of the individual in establishing and developing an ethical culture is to act ethically himself – both internally and externally to Sasol, openly supporting ethical behaviour between his peers and subordinates, and ensuring that all his relationships with his peers and subordinates are ethical. It is essential that every individual should be aware of ethics and report unethical behaviour, both from his peers, or even from more senior management directly through the ethics line or other channels available.

**4. What should be in place in Sasol in terms of organisational structure, decision-making procedures, communication channels and "operational culture" to foster and promote the desirable behavioural patterns referred to in question 3 above?**

A number of elements required to foster the desired ethical behaviour have been in place for several years. Our organisational structure involves a high level of governance, with formal systems, policies and processes in place. Our efforts in promoting desired behaviour are also evident in the number of initiatives – such as Project Enterprise – aimed at fostering values-driven leadership in the company. The Sasol definition of values-driven leadership is thus about a process of leadership being driven by the new aspirations of what these values mean and how they should be lived. While at the heart of this process are the six Sasol values, as Professor Hattingh has already pointed out, not enough effect is yet given to living these values.

These values have thus been augmented by a set of 25 "From – To" behaviours developed following an analysis of the Sasol culture in 2006:

From	To
Exclusive	Inclusive
Fear	Opportunity
Privilege	Equality
Know it all	Learn from others
Insensitivity	Dignity and respect
Command and control	Empowered accountability
Unnecessary bureaucracy	Unleashed flexibility with accountability
Mistrust	Trust
Micro-manage	Delegate and coach
Task	Performance and health
Overwork and stress	Balance and stretch
Avoid difficult conversation	Constructive honesty
Indifference	Caring
Insecurity	Confidence and self-worth
Knowledge is power	Sharing
Win-lose	Win-win
Us vs them	We
Arrogant and complacent	Humility and respect
Blame	Openness and collaboration
Activity	Meaning
Short-term focus	Focus and legacy
Profit	Profit and purpose
Shareholders	Stakeholders
External focus of control	Internal focus of control

To ensure that ethics are embedded in the culture of Sasol in a sustained way, we are working with leadership and leadership teams on the following six "levers of influence":

- **Personal insights:** We are helping leaders – down to middle management level – to become aware of their individual mindsets and behaviours, the underlying causes of these and the effects of these on their and others' performance. Over the last three years, close to 3 000 leaders have attended these three-day workshops.
- **Fostering understanding and conviction:** People must know and agree with what is expected of them if they are to behave differently. The 25 behaviour shifts help to define these expectations and are actively discussed and promoted in all our business units.
- **Developing talent and skills:** Developing skills and capabilities in our leaders is essential for developing managers to work with and help create the new culture. The 25 behaviour shifts have been incorporated into all leadership development programmes.

- **Team and system insights:** Much of the current behaviours are still driven by the unconscious unwritten rules, assumptions and beliefs fostered in the old culture as to the preferred and accepted ways to work. To change this, much work is being done with business unit executive committees and within leadership teams to assess the extent to which elements of unethical behaviour are regarded as the norm. This is followed by work to change systems and behaviour towards an ethical culture.
- **Reinforcement with formal mechanisms:** We are changing, implementing and managing the structures, processes and systems to institutionalise, embed and reinforce the changes in behaviour that leaders and all other employees are being asked to make.
- **Role modelling:** It is essential for leaders, peers and reports to be seen to be behaving in the new way. People believe what they see, not what they hear and employees will imitate leaders that they respect and believe. We can cite examples such as Sasol's own admission to anti-competitive behaviours to the Competition Tribunal to showcase leading by example. The annual Barrett survey, in which the values experienced by Sasol employees are measured, serves as an important barometer of the progress we are making in Sasol with values-driven leadership.

**5. What in the current organisational structure, decision-making procedures, communication channels and "operational culture" of Sasol is present, or lacking, that prevents the desirable behavioural patterns and excellences referred to in question 3 to take root and flourish?**

With the transformation to the 25 behaviour shifts clearly not yet completed – as highlighted by Professor Hattingh – it is obvious that much work remains to be done on all six levers. There are several issues in each of the levers, individually and collectively, that currently prevent the desired behaviours and transformation. The largest stumbling block preventing the desired behaviours is the old Sasol culture. Culture transformation is notoriously difficult, with research on the success of more than 300 culture change interventions world-wide indicating a success rate of between 10 and 32 percent. The main reason for this is because the old culture is rooted in what made the organisation successful as discussed above. To a large extent, the current essence of the "old" is rooted in what was captured as the 25 "From" behaviours (see 4 above). It is for this reason that active efforts are consistently being made to strengthen all six levers of influence and transform Sasol's culture.

Both the Sasol values and the 25 behaviour shifts are aspirational in nature – Sasol is "not there" yet. We are, however, committed to and actively working to improve on our values and behaviour shifts through the initiatives discussed above. As the world and our understanding of these values and behaviours are continuously changing, we believe it is as important to demonstrate continuous progress towards achieving a higher level of performance.

*Note: a more detailed response on the ethics issue is available on our website (see full ethics response).*





## 7. Investing in skills development



To develop future talent, Sasol runs one of the largest bursary schemes in South Africa, focusing on science and technology.

### Co-ordinating skills development through Project TalentGro

Our skills development activities are co-ordinated through Project TalentGro. Launched two years ago, Project TalentGro is divided into four streams:

- Developing internal skills and competency.
- Building an external pool of specialised employees that Sasol can access during critical project phases.
- Partnering with external skills development initiatives to grow South Africa's competency pool.
- Undertaking various ad-hoc initiatives that enhance short-term delivery of skills, such as developing a database of retired employees to assist in enhancing the transfer of skills through coaching and mentoring programmes.

To ensure access to experienced people to meet our growth ambitions we have established the global venture support (GVS) division. The pool of skilled individuals developed through this initiative is exposed to shutdowns, commissioning and startup of new plants with the objective of ensuring a well-balanced workforce that can be utilised in a variety of tasks in new ventures. To prepare for international growth, and to promote job creation in the countries in which we operate, experienced individuals are being brought to South Africa for two- to three-year periods to receive training on critical technical aspects of our operations, as well as being exposed to the Sasol culture. These individuals will then act as trainers in their home countries.

### Developing future talent

To develop future talent, Sasol runs one of the largest bursary schemes in South Africa. Our total investment last year was R45 million, with the focuses primarily on developing talent in science and technology disciplines. We currently have 761 undergraduate and postgraduate

bursars, and we have already awarded 188 first-time undergraduate bursaries for 2010. To support the development of South African women in engineering, 94 girls were supported with the "take a girl child to work" project. We also sponsored three one-day events in major centres for school grades 10, 11 and 12, as well as a five-day conference for university students.

Sasol Technology R&D has invested significantly in various South African universities to address concerns regarding the shortage of academics – particularly within the chemistry and chemical engineering disciplines – and to improve the quality of equipment and facilities in these departments. This year, we granted R25 million, in the fourth year of a ten-year R250 million investment. In addition, we invested R81 million in universities globally aimed at research, with an additional R2,3 million spent on energy-related research in South Africa in collaboration with Eskom.

### Developing current and future leaders

Over the year, our highly acclaimed leadership programmes have been refined to ensure realignment with the Sasol strategy and priorities. Participants in our leadership programmes are drawn from our businesses around the world. This year, 9 785 candidates attended different forms of leadership development. In addition to our executive development programmes, we have developed an accelerated manager development programme and the accelerated leadership development programme aimed specifically at developing leaders from historically disadvantaged groups within South Africa. These two programmes will soon be upgraded into the transitioning programme, which will consist of four weeks of training held over eight months. All of our leadership programmes are supported by coaching and mentoring programmes and processes.

*See also: Case study – Co-operating with engineering contractors on skills development; Skills development focus area – Investing in artisans; Skills development focus area – Sustainability.*



Summary of skills statistics for 2009	
Investment in employee training and development*	R386 million
Proportion of the above focused on black employees**	R267 million
Development interventions	65 526
Investment in bursary scheme	R45 million
Undergraduate and postgraduate bursars	761
Employees in Training Outside Public Practice Programme	28
Employees in Sasol's artisan learner pools	993
Learner artisans that Sasol trained for the petroleum industry as part of oil, gas and electrical manufacturing project	1 050
Learners in external Technical Skills Business Partnership	193
Additional positions created in global venture support programme	700
Investment in South African universities	R25 million
Number of employees receiving leadership training	9 785
* Excluding the compulsory 1% or R90 million skills levy	
** African, Coloured and Indian people	

Sasol has developed an accelerated leadership development programme aimed specifically at developing leaders from historically disadvantaged groups.



## 8. Broad-based black economic empowerment (BEE)

**The Sasol group of companies developed by June 2008 a broad-based black economic empowerment scorecard. The scorecard was accredited by Empowerdex and verified by the Department of Trade and Industry (dti) as a level 6 scorecard in September 2008 and is built into business processes of the group of companies. As a group of companies, we are striving to be a level 4 contributor by 2012 and have a strategy in place to achieve this, which focuses on the areas over which we have control.**

The seven pillars of empowerment under the broad-based BEE focus of Sasol include: equity ownership; management diversity; employment equity; skills development; preferential procurement; enterprise development; and socioeconomic development (SED). With our scores being relatively good on the pillars of skills development, SED and equity ownership (with Sasol Inzalo, as well as our other equity schemes), we plan to focus our efforts in particular on our preferential procurement and enterprise development activities. A review of our progress in promoting employment equity and workforce diversity is provided in our response to the external challenge on managing workforce diversity (see page 38 – 40).

