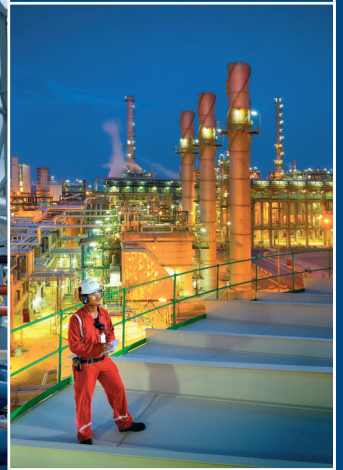


**SASOL**  
reaching new frontiers



**sustainable development report**  
30 June 2013

**better together... we deliver**

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## addressing our material sustainability challenges

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# focus stories



# our sustainability performance at a glance

how we delivered against our group-wide targets

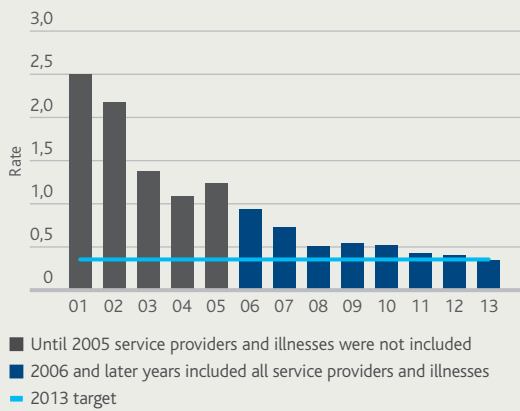
We improved our safety performance, setting a new annual record for the group in its 63-year history. We reduced our greenhouse gas emissions by 3% and continue to manage our environmental impact. We further achieved level 3 broad-based black economic empowerment contributor status.

## safety

General improvement in our occupational safety performance, characterised by our RCR reaching a record low of 0,31\* in 2013.

**Target:** achieve a RCR\*\* of less than 0,35 by 2013<sup>1</sup>

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



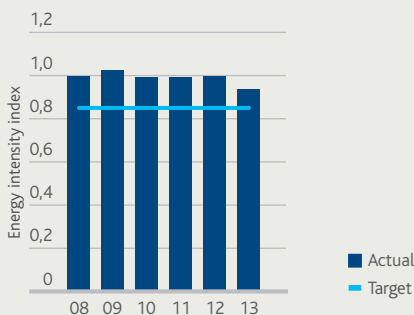
\* Excluding illnesses (further details on page 23).  
\*\* The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses. The RCR is the number of fatalities, lost workday cases, restricted work cases, medical treatment cases and occupational illnesses for every 200 000 employee hours worked.  
1 Further interim milestones to be set.

## energy efficiency

Continued to make changes to how we operate our businesses to become more energy efficient.

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

**Sasol energy efficiency accord measurement**



## product transportation incidents

Focus on product transportation safety delivers improvement in managing this key safety risk.

**Target:** achieve a 30% reduction over five years, based on the 2009 actual transportation indicator of performance

**Product transportation incident rate**  
(incidents per 100 kt product transported)

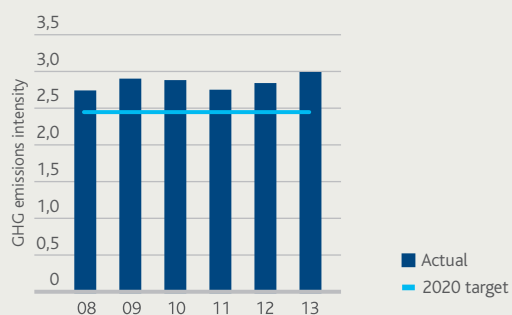


## greenhouse gas emissions intensity

Higher GHG intensity due to lower production levels.


**Target:** reduce emissions intensity by 15% in all our operations by 2020, based on the 2005 baseline year<sup>1</sup>

**Greenhouse gas emissions intensity**  
(tons CO<sub>2</sub> equivalent per ton production)



1 Based on the restated absolute GHG emissions from 2000 to 2012.



A full-page photograph of an industrial facility, likely a refinery or chemical plant. In the foreground, a worker wearing a red safety suit, white hard hat, and safety glasses is focused on adjusting a valve on a large piece of machinery. The machinery is white with various pipes and valves. In the background, there are several tall, cylindrical distillation columns and a complex network of pipes and walkways. The sky is clear and blue. The overall scene depicts a busy industrial environment.

Committed to excellence in all we do, Sasol is an international integrated energy and chemical company that leverages the talent and expertise of our more than 35 000 people working in 37 countries. We develop and commercialise technologies, and build and operate world-scale facilities to produce a range of product streams, including liquid fuels, high-value chemicals and low-carbon electricity.

While remaining committed to our home-base of South Africa, Sasol is expanding internationally based on a unique value proposition.



## about this report

Our sustainable development report covers the activities of all Sasol's businesses. These activities include exploration, research and development, construction, production (mining, oil and gas, coal-to-liquids, gas-to-liquids, chemicals and power generation), and marketing and sales. The report covers the operating period 1 July 2012 to 30 June 2013.

Data is included for the following joint ventures: National Petroleum Refiners of South Africa (Natref), Sasol Petroleum International in Mozambique, ORYX gas-to-liquids (GTL) in Qatar and Sasol Huntsman in Germany. Subsequent to 30 June 2013, Sasol disposed of its investment in Arya Sasol Polymer Company in Iran. Quantitative performance data is not included for those operations where we do not have operational control, joint control or do not exercise influence. However, issues of significant interest to stakeholders in these operations are covered in the commentary. Further details on the nature and location of our joint ventures, and on their principal sustainable development risks, can be found on our website at [www.sasolsdr.com](http://www.sasolsdr.com).

This report focuses on issues that affect the long-term success of our business, and our impact on the economy, environment or communities in which we operate. It also focuses on issues that are important to our key stakeholders. While this report may be of interest to all our stakeholders, it deals with issues of particular interest to socially responsible investment (SRI) analysts and sustainable development professionals. In response to stakeholder feedback we shortened this printed report to encompass only our material sustainability focus areas. The process we followed in identifying these material focus areas is described on pages 18 to 19.

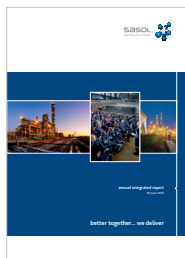
Additional sustainability information, as well as a summary report, is available at [www.sasolsdr.com](http://www.sasolsdr.com). In addition to the suite of reports that form part of our annual integrated reporting process, we communicate with our key stakeholders through other channels. These include employee newsletters, investor reports and direct communication from management. Most of our larger operations also run separate sustainable development-related communication processes, such as site-based reporting and community forums, aimed at engaging with neighbouring communities.

Our sustainable development reporting has been developed in accordance with the Global Reporting Initiative's (GRI's) G4 Sustainability Reporting Guidelines (Core), including the GRI's Mining & Metals sector supplements. We plan to meet the GRI's "Comprehensive" reporting requirements next year. We have also applied the advanced level reporting criteria of the United Nations Global Compact (UNGC), and meet the 21 advanced criteria. A detailed GRI table and a UNGC Communication on Progress are available at [www.sasolsdr.com](http://www.sasolsdr.com).

The Sasol Limited audit committee approved the sustainable development report, following a review by the executive director: sustainability and business transformation, and the risk and safety, health and environment (SHE) committee.

## Our integrated reporting process

Sasol's annual integrated reporting process comprises four main publications, shown below.



### How to read our annual integrated report

Our annual integrated report provides extensive cross-references to our other reporting publications, shown below:

#### Annual integrated report

**IR** Our primary annual report to stakeholders. Contains succinct material information and conforms to local and international integrated reporting frameworks.



#### Annual financial statements

**AFS** Contains a full analysis of the group's financial results, with detailed financial statements, prepared in accordance with International Financial Reporting Standards, as well as full corporate governance and remuneration reports.



#### Form 20-F

**20-F** Form 20-F, our annual report issued in accordance with the Securities Exchange Act of 1934, which is filed with the United States Securities and Exchange Commission (SEC), in line with the requirement of our New York Stock Exchange listing.



#### Sustainable development report

**SD** Our annual report covering environmental, social and governance matters. Prepared in accordance with the GRI G4 framework.

## Feedback

Through our reporting process we seek to move beyond compliance and enter into an inclusive and meaningful dialogue with our stakeholders, with the aim of informing our strategy and building trust.

We value feedback and welcome questions and comments on our reporting. To give feedback or request hard copies of our reports, please contact our corporate affairs division or use the feedback form on our website at [www.sasolsdr.com](http://www.sasolsdr.com).



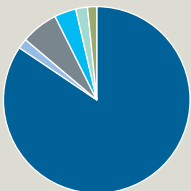
# our global presence

where we operate

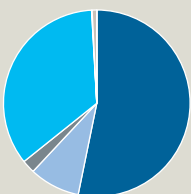
Sasol has exploration, development, production, marketing and sales operations in 37 countries across the world.