To improve our performance on procurement and to support a more sustainable base of broad-based BEE suppliers, we are working together with industry bodies, stakeholders and suppliers to the industry to ensure that we receive valid broad-based BEE certificates. We are also working to support enterprise development through programmes such as Sasol Siyakha (see Sasol Siyakha – we build) and ChemCity and are exploring other innovative ways of further supporting enterprise development. We have a solid strategy in place to advance employment equity in the business, which is reported on further in the section above on enhancing workforce diversity.

Beyond the broad-based BEE scorecard, we are required to report against the Mining Charter and Liquid Fuels Charter.

 Progress against these charters can be seen in Progress report on the Mining Charter; Progress report on the Charter for Petroleum and Liquid Fuels Industry; and Case study – ChemCity.

### *The Sasol Inzalo Foundation*

**As part of our Sasol Inzalo broad-based BEE transaction, we established The Sasol Inzalo Foundation to support human resources development and contribute towards addressing the skills challenges faced in the country.**

The primary aim of the foundation is to contribute to the development of mathematics, science and technology skills in South Africa. More specifically, the foundation aims to:

- assist in alleviating schooling bottlenecks by investigating and addressing the systemic challenges in education processes especially in the high school arena;
- boost the vocational skills pool by participating in initiatives to ensure that further education colleges resume producing the necessary resources; and
- create tertiary opportunities that produce graduates with the skills required by industry, including providing support before and during the university careers.

The foundation is now established and functioning: the board of trustees, chaired by Professor Loyiso Nongxa, the vice chancellor of Wits University, has been constituted. Mpho Letlape was appointed as the first managing director of the foundation and assumed duty on 1 May 2009. Dr Marietjie Vosloo, the programme director, has facilitated the set up of The Sasol Inzalo Foundation.

The foundation is currently in the process of planning its programme of action to ensure that it is inclusive, flexible and scalable in order to have the necessary impact on, and make a difference to, the South African skills development and growth challenges.

## section 4



### Review of Sasol's management and 2009 performance

This final section provides a focused review of our general management activities relating to sustainable development, as well as a summary of our performance over the past year on the following issues:

- Promoting equitable economic growth.
- Enhancing employee wellbeing.
- Investing in our people: human resources.
- Respecting human rights.
- Addressing our environmental impacts.

For each of these issues, further information is available on our website, as indicated by the web icon. The summary performance review should also be read in the context of our more detailed response to the identified material issues, provided in Section 3.

This section also includes a consolidated table of our performance data, as well as a summary GRI index. The full GRI index is available on our website.



## sasol's approach to managing sustainable development

### Our sustainability management framework

See SH&E governance structures.

We develop, implement and strive to continuously improve our management framework so as to provide our businesses with the policies, governance structures, targets and reporting systems needed to manage the risks and opportunities associated with sustainable development. Our commitment to sustainable development is co-ordinated at group level and implemented at business level, with ultimate responsibility residing with our board of directors. Our chief executive Pat Davies, holds the responsibility as the group's chief safety, health and environment (SH&E) officer, providing leadership in promoting a culture of values-driven leadership and driving our sustainability improvement efforts. He is assisted on the group executive committee (GEC) by Bram de Klerk – who has responsibility for SH&E and sustainable development issues, greenhouse gas management, skills development, new energy and operations excellence – and by specialised board committees. One of these is the group risk, safety, health and environment (SH&E) committee, the composition and activities of which are outlined in more detail in our separate annual review.

Our GEC receives strategic and operations-specific inputs from all businesses, as well as from specialised committees. One of these is the group executive SH&E committee, which reviews performance, and considers and approves recommendations on sustainable development and SH&E guidelines and policy for the group. The boards of the relevant companies comprising the Sasol group – as well as the Sasol board – require assurance on SH&E legal compliance and performance, particularly since directors have collective and individual responsibilities for ensuring the company's SH&E performance and legal compliance. In addition, South African legal requirements impose specific responsibilities and liabilities for directors on SH&E matters, giving them statutory and fiduciary duties to comply with on SH&E.

We promote the sharing of experience through various networks of technical specialists throughout Sasol who share a common interest on a particular theme. Networks have been established to address a range of sustainability-related issues, including process safety, greenhouse gas management, product stewardship, air quality, and land risk management. The Sasol SH&E Centre, based at our Johannesburg head office, oversees group sustainability and SH&E management issues, and provides specialist advice and support services to our business units.

See Sasol SH&E governance structure.

At the operational level, senior management is held accountable for ensuring effective implementation of Sasol's SH&E policy and minimum requirements. Each of our businesses has dedicated SH&E staff responsible to assist line management with SH&E implementation. The Sasol SH&E Centre maintains active communication with these staff members through the networks and the quarterly SH&E forums.

### Promoting our SH&E strategy, policy and targets

In terms of our SH&E strategy, our vision is to be a world-class company that is respected globally for our performance, processes and culture. To achieve this vision, we have set longer term goals for each of our priority focus areas.

See SH&E longer term goals. Each of these goals is supported by more immediate short-term goals.

All our operations are governed by an integrated SH&E policy and SH&E minimum requirements and by a hierarchy of SH&E performance targets. Each business is required to track performance against these targets and to submit quarterly reports to their respective boards. These reports outline each business's major risks and liabilities, identify progress against the group's sustainability targets and report on any major incidents and events of non-compliance. Consolidated corporate reports are submitted to each level of the hierarchy of governance committees. A review of our performance against each of these targets is provided on the inside cover.

Our internal audits are enhanced by our annual external verification audits undertaken as part of the sustainable development reporting process and the external audits undertaken as part of International Organisation for Standardisation (ISO) 14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001 (or equivalent) certification, or in fulfilment of regulatory requirements. To date, approximately 98% of businesses have achieved ISO 14001 certification and 94% of businesses have achieved OHSAS 18001 certification.

See table of ISO and OHSAS certification status.

### Supporting global initiatives

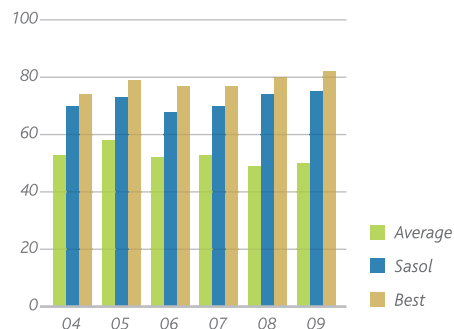
Having global operations and engaging actively in world markets, Sasol participates in a number of global sustainability-related initiatives. Over the past year, Sasol has been represented at a number of international summits. Since 2001, Sasol has been a signatory of the United Nations Global Compact (UNGC), an international initiative between the United Nations and business that addresses human rights, labour, environmental and corruption issues through a commitment to ten principles. In March 2008, we endorsed the UN Global Compact CEO Water Mandate. We also participate in the Global Product Strategy (GPS) initiative of the International Council of Chemical Associations (ICCA) that is designed to improve the global chemical industries' product stewardship performance.

We are corporate members of numerous local and international businesses, engineering, scientific and other organisations. We play an active role in the development and implementation of Responsible Care® initiatives and participate in various working groups of the European Chemical Industries' Council (CEFIC), American Chemistry Council (ACC) and South African Chemical and Allied Industries' Association (CAIA).

A list of our key memberships is available on the web.

### Participating in sustainability indices

Sasol's DJSI ranking (oil and gas producers' sector)



Sasol qualified for inclusion in the 2009 Dow Jones Sustainability Index (DJSI), scoring in the top 10% of companies in the oil and gas producers' industry. Sasol's overall score within the oil and gas producing sector of the DJSI improved from 74% to 75%. The average score in our industry

group was 50% and the highest was 82%. Sasol was excluded from the JSE's 2009 Social Responsibility Index as a result of the imposition of the Sasol Wax fine.

### Monitoring and participating in SH&E legislative developments

A significant achievement in the last year is the entrenchment of a comprehensive SH&E legal register, which will assist SA-based business units in identifying and meeting their legal obligations. There has been a marked increase in the number of business units commissioning independent SH&E legal compliance audits, which are now being undertaken more frequently and encompass a broader scope of work. More recently, a SH&E legal compliance standard for the group was approved by the group SH&E managers' committee, which will facilitate an aligned approach to these audits within the group. The audits are matched by commitments to put corrective and preventative action plans in place.

We have participated actively in the development of various new policies and legislation this year, both on our own and through business representative bodies. An important focus area has been the revisions to South African environmental legislation, including the National Environmental Management: Waste Act. We monitor and report annually on the safety, health and environmental risks and associated laws and regulations in the countries in which we operate.

For the latest update, see our Form 20-F.