Operating profit after remeasurement items by region for 2013



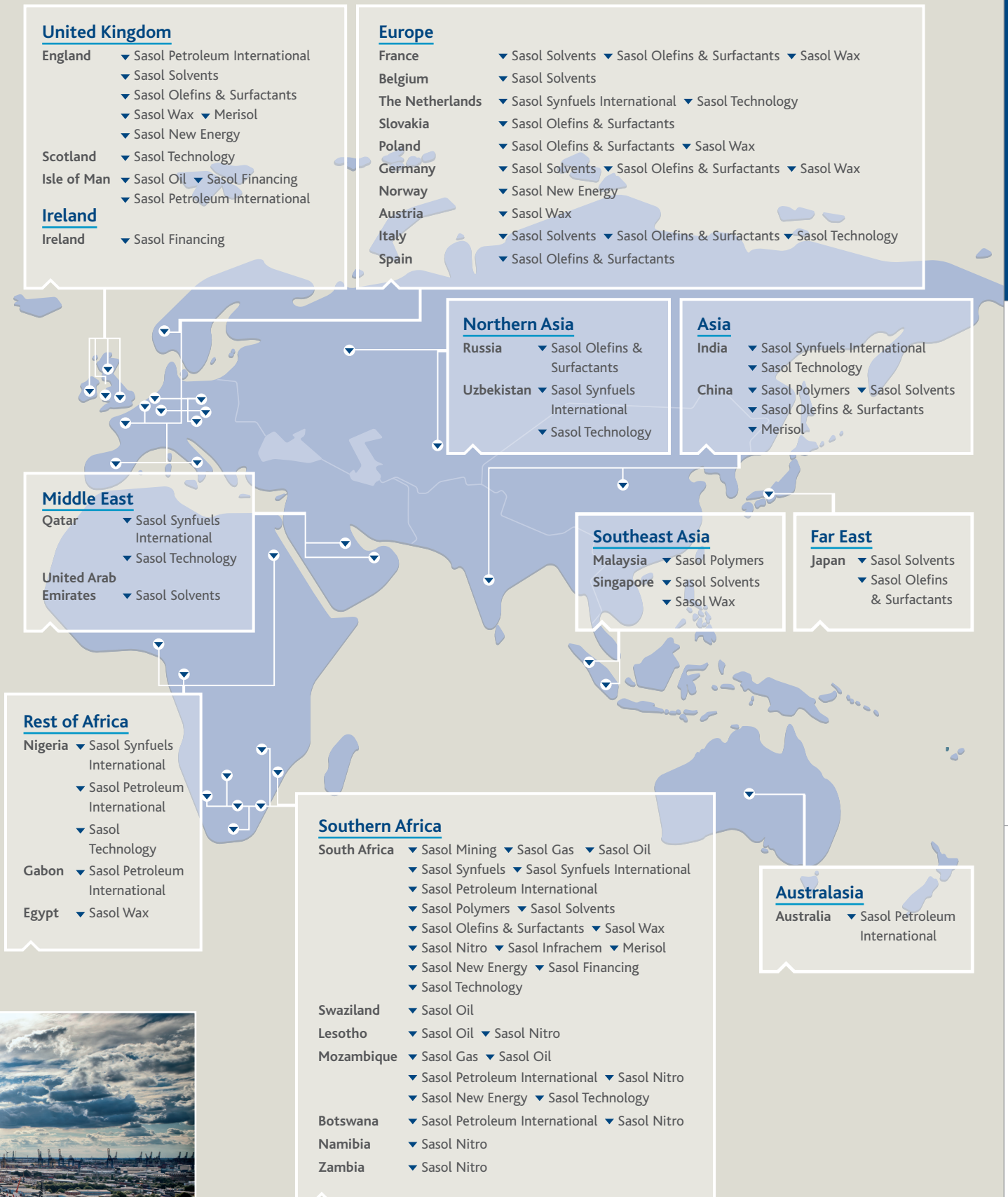
Capital commitments by region for 2013



- South Africa
- Rest of Africa
- Europe
- The Americas
- Southeast Asia and Australasia
- Middle East and India
- Far East

Our financial reporting reflects the broad regions in which we have a presence.





This map is a broad indication of Sasol's global presence and of its existing operations, but is not location-specific.

# our business model and integrated value chain

what sets us apart

Our value proposition aligns our diverse and interdependent businesses. At the heart of our integrated value chain, which sets us apart from our competitors, is our ability to develop and commercialise technology at scale to produce bulk fuel, chemicals and electricity.