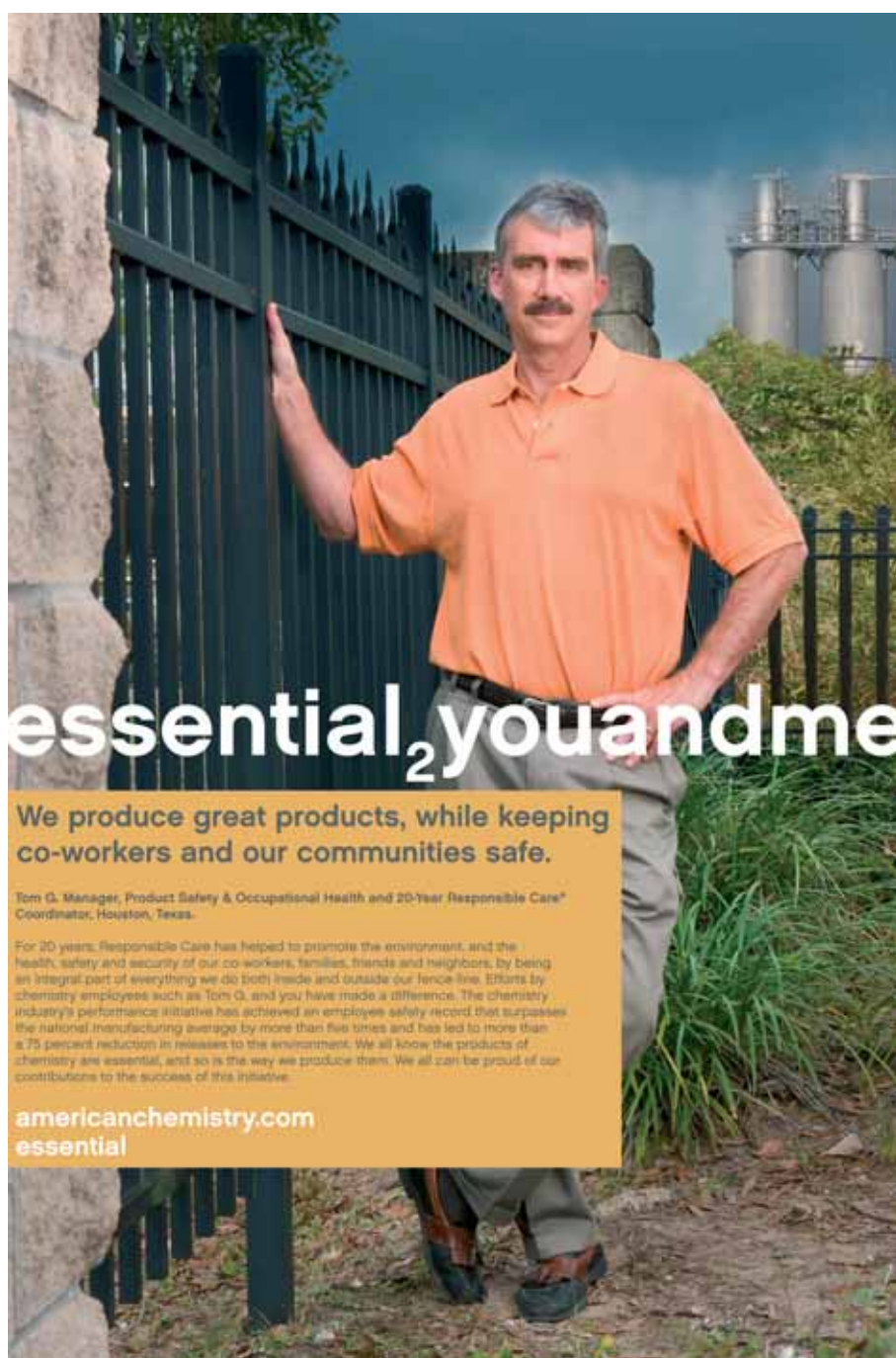
### Fines, penalties and settlements

In November 2003, Sasol Nitro was alleged to be engaged in price discrimination, excessive pricing, exclusionary pricing and price fixing in the fertiliser industry. The South African Competition Commission investigated the complaint and in May 2005 referred the complaint to the Competition Tribunal. In July 2008, we initiated a group-wide independent review into anti-trust/competition law compliance within our various business units. This review is ongoing and is being conducted by external legal counsel and economists. Certain findings made during this review necessitated Sasol Nitro to engage with the Commission to negotiate a settlement with regard to complaints relating to price fixing and market sharing. In the settlement agreement, Sasol Nitro agreed to pay an administrative penalty of R251 million.

In October 2008, the European Commission (EC) found that members of the European paraffin wax industry, including Sasol Wax GmbH, had formed a cartel and violated anti-trust laws. A fine of R3 678 million

(€318,2 million) was imposed by the EC, noting that the infringement had begun well before Sasol played a role in the business. Sasol has appealed against the magnitude of the fine and awaits the outcome. The fine was paid in accordance with the legal requirements on 7 January 2009.

See *Fines\_penalties\_settlements* and also our Form 20-F submission for further information on legal proceedings and other contingencies.



Tom Grumbles, product safety and occupational health and Responsible Care coordinator at the Sasol North America plant in Houston, Texas, featured on the front cover of the American Chemistry magazine, September/October 2008 issue.



## promoting equitable economic growth

### Our contribution to national economies

#### Value added statement


for the year ended 30 June

Value added is defined as the value created by the activities of a business and its employees and in the case of Sasol is determined as turnover less the cost of purchased materials and services. The value added statement reports on the calculation of value added and its application among the stakeholders in the group. This statement shows the total wealth created and how it was distributed, taking into account the amounts retained and reinvested in the group for the replacement of assets and development of operations.

	2009		2008		2007		2006		2005	
	Rm		Rm		Rm		Rm		Rm	
Turnover	137 836		129 943		98 127		82 395		69 239	
Less purchased materials and services	(89 393)		(76 472)		(56 789)		(51 356)		(41 989)	
Value added	48 443		53 471		41 338		31 039		27 250	
Finance income	2 060		989		1 230		475		333	
	50 503		54 460		42 568		31 514		27 583	
	%		%		%		%		%	
Employees (including employees' tax)	34,7	17 532	26,5	14 443	27,5	11 695	30,3	9 551	31,8	8 782
Providers of equity capital	14,4	7 260	12,6	6 877	12,0	5 133	12,2	3 836	10,8	2 966
Providers of debt	4,3	2 191	4,5	2 427	4,4	1 874	5,6	1 755	5,5	1 526
Governments – direct taxes	18,7	9 413	17,5	9 521	16,0	6 793	21,0	6 620	15,7	4 326
Reinvested in the group	27,9	14 107	38,9	21 192	40,1	17 073	30,9	9 752	36,2	9 983
Wealth distribution	100,0	50 503	100,0	54 460	100,0	42 568	100,0	31 514	100,0	27 583

Fluctuations in the ZAR/US\$ exchange rate and the crude oil price impact our financial results, with the recent trends of comparatively low oil prices reducing our margins, as well as the prices for most of our other energy and chemical products. We have therefore taken a cash-conservative approach as of October 2008, reprioritising our capital expenditure (capex) and reducing it by R15 billion per annum over the next three years. Importantly, these capital reductions will not affect our pipeline growth of projects, where our pre-investment studies continue unabatedly, ensuring that our shareholder proposition remains intact. Our focus remains on sustainable unit cost reduction and efficiency improvements through our Operations and Functional Excellence programmes.

Our gas-to-liquids (GTL) and coal-to-liquids (CTL) portfolio continues to build critical mass, with progress in China, India and Uzbekistan. The ramp up of the Oryx GTL plant in Qatar continues, with a focus on stabilising the plant's operation. Our Mozambican gas expansion project is progressing well, with various onshore and offshore developments. In Iran, both low density and medium/high density polythene plants at Arya Sasol Polymers have started up. We began conducting seismic exploration work in four onshore blocks in Papua New Guinea in October 2008.

 Further details are provided in our Annual Review. See also Case study – Growth in China.

#### Stimulating local economic development in South Africa

We signed a memorandum of understanding with the state-owned Industrial Development Corporation of South Africa in 2008 for its participation as a 49% shareholder in our planned Sasol Mafutha CTL facilities, which are most likely to be developed in the north west of the Limpopo province. Our exploratory work includes coal prospecting and analysis technology selection, environmental studies and government engagement. Sasol Mafutha is expected to start bulk-sample mining before the end of the 2009 calendar year.

Preparatory work for phase one of our Secunda Growth Programme is advancing, which will enable a 3% production increase by 2012 and improve energy efficiency with internal electricity generation capacity increasing by 33%. Other projects in South Africa include two new coal mine investments: the Thubelisha and Impumelolo Projects.

#### Investing in communities

*"The children of South Africa need Sasol's support. Supporting our national sports teams are great, but supporting the most vulnerable of our society will be glamorous!"*

Sasol employee (Sasol sustainable development report employee survey)

The vision of Sasol's corporate social investment (CSI) programme is to promote people-centred, needs-driven and sustainable development of communities. Our engagement focuses on strengthening the ability of communities to thrive by supporting civil society, government and private sector role players in plans to catalyse growth, strengthen development and foster dignity. We have channelled the majority of our social investments into five priority areas: education (35%), job creation (25%), health and welfare (25%), arts, culture and sport development (5%) and the natural environment (5%), with another 5% made available for small once-off grants.