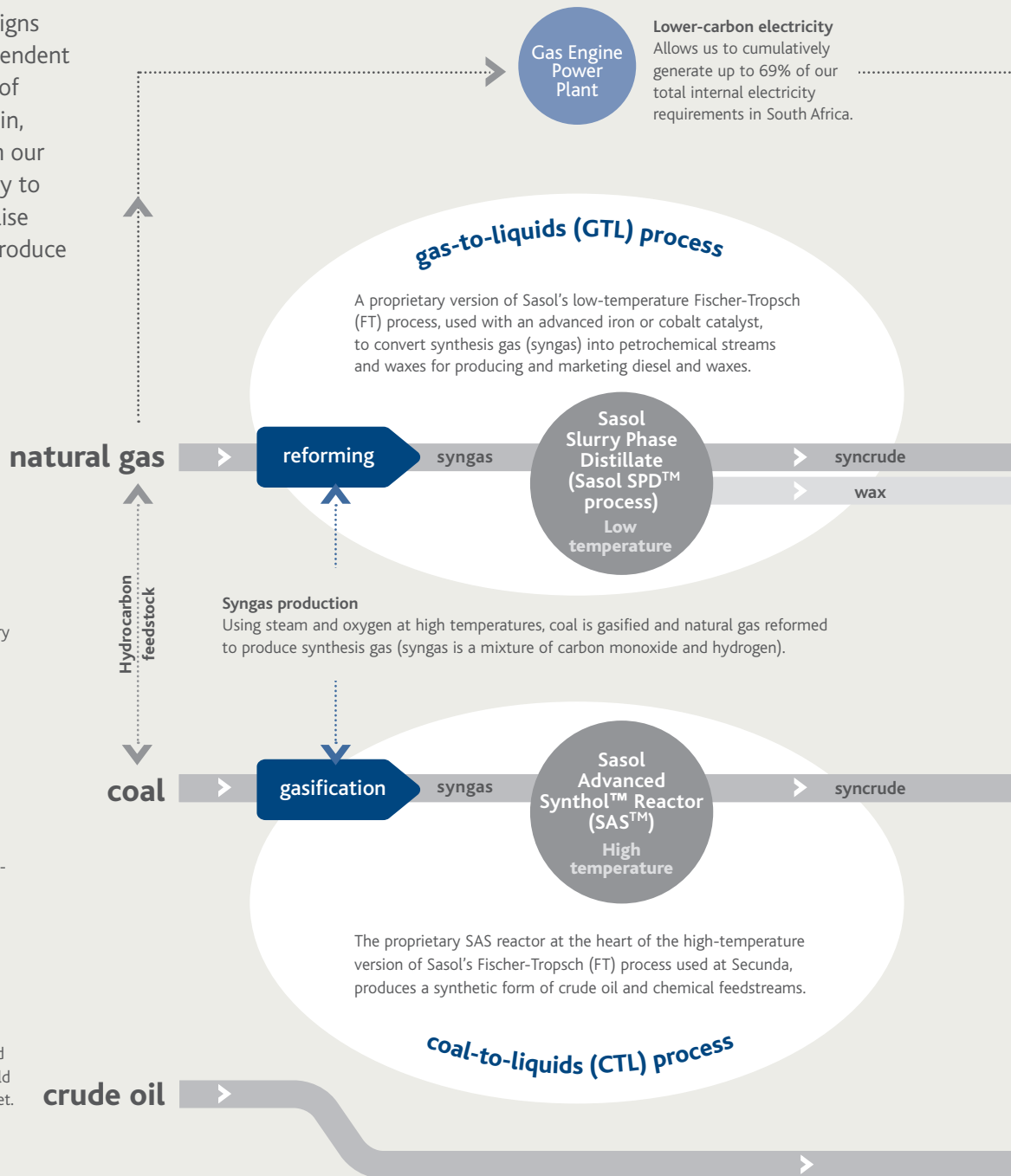
Through Sasol Petroleum International (SPI) and Sasol Gas, we obtain natural gas through the cross-border pipeline linking the Pande and Temane fields in Mozambique to our South African operations. We use this natural gas as our sole hydrocarbon feedstock at Sasolburg and as a supplementary feedstock to coal at Secunda.

Sasol obtains its raw materials through its coal mining activities, oil and natural gas exploration, and purchases from the open market. Some raw materials are sold directly to external markets.

Sasol Mining supplies most of the feedstock coal required for the coal-to-liquids process in Secunda.

Crude oil, coal and natural gas are sold to the open market.

exploration and production



## Sustaining our integrated business model

### Greenhouse gas (GHG) emissions

Although we have decided not to pursue further coal-to-liquids growth, coal remains an important feedstock for our Secunda complex in South Africa. We are investing in reducing our carbon emissions by developing more efficient production processes, and producing our own lower-carbon electricity. We also continue to investigate carbon capture and storage solutions.