All CSI projects are subjected to a thorough assessment of the extent to which they meet certain criteria. During the year, we committed R109,4 million (excluding bursaries) to socioeconomic development projects, mostly in South African communities and along the Mozambique-to-Secunda pipeline route. We also committed R45 million to bursaries, as well as low-cost housing assistance of R265 million, including R29 million towards mine hostel accommodation. In Mozambique we committed R22,9 million in community development projects.



## enhancing employee wellbeing

While most of our social investments are undertaken in Southern Africa, community-based initiatives are undertaken by our USA and European operations, according to the particular needs and opportunities in their communities. The focus of our CSI projects in Southern Africa is detailed in our CSI annual report.

Also see *Case study – Stakeholder engagement at Secunda and Case study – Sasolburg community engagement for further information.*

### Promoting employee wellness

We have developed a wellness strategy to: enhance individual productivity by contributing positively to work-life balance; live the Sasol values; proactively manage and reduce the health risk to our people by providing access to quality healthcare dispensation; and educate, inform and empower employees to take responsibility pertaining to their own health and wellbeing.

Our employee assistance programme (EAP) focuses on the psychosocial health of our employees and their dependants. The programme utilisation has increased from 9,1% in 2008 to 18,2% for 2009. The provision of face-to-face solution-focused counselling is well utilised, reflecting the employees' needs and their confidence in the EAP services. An employee wellness scorecard is being implemented for most business units in South Africa as from May 2009. Within our wellness programme, we focus on two key areas: HIV/Aids and occupational health.

### Reducing HIV/Aids

Our integrated Sasol HIV/Aids Response Programme (SHARP), launched in September 2004, was developed in consultation with businesses, trade unions, community representatives and independent experts. HIV/Aids awareness and education are key elements of our prevention and care strategy. We have implemented a targeted multimedia approach, as well as face-to-face and group activities to drive education. Peer educator training as well as the HIV/Aids coordinator training programmes have been successfully conducted group-wide, ensuring proper representation of SHARP at each level within businesses. Employees have access to information, support and referral resources on the intranet and through printed media. Awareness sessions are held during induction training, safety briefing sessions and wellness days.

See – *A focus on World Aids Day.*

The initial voluntary counselling and testing (VCT) drive was conducted throughout our South African operations between 2002 and 2005, with the incidence rate being 7,1% based on 82% uptake of testing. In the period 2006 to 2009, business units reviewed the need to conduct VCT drives and instead focused on ensuring access to testing. The Sasol HIV/Aids policy commits to providing access to combined anti-retroviral therapy (CART). Early diagnosis and wellness is a key element of SHARP. Presently, two medical aid schemes provide HIV/Aids disease management to Sasol employees and one workplace treatment programme is operating. Anti-retroviral therapy is also available through the public healthcare facilities in each community.

Treatment programme	Registration on wellness programme		Patients on CART	
	2008	2009	2008	2009
Aid for Aids – Sasolmed	860	749	640	627
Thebemed	774	409	342	85
Sasol Mining				
Medical Centre – Sasolburg	44	96	35	30

### Occupational health

*"We need to take a harder look at our occupational health issues, which often have delayed effects and assess how effective our programmes are in addressing these issues."*

Sasol employee (interview)

Our occupational health programme includes baseline analysis, ongoing monitoring and management of illnesses, the adoption of preventative measures, the development of rehabilitation and return-to-work programme, and the management of compensation claims and payments for disabilities in accordance with legislative requirements. We offer pre-employment health assessments to ensure that employees and service providers are not placed in positions that will damage their health and we undertake medical surveillance on all risk-exposed workers. Injuries on duty are diagnosed, treated and monitored until they have healed. We undertake exit examinations on persons leaving the company and maintain the medical records for 40 years after their departure.

The SH&E Centre collates the occupational health statistics from the business units and reports these at SH&E governance meetings. Recorded illnesses for employees are included in the recordable case rate (RCR) statistics and hence the targets we set ourselves for safety are influenced by our worker health performance. About 13% of the RCR is presently attributable to illnesses (see page 34). Our occupational health management in SA is resourced by eight doctors and 81 nurses, radiographers, pharmacists, paramedics, occupational therapists and administrative staff throughout our facilities. These services are provided to both employees and service providers.

See *Case study – Disease management programme, Case study – Wellness programme and Case study – New occupational health facilities and services.*



Sasol's HIV/Aids education campaigns are key to the success of its prevention and care strategy.





## investing in our people: human resources

### Human resource management

Sasol has a human resource functional core, headed by executive director Nolitha Fakude, which consists of all human resource group functions, including learning and development, sourcing and planning, transformation, remuneration and benefits and employee relations. The functional core is responsible for shaping human resource strategies and policies, which are then implemented by the human resource managers in the business units. We have mapped out our talent pipeline to identify priority areas for intervention with regards to skills attraction and retention. Our corporate development programmes have been re-evaluated to place further emphasis on career development plans, bursary schemes, our accelerated leadership programme and rotation schemes.

At year-end, Sasol had 29 723 (permanent and non-permanent) employees in our South African companies and 4 615 permanent employees in our international companies. Net employment creation for the year was 2 316 (excluding joint ventures).

Our employee turnover rate for the year in our South African operations was 8,88%, comprising 3,7% voluntary turnover and 5,18% involuntary turnover. The employee turnover rate for the year in our international companies was 9,17%, comprising 1,78% voluntary turnover and 7,39% involuntary turnover.

*Note: a review of our activities on skills development is provided on page 44, and a review of our employment equity is on page 46.*



*Sasol's talent pipeline identifies priority areas for skills attraction and retention.*

### Encouraging positive labour relations

Sasol Limited's employee relations system is founded and built on human rights and the right to freedom of association. As a signatory to the United Nations Global Compact, Sasol upholds the principle of the International Labour Organisation (ILO) and endeavours, at all times, to maintain fair, open and constructive relations with all employees and, within the legal framework of the countries in which we operate. Our minimum notice period regarding operational changes is three months and the percentage of total workforce represented in formal joint management-worker health and safety committees is more than 60%.



*Joint forums between management and trade unions encourage constructive dialogue.*

In South Africa, a lot of effort has gone into building and sustaining partnerships with employee representative stakeholders (CEPPWAWU, SACWU, Solidarity and UPUSA). Joint forums between trade unions and management are held to encourage constructive dialogue. These forums discuss issues such as wages, conditions of employment, health and safety, training and development, community care, restructuring, transformation and HIV/Aids. Representatives of the unions and pensioners serve on our medical scheme board and on the boards of our retirement funds.

Fifty six percent of Sasol employees are members of trade unions and are covered by collective agreements entered into with trade unions within the various jurisdictions in which Sasol operates. During the year, 1 078 employee days were lost due to industrial action.

### Support provided to employees who are retiring or whose posts have been terminated

A formal process exists within the organisation where from the age of 50 onwards, structured sessions are held with intended retirees, in order to prepare them for retirement. We see retrenchment from the organisation as a last resort, with alternate positions always being sought first within the organisation. Should options of redeployment be found with retraining required, training is offered to the affected employee to better prepare them to manage their new role. Severance pay is offered to affected employees, in line with the company's retrenchment policy. This pay is calculated on completed years of continuous service. Other payments and benefits are in line with the company's retrenchment policy. Job placement companies are consulted to assist in the placement of the affected employees where necessary. Any retrenchment process within the company is dealt with sensitively, including providing the necessary assistance with regards to training, counselling and financial management.

## respecting human rights

This year Sasol issued a formal statement on human rights, signed by the chief executive, expressing our commitment to support and protect the following fundamental human rights: the rights and freedoms for all without discrimination; rights protecting life and security of the person; personal and political rights and freedoms; and economic, social and cultural rights. This commitment extends to all our employees, contractors, local and international communities, suppliers, business partners and government.

In taking this commitment forward, our focus areas on human rights efforts at Sasol will include:

- providing human rights awareness and training programmes;
- integrating human rights issues more formally in project and country risk assessments;
- further integrating human rights concerns in company policies and procedures;
- consulting and communicating on human rights issues; and
- developing monitoring and assurance mechanisms.

Our human rights policy is included as part of the guideline to the code of ethics and has been in place since 2003. Human rights principles are also incorporated in Sasol's labour relations policies, SH&E policies and corporate social responsibility policies. Employees are made aware of these policies and trained in accordance with them.

We endeavour to encourage and facilitate human rights in the countries in which we operate by following a risk-based approach and establishing training and education programmes. The group ethics, risk, compliance management and legal management teams are responsible for ensuring practical compliance with human rights principles and developing a more structured response to human rights. Further plans to roll out a practical and effective company-wide human rights management system and a process to enhance compliance, training and awareness are receiving attention and will remain a significant priority. The Sasol integrated compliance and risk management processes have been designed and developed to address non-compliance behaviours, identify compliance risks and detect potential human rights risks and opportunities.

Human rights issues are being further integrated into compliance and ethics approaches across the company. While we are satisfied with these in the countries we currently operate in, we are adjusting our policies to meet new challenges in new countries we consider for expansion. We have assigned ethics champions who will provide a more focused approach to human rights issues and training.

*Our commitment to human rights extends to all our employees, contractors, local and international communities, suppliers, partners and government.*



### Sasol recognised for human rights policy

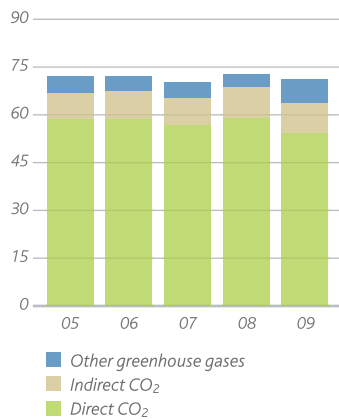
On 4 December 2008, Mary Robinson – President of Realizing Rights, former UN High Commissioner for Human Rights and President of Ireland – recognised Sasol, along with 230 other companies, for making a public commitment to human rights. This recognition was given at a conference hosted by the French Government to commemorate the 60th anniversary of the Universal Declaration of Human Rights.

The full list of companies recognised can be seen on: [www.business-humanrights.org/Documents/Policies](http://www.business-humanrights.org/Documents/Policies).



## addressing our environmental impacts

**Greenhouse gas emissions**  
(million tons)



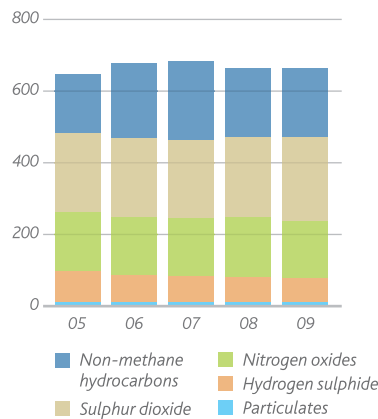
### Managing greenhouse gas emissions

Our absolute emissions of greenhouse gases globally (measured in CO<sub>2</sub> equivalent), has decreased from 73,6 million tons (Mt) in 2008 to 71,3 Mt in 2009. Our emissions intensity was 3,24 (measured as carbon dioxide equivalent per ton of production), as compared with 3,0 in 2008 and 3,29 in 2007. This relative increase is mainly due to reduced production tonnages due to the economic situation. For the first time, our reporting includes the CO<sub>2</sub> emissions figures associated with the transportation of goods and services at most of our operations. Our emissions inventory has been developed using the greenhouse gas reporting protocol of the World Business Council for Sustainable Development and the World Resources Institute. Our direct and indirect carbon dioxide emissions have been independently verified by an external assurance provider.

Our targets are to reduce our emissions intensity by 15% in all our operations by 2020 from a 2005 baseline; and to achieve a 20% reduction in absolute emissions for new CTL plants commissioned before 2020, and a 30% reduction for plants commissioned before 2030 (with 2005 designs as the baseline). We regularly review the group's long-term absolute GHG emission targets, as developments in the global climate change arena take place. Such targets are also contingent on technological advances, such as carbon capture and storage; increased utilisation of renewable energy; as well as developments in the regulatory and fiscal environments in which we operate.

📍 *Further information on our approach to responding to the challenge of climate change is provided on pages 26 – 29 and in our 2009 Carbon Disclosure Project submission.*

**Atmospheric emissions**  
(kilotons)



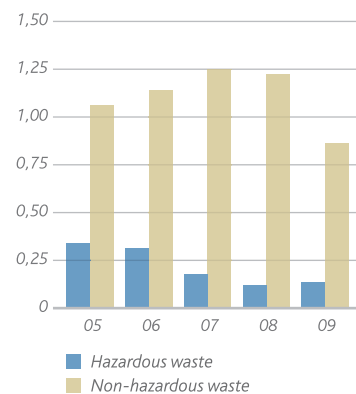
### Reducing other atmospheric pollutants

Progress has been made this year in reducing some of our atmospheric emissions throughout the group, with reductions achieved notably in our emissions of hydrogen sulphide and nitrogen oxides. An important development this year has been the completion of a baseline assessment for volatile organic compounds (VOCs), and the approval of an updated Indicator of Performance (IoP) for VOCs. The revised target is to achieve at least an 80% reduction in the emissions of defined VOCs on a restated 2008/2009 baseline by the end of June 2020. The defined chemicals are benzene, toluene, xylene, ethylbenzene, 1,3-butadiene and acetaldehyde emitted from all major pollutant sources in Sasol. Meeting this target relies on all VOC reduction projects to be successfully executed.

Our major South African facilities are situated in "priority areas" as defined by the new National Environmental Management: Air Quality Act. The Vaal Triangle Priority Air Quality Improvement Plan (applicable to the Sasolburg plant) and the proposed Highveld Priority Area Air Quality Improvement Plan (applicable to the Secunda plant) will impose stricter requirements on air quality management for industries in priority areas than will be required for others in terms of the proposed National Point source emission and Ambient Air Quality standards.

📍 *See Case study – Working to reduce air pollution in some of our neighbouring townships.*

**Hazardous and non-hazardous waste**  
(thousand kilotons)



### Promoting waste minimisation and cleaner production

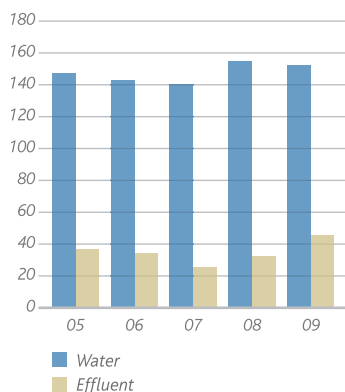
This year, Sasol operations generated 111 kt of hazardous waste, representing a 14% increase on the previous year. The primary source of this increase is from the "once-off" disposal of contaminated soil from clean up operations in Sasolburg. The increase also includes disposal of high sulphur pitch, which has been stored in waste lagoons under permit conditions. Over the same period, we generated 697 kt of non-hazardous waste, 30% less than the 980 kt produced in 2008. Contributing to this was the 51% reduction in non-hazardous waste by Sasol Nitro due to a substantial decrease in phosphoric acid production; Sasol Infrachem saw a decrease in gypsum disposal largely due to plant and production constraints.

In 2008, we undertook a project to determine a mercury mass balance across our complex, and to apportion the mercury emissions from the facility. The calculations revealed a much lower volume of mercury being emitted from stationary combustion in South Africa than was calculated from the global mapping previously undertaken. A detailed waste inventory was recently completed at Synfuels, with the database being refined to be more user-friendly and being updated with more accurate waste generation rates. Unfortunately, several data gaps have been identified and to date the database could not be rolled out to all users. We recognise the need to develop an integrated waste management plan for Sasol Synfuels and possibly other Secunda-based operations. A two-year extension is being sought to continue with the on-site landfilling of sulpholin liquor and Benfield carbonate solution to allow time for long-term solutions to be developed.

📍 *See also: National Waste Act: outline and implications for Sasol; Case study – Waste recycling facility at Sasol Secunda and Case study – Waste management at Sasol O&S US.*



**Water use and effluent**  
(million cubic metres)



### Managing water use and effluent

An achievement this year has been the reduction in total water use, from 154 million m<sup>3</sup> to 152 million m<sup>3</sup>. We recently invested in a water conservation initiative at the Sasol Secunda complex, involving the installation of a series of water treatment processes to recover effluent. The project has resulted in a saving of approximately 18 million litres per day or about 5% on the total raw water intake to the Secunda complex.

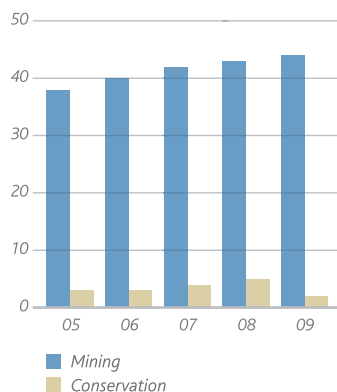
See Case study – Water Conservation Project.

Last year's report identified a risk of effluent release from balancing dams at the Sasol Synfuels complex. The short-term management measures that have been implemented have been effective in lowering the potential risk significantly. These short-term measures are being supported by a water and salt strategy, which is under development and will assist in identifying the most suitable long-term sustainable water use, effluent management and residue disposal solutions for the Secunda complex.

Sasol Synfuels has been re-issued with a more stringent water use licence. An improved monitoring system is now in place in our Secunda complex and is being used to quantify off-site impacts. A total of R33 million has been approved to implement the first phase of remedial measures to address seepage impacts identified through studies that have been undertaken over the past few years.

Further details on managing our water use can be found in the section on water on pages 30 – 32. See also CEO Water Mandate, Leeu Taaiboschspruit Forum celebrates Water Week, and Biomonitoring of the Leeu Taaiboschspruit catchment.

**Managing land use and biodiversity**  
(thousand hectares)



### Managing land use and biodiversity, and ensuring remediation

Sasol has 4 370 hectares (ha) of land that it owns or leases for production activities or extractive purposes. In addition, Sasol Mining occupies 42 837 ha of underground mining area, 1 284 ha of land for surface mining and this year has rehabilitated 1 689 ha. The total area of land dedicated for conservation and biodiversity purposes at the end of the reporting period amounted to 4 553 ha. Biodiversity issues are addressed formally in new projects through environmental impact assessments (EIAs) and in existing projects through environmental management programmes (EMPs). We are also working to assess the biodiversity of the habitats in land currently owned, leased or managed throughout the group.

See Case study – Remediation at Sasol 1 Waste Site, Case study – Managing biodiversity in the Bazaruto Archipelago and Sasol sponsors BirdLife South Africa and National Bird Week.



### Promoting product stewardship

We have a formalised global support structure to ensure an ordered, group-wide response to product stewardship, with a strong focus on capacity-building activities, particularly within our South-African business units where we have developed various product-specific training programmes for our customers and employees.

See Case study – Capacity-building on product stewardship in South Africa.

We contribute to the development of, and will adopt, the Globally Harmonised System of Classification and Labelling of Chemicals (GHS). We have already started the implementation of the GHS for safety data sheets and labels for our products to ensure compliance with legal requirements within countries where the GHS has been implemented and where our products are sold.

All products exported to the EU are in the process of being registered in compliance with EU regulations concerning Registration, Evaluation, and Authorisation of Chemicals (REACH). Full compliance might take up to 2018 according to the REACH timeline for registration. We continue to work closely with the South African Chemical and Allied Industries' Association (CAIA) and the global Responsible Care® initiative in promoting and building capacity in sound chemicals management and product stewardship practices.





## data tables

### Our performance data

#### Key

√ Indicates a data parameter externally verified by the external assurance provider, in accordance with the statement on page 14.

	2006	2007	2008	2009
<b>Safety performance</b>				
Employee numbers <sup>1</sup>	29 658	31 820	34 157	33 544
Recordable case rate <sup>2</sup>	0,93√	0,72√	0,50√	0,54√
Employee and service provider fatalities	4√	4√	3√	4√
Fires, explosions and releases <sup>3</sup>	15√	21√	28√	36√
Logistics incidents <sup>4</sup>	35√	52√	42	27√
<b>Production performance<sup>5</sup></b>				
Total production (kilotons)	21 937	21 200	24 218√	22 039√
<b>Greenhouse gases (kilotons)<sup>6</sup></b>				
Direct methane (CH <sub>4</sub> ) <sup>7</sup>	201	195	192√	339√
Nitrous Oxide (N <sub>2</sub> O)	1.515	1.845	0.683√	0.604√
Direct carbon dioxide (CO <sub>2</sub> )	58 433√	56 550√	58 722√	54 465
Indirect carbon dioxide (CO <sub>2</sub> )	8 771√	8 627√	9 714√	9 554√
Total greenhouse gas (CO <sub>2</sub> equivalent)	72 888√	69 836√	72 673√	71 322√
Emission intensity (CO <sub>2</sub> equivalent/ton product)	3,04	3,29	3,00	3,24
<b>Air pollutants (kilotons)<sup>8</sup></b>				
Hydrogen sulphide (H <sub>2</sub> S)	78	74	71√	66√
Nitrogen oxides (NO <sub>x</sub> )	160	162	166√	160
Sulphur oxides (SO <sub>x</sub> )	223	219	225√	233√
Non-methane hydrocarbons	209	219	193√	193√
Particulates (fly ash)	7,56	7,58	8,45	9,39√
<b>Solid waste (kilotons)<sup>9</sup></b>				
Hazardous waste	254√	138√	97√	111√
Non-hazardous waste	910	1 003	979√	697√
Recycled waste	1 835	1 466	1 435√	1 583√
<b>Energy use (thousand gigajoules)<sup>10</sup></b>				
Electricity (purchased)	31 016√	31 106√	34 846√	33 901√
Coal (used for energy generation)	275 790√	276 997√	282 669√	272 847√
Fuel oil	3 256√	3 342√	4 275√	4 691√
Gas	21 119√	20 388√	47 961√	43 717√
Other (eg, steam)	4 886√	4 069√	6 837√	4 669√
Total energy use	336 066√	333 902√	376 588√	359 828√
<b>Material use (kilotons)<sup>11</sup></b>				
Coal	18 027	17 861	17 862√	16 994√
Crude oil processed	4 094	7 270	4 564√	4 493√
Nitrogen from air	2 266	1 989	2 103√	2 388√
Oxygen from air	13 109	13 014	13 144√	12 567√
Other (eg, chemicals, feedstock)	19 662	20 027	22 801√	20 680√
Total material use	57 157	60 160	60 475√	56 547√
<b>Water</b>				
Water use (1 000 m <sup>3</sup> ) <sup>12</sup>	142 722√	140 469√	154 602√	152 318√
Liquid effluent (1 000 m <sup>3</sup> ) <sup>13</sup>	34 288	25 595	32 227	45 722
Water recycled (1 000 m <sup>3</sup> ) <sup>14</sup>	92 465	61 341	131 385√	130 562√
<b>Land and biodiversity (hectare)</b>				
Area affected by operations	3 707	3 590	4 370	3 744
Area dedicated to conservation	3 096	4 079	4 553	4 553
<b>Land use and mining (hectare)</b>				
Surface mining area	1 284	1 284	1 284	1 284
Underground mining area	38 836	40 538	32 227	42 837
Total area disturbed	40 120	41 822	42 999	44 121
Area rehabilitated	1 326	1 596	1 659	1 689
<b>Legal compliance<sup>15</sup></b>				
Fines, penalties and settlements (number)	–	2	20√	46√
Fines, penalties and settlements (US\$ million)	–	–	0,41√	2

## Basis of reporting

The performance data reported in the previous table has been aggregated from all companies and operations globally that are under Sasol's operational control. All data is collected by the individual operations and reported on a quarterly basis to the Sasol group SH&E Centre using a common database, and in accordance with the group SD reporting guidelines and definitions. Data is collected and processed by the business units using the best available methodologies and techniques for measurement, calculation and analysis. The years referred to relate to Sasol's financial reporting period (for example, 2009 relates to the period from July 2008 to June 2009). Although every effort has been taken to ensure the accuracy of the data, we recognise that some data may be subject to uncertainty relating, for example, to different interpretations of the internal reporting guidelines, and possible human error in recording and submitting the data. Performance data for our Sasol O&S operations is excluded for the 2007 reporting period.

## Notes on measurement

- 1 **Employees** are persons working for Sasol on a full-time or part-time basis, who are paid individually via the Sasol payroll system, including service providers working under Sasol's supervision (ie, persons from labour brokers or fixed-term service providers). These numbers include some non permanent employees. These have been included for the purpose of safety reporting requirements. The totals are thus higher than those reported on in the section on employee demographics, in which reference is made only to permanent employees.
- 2 **The recordable case rate (RCR)** is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses for every 200 000 employee hours worked. From 2006 onwards, our RCR includes both employees and service providers, and recordable injuries, as well as occupational illnesses for employees.
- 3 **A fire, explosion or release (FER)** incident is registered as "significant" when it meets any of the following criteria: (i) it involves a fatality or lost workday case; (ii) it results in damage of more than US\$25 000; (iii) it causes a release in excess of the relevant substance's US OSHA threshold quantity (as defined in OSHAS 40 CFR 355.40 – Appendix A); or (iv) it causes a release of more than 2 250 kg of flammable material.
- 4 Figures refer to all **logistics-related incidents** that result in any one of the following: (i) a recordable injury (including fatality) to any Sasol employee, or an injury to any other person that requires overnight hospitalisation; (ii) measurable or visible damage to livestock, vegetation, crops, fish or water systems, or a release of more than 1 000 litres of a chemical; (iii) property, product and/or transportation equipment loss (to Sasol) of more than US\$25 000, except in Europe, where it is greater than €25 000, or any fines or penalties involving Sasol; (iv) fire, explosion or reactive chemical incident involving a Sasol product; (v) any community evacuation of sheltering or any community alert given as a result of the incident, or any road closure lasting more than six hours; or (vi) the involvement of the international, national or local media.
- 5 **Production performance** is a measure of the total product sold to customers outside of Sasol and includes fuels, chemicals and coal exports. Production performance excludes the intermediates, which are traded between Sasol business units, to eliminate double counting.
- 6 **Greenhouse gas (GHG)** emissions have been calculated and reported in accordance with the GHG Protocol ([www.ghgprotocol.org](http://www.ghgprotocol.org)). Indirect emissions refer to emissions that are a consequence of the activities of the reporting entity, but occur from sources owned or controlled by another entity. These include all sources of imported electricity, heat and steam, which typically are supplied by external power and electricity-generating utilities. For Sasol sites based in South Africa, Europe and North America, CO<sub>2</sub> emissions from electricity purchased is calculated based on country average emission factors. Total CO<sub>2</sub> equivalence is calculated by multiplying the tons released per year with its Global Warming Potential (GWP) relative to carbon dioxide, as published by the Intergovernmental Panel on Climate Change (IPCC). Total GHG (CO<sub>2</sub> equivalent) includes methane, carbon dioxide and nitrous oxide (NO).
- 7 **Methane** The increase in methane levels is due to more accurate measurement during the past year at Synfuels; calculated methods were employed in the past.
- 8 **Air pollutants** NO<sub>x</sub> refers to oxides of nitrogen, including NO and NO<sub>2</sub>. SO<sub>x</sub> refers to airborne emission of sulphur and its compounds formed, for example, during combustion or production processes, and comprises the sum of sulphur dioxide (SO<sub>2</sub>) and trioxide (SO<sub>3</sub>) emissions to air. Particulates (fly ash) refers to the emission of fly ash from all coal-burning appliances. It is reported on the basis of continuous monitoring for fly ash emissions on pulverised fuel boilers and ad-hoc emission factor determination by means of isokinetic sampling with reliable flow and monitoring.
- 9 **Solid waste** The definitions of "waste" vary widely around the world. For reporting purposes, Sasol uses the applicable definitions of local authority regulatory authorities. In situations with insufficient guidance from local legislation or regulation, the definitions of hazardous waste are reported if it is (i) removed from the premises for disposal and/or treatment, or (ii) disposed of on-site (eg, by landfill). These figures exclude coarse ash from gasification and fly ash from boilers. Non-hazardous waste is waste which requires disposal on a general waste landfill site. Recycled waste is materials left over from manufacturing or consumption, which may be re-used or recycled. Hazardous waste is waste which needs to be disposed of in a licensed hazardous waste landfill site, or incinerated or transported to a hazardous waste treatment, storage, disposal or recycling facility.
- 10 **Energy use** is the sum of all energy inputs (eg, own resources, self-generated and purchased) minus all energy outputs (eg, energy delivery, and products). Resources that are primarily raw material inputs for manufacturing processes (eg, crude oil for refining) are not considered energy uses, even though energy transformations are involved in the reactions and production processes (eg, coal used in Sasol power stations is reported as energy usage, while coal used in the gasification process is reported as material use). Electricity (self-generated) was not included in last year's report.
- 11 **Material use** refers to the mass of raw material feedstock inputs for the manufacture of product. This includes coal, crude oil and other materials used in significant quantities and converted into product. Phosphates used in the manufacture of phosphoric acid are one example of such other materials.
- 12 **Water use** is the demand exerted on the overall external water resource through the intake of water for all forms of uses. It is not the water consumption, which is defined as the net difference between the water intakes and outputs. River water refers to the volume of water, used on a site or in an operation for own consumption, abstracted from a natural river course in terms of a permit. Potable water refers to the volume of water, used on a site or in an operation for own consumption, purchased from public water authorities or from other Sasol operations or sites.
- 13 **Liquid effluent** refers to the discharge of surface waters via on-site treatment plant or other facilities of the plant, including effluent disposed to municipal sewer, sea outfall, or to streams under permit conditions. It does not include effluent streams to enclosed sewers discharging to third-party treatment facilities (either privately or publicly-owned).
- 14 **Water recycled** is water that is used twice or more often in an operation, or process of activity.
- 15 **Legal compliance.** The figures refer to all incidents of and fines for non-compliance with all applicable international, regional, national and local laws and regulations associated. Payments include fines due to non-compliance with laws, regulations and permits, compensation payments and regular proactive payments made as a result of non-compliance with regulations where there is a potential for any enforcement action. The payments do not include levies, or costs for lawyers and product liabilities.

This report has been published with reference to the G3 guidelines of the Global Reporting Initiative (GRI). A summary review of our status against the GRI G3 reporting criteria is provided in the table below. Our application of the GRI reporting principles as well as a more comprehensive review of the GRI can be seen in the full GRI table available on our website. [wwwlink www.sasol.com/sdr2009](http://wwwlink.sasol.com/sdr2009).

GRI G3 Element		Reference in Sasol Report	Page
<b>Strategy and profile</b>			
<b>1. Vision and analysis</b>			
1.1	CE statement	Chief executive's statement	10
1.2	Description of key impacts, risks and opportunities	Table of challenges, progress and commitments	8
		Section 3 – Addressing our material challenges	21 – 46
<b>2. Organisational profile</b>			
2.1 – 2.10	General organisational details	Sasol's approach to managing sustainable development Further details provided on our website and in our annual review	48 – 49
<b>3. Report parameters</b>			
3.1 – 3.4	Report profile	About this report	cover
3.5 – 3.11	Report scope and boundary	Informing the boundaries of the report	2 – 3
3.12	GRI Content index	Summary index on this page. Detailed index on website	58
3.13	Assurance	Assurance statement	14
<b>4. Governance, commitments and engagement</b>			
4.1 – 4.10	Governance issues	Sasol's approach to managing sustainable development Further details provided on our website and in our annual review	48 – 49
4.11 – 4.13	Commitments to external initiatives	Supporting global initiatives (further details on website)	48
4.14 – 4.17	Stakeholder engagement	Section 2 – Responding to our stakeholders (further details on website)	15 – 20
<b>Economic performance – including policies and management systems relating to the following indicators</b>			
EC1 – 4	Economic performance – including direct economic value generated and distributed, and implications of climate change	Promoting equitable economic growth (see also website and annual review) Climate implications reviewed in Material Challenge 2 (see also website and our Carbon Disclosure Project report: <a href="http://www.cdproject.net">www.cdproject.net</a> )	50 26 – 29
EC5 – 7	Market presence – including wage ratios, spending on locally-based suppliers, and local hiring	Some of these issues are covered in our review of economic performance issues, our BEE procurement spend, and our reports against the Mining Charter and Liquid Fuels Charter (on our website)	50 46
EC8-9	Indirect economic impacts	Promoting equitable economic growth (see also website and annual review)	50
<b>Environmental performance – including policies and management systems relating to the following indicators</b>			
EN 1 – 2	Material use	Quantitative data in data table	56
EN 3 – 7	Energy use	Global energy security (see also information on our website) Quantitative data in data table	23 – 25 56
EN 8 – 10	Total water use	Managing the challenge of water scarcity Managing water use and effluent (see also website and data table)	30 – 32 55 – 57
EN 11 – 15	Biodiversity	Managing land-use and biodiversity (see case studies on website)	55
EN 16 – 25	Emissions, effluents and waste	Understanding Sasol's greenhouse gas emissions Addressing our environmental impacts (see also website and data table)	29 54 – 57
EN 26 – 27	Environmental impacts of products and services	Promoting product stewardship (see also website, eg for our case study on life cycle studies of CTL and GTL products)	55
EN 28	Incidents of non-compliance with environmental laws and regulations	Fines, penalties and settlements (see also website and Form 20-F submission)	49
EN 29	Transport-related impacts	Maturing Sasol's safety culture (see also case studies on website)	33 – 37
EN 30	Total environmental protection expenditures and investments by type	Some data is provided throughout on expenditure on certain environmental issues (eg, energy efficiency and R&D). At a general level it is not feasible to clearly demarcate what is specifically "environmental expenditure."	25 27
<b>Social performance indicators – including policies and management systems relating to the following indicators</b>			
<b>Labour practices and decent work</b>			
LA 1 – 3	Workforce breakdown and employee benefits	Managing workforce diversity Enhancing employee wellbeing/Investing in our people (see also website)	40 51 – 52
LA 4 – 5	Labour/management relations	Encouraging positive labour relations	52
LA 6 – 9	Health and safety issues	Maturing Sasol's safety culture (see also case studies on website)	33 – 37
LA 10 – 12	Training and education	Investing in skills development (see also case studies on website)	44 – 45
LA 13 – 14	Diversity and equal opportunity	Managing workforce diversity Broad-based black economic empowerment	38 – 40 46
<b>Human Rights</b>			
HR 1 – 9	Investment and procurement practices, non-discrimination, freedom of association, child labour, compulsory labour, security, indigenous rights	Respecting human rights Encouraging positive labour relations	53 52
<b>Society</b>			
SO 1 – 8	Impacts on communities, bribery and corruption, political contributions, anti-competitive behaviour, compliance with laws and regulations	Protecting ethics and integrity (see also website and annual review)	41 – 43
<b>Product Responsibility</b>			
PR 1 – 9	Customer health and safety in using products, product/service labelling, regulation of marketing communications, customer privacy, compliance in the provision and use of products and services	Promoting product stewardship (see case studies on website)	55

## acronyms

ACC	American Chemistry Council	IPCC	Intergovernmental Panel on Climate Change
ACCA	Association of Chartered Certified Accountants	ISO	International Organisation for Standardisation
Aids	Acquired immunodeficiency syndrome	JSE	JSE Limited
ALDP	Accelerated leadership development programme	JV	Joint venture
ART	Antiretroviral treatment	KPI	Key performance indicator
BBS	Behaviour-based safety	kt	kilotons (kt)
BEE	Black economic empowerment	LCA	Life cycle assessment
BMF	Black Management Forum	LTMS	Long term mitigation scenario
b/d	barrels per day	m <sup>3</sup>	Cubic metres
BU	Business unit	MSDS	Material safety data sheets
BUSA	Business Unity South Africa	Mt	Million tons
CAIA	Chemical and Allied Industries' Association	MW	Megawatts
capex	Capital expenditure	NA	North America
CCS	Carbon Capture and Storage	NBI	National Business Initiative
CDM	Clean Development Mechanism	NCCC	South African National Committee on Climate Change
CDP	Carbon Disclosure Project	NGO	Non Governmental Organisation
CE	Chief executive	NO <sub>x</sub>	Nitrogen oxides, nitric oxide (NO) and nitrogen dioxide (NO <sub>2</sub> )
CEFIC	European Chemical Industries' Council	OE	Operations Excellence
CEPPWAWU	Chemical Energy Paper, Printing, Wood and Allied Workers Union	OHSAS	Occupational Health and Safety Assessment Series
CER	Certified Emission Reduction	O&S	Sasol Olefins & Surfactants
CIGS	Copper-indium-gallium-diselenide	PE	Project Enterprise
CO <sub>2</sub>	Carbon dioxide	PSM	Process safety management
CSI	Corporate social investment	PV	Photovoltaic
CSLF	Carbon Sequestration Leadership Forum	PwC	PricewaterhouseCoopers Inc
CTL	Coal-to-liquids	R&D	Research and development
DJSI	Dow-Jones Sustainability Index	RC	Responsible Care
DWAE	Department of Water and Environmental Affairs	RCR	Recordable case rate
EAP	Employee assistance programme	REACH	Registration, Evaluation and Authorisation of Chemicals
EAP	Economically active population	SABS	South African Bureau of Standards
EE	Employment equity	SACWU	South African Chemical Workers Union
EIA	Environmental impact assessment	SAICA	South African Institute of Chartered Accountants
EPA	Environmental Protection Agency	SEC	United States Securities and Exchange Commission
EU	European Union	SED	Socioeconomic development
FER	Fires, explosions and releases	SGS	Sasol Group Services (Pty) Limited
FER-SI	Fire, Explosion and Release Severity Index	SH&E	Safety, health and environment
FRIDGE	Fund for Research into Industrial Development, Growth and Equity	SHARP	Sasol HIV/Aids Response Programme
FT	Fischer-Tropsch	SOX	Sarbanes-Oxley Act of 2002
GDP	Gross domestic product	SO <sub>x</sub>	Sulphur oxides, sulphur dioxide (SO <sub>2</sub> ) and sulphur trioxide (SO <sub>3</sub> )
GEC	Group executive committee	SRI	Socially Responsible Investment Index
GHG	Greenhouse gas	SSI	Sasol Synfuels International
GHS	Globally Harmonised System of classification and labelling of chemicals	t	Tons
GJ	Gigajoules	TB	Tuberculosis
GPS	Global product strategy	Tpa	Tons per annum
GRI	Global Reporting Initiative	UN	United Nations
GTL	Gas-to-liquids	UNFCCC COP	United Nations Framework Convention on Climate Change
GVS	Global venture support	UNGC	United Nations Global Compact
H <sub>2</sub> S	Hydrogen sulphide	UPUSA	United People's Union of South Africa
ha	Hectares	US	United States
HIV	Human immunodeficiency virus	USA	United States of America
HR	Human resources	VCT	Voluntary counselling and testing
IAS	Investment Analysts' Society	VDL	Values-driven leadership
ICCA	International Council of Chemical Associations	VOC	Volatile organic compounds
ILO	International Labour Organisation	VRESAP	Vaal River Eastern Sub-system
IoP	Indicator of performance	WWF	World Wide Fund for Nature



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 For a full set of contact persons and getting to know the Sasol business better, please refer to the Sasol Facts brochure.

### Credits

Sasol's 2009 sustainable development report has been produced and published by the Sasol SH&E Centre in partnership with the corporate communications department of Sasol Limited. The report forms part of an ongoing commitment to keep Sasol stakeholders informed on key group aspirations, viewpoints, achievements and challenges in the field of sustainable development.

**Forward-looking statements** In this document we make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on 7 October 2008 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

This sustainable development report must be read in conjunction with our annual report under the Securities Exchange Act of 1934 on Form 20-F. The Form 20-F is available on our website at [www.sasol.com](http://www.sasol.com)

### Note on measurement

Besides applying barrels (b) and cubic metres (m<sup>3</sup>) for reporting on oil and gas reserves and production, Sasol applies Système International (SI) metric measures for all global operations. A ton (also spelt as tonne) denotes one metric ton equivalent to 1 000 kilograms (kg) or about 2 200 imperial pounds. Sasol's reference to a metric ton should not be confused with an imperial ton equivalent to 2 240 pounds (or about 1 016 kg). In addition, in line with a particular South African distinction under the auspices of the South African Bureau of Standards (SABS), all Sasol global reporting emanating from South Africa uses the decimal comma (eg, 3,5) instead of the more familiar decimal point (eg, 3.5) used in the UK, USA and elsewhere. Similarly, a hard space is used to distinguish thousands in numeric figures (eg, 2 500) instead of a comma (eg, 2,500). A billion is defined as 1 000 million.

### Production

Project management:	Stiaan Wandrag and Elvina Hercules (text) and Marsja Hall-Green (production and design)
Strategic advice and editorial:	Incite Sustainability ( <a href="http://www.incite.co.za">www.incite.co.za</a> )
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Independent assurers:	PwC, Johannesburg

Dear reader,

Please let us know what you think about Sasol's 2009 sustainable development report or our sustainability performance in general, by using the feedback tool on the website. You are also welcome to engage with us in dialogue on the website.

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## Sasol's 2009 sustainable development report – carbon footprint

This calculation of the carbon footprint of Sasol's 2009 SDR is based on an assessment of the CO<sub>2</sub>e emissions associated with the business travel and accommodation of the external stakeholder panel members and the consultants involved in the production and assurance of the report. The calculations do not include the internal Sasol travel, the electricity used by Incite Sustainability in writing this report, or the emissions associated with paper and printing of the report.

A summary of the calculated emissions is presented in the table below. Further details are provided in a separately available Excel table.

### Greenhouse gases associated with producing the Sasol sustainability report

Source	kg CO <sub>2</sub> e
Car travel	2 172
Air travel	7 669
Accommodation	2 542
<b>Total</b>	<b>12 384</b>

Estimated total CO<sub>2</sub> emissions related to consultants' travel is 12 384 kg CO<sub>2</sub>e, of which 61.92% (7 669 kg) was related to air travel. Air travel emissions were calculated based on the kilometres travelled on short haul and long haul flights. All flights were economy class<sup>1</sup>. Car travel emissions took into account kilometres travelled per car type (whether petrol or diesel and based on the size of the engine<sup>2</sup>). The calculated emissions level from accommodation is based on the number of nights in both local<sup>3</sup> and international<sup>4</sup> accommodation.

Sasol acknowledges the impact that consultants' travel could have on the carbon footprint of its SD Report production. To put less strain on the environment Sasol encourages its consultants to utilise teleconferencing, electronic mail and other types of "virtual meeting" to communicate with their target stakeholders. Sasol further encourages the consultants to choose small cars and to carpool where possible.

-  1 <http://www.ghgprotocol.org/calculation-tools/all-tools>
- 2 <http://www.ghgprotocol.org/calculation-tools/all-tools>
- 3 CO<sub>2</sub> emissions for hotel accommodation (South Africa): 44.06 kg CO<sub>2</sub>/room/night (derived from CIBSE 2004, Defra 2008 and IEA 2006)
- 4 CO<sub>2</sub> emissions for hotel accommodation (world average): 31.95 kg CO<sub>2</sub>/room/night (derived from CIBSE 2004 and Defra 2008)



United Nations Global Compact



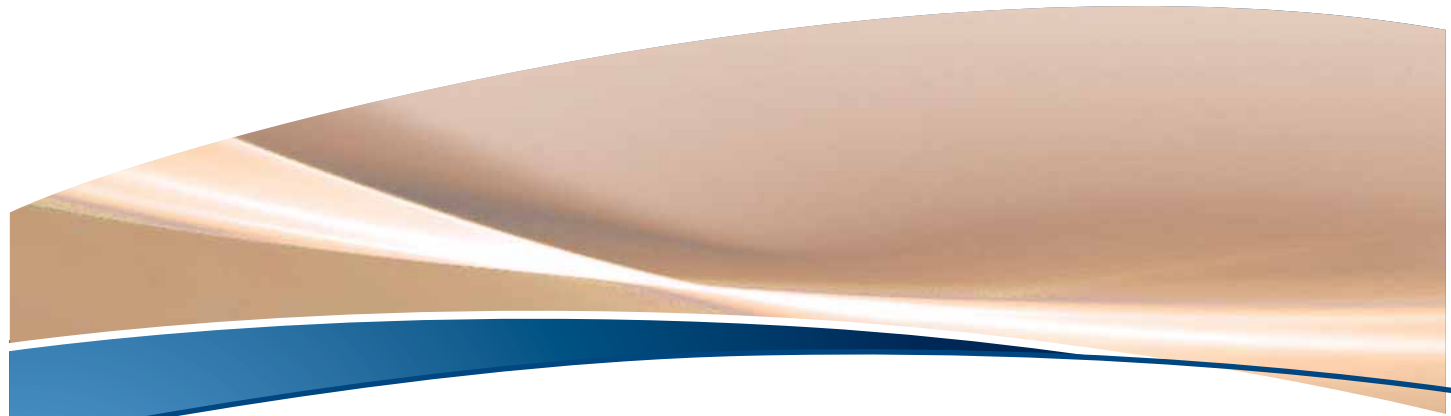
PRICEWATERHOUSECOOPERS 

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