### Water

Recognising that water is an essential feedstock for our business, we continue to manage water risks within our control and act collectively on shared risks. We are also transparent and accountable about our water usage and stewardship initiatives. Sasol is partnering with three South African municipalities to save water beyond our factory fence, to the benefit of all users of the Vaal River catchment area in which we operate.

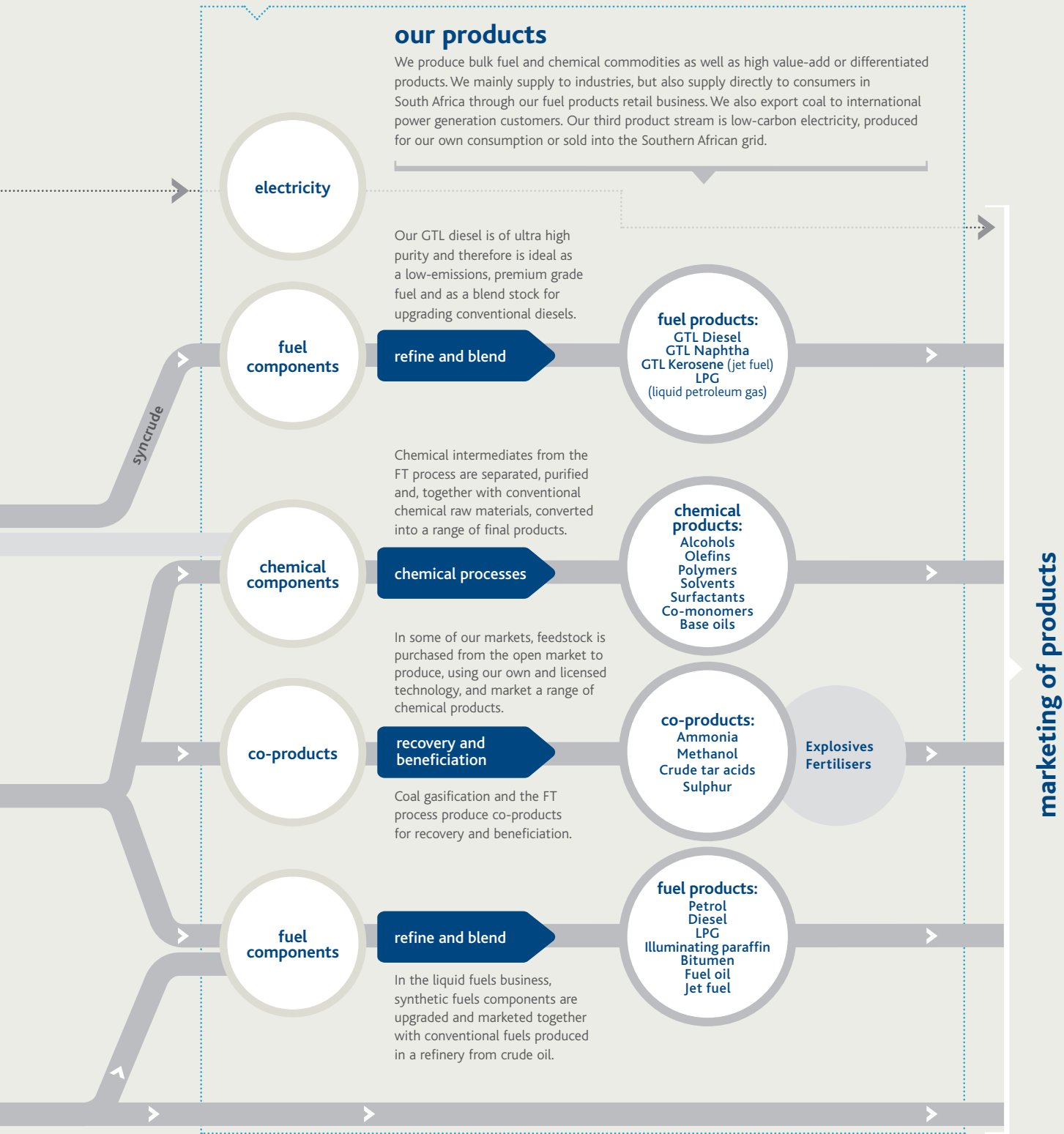
### Corporate governance

Sound corporate governance structures and processes are applied throughout the organisation. These are considered by the board to be pivotal to delivering sustainable growth in the interest of all stakeholders.



## our products

We produce bulk fuel and chemical commodities as well as high value-add or differentiated products. We mainly supply to industries, but also supply directly to consumers in South Africa through our fuel products retail business. We also export coal to international power generation customers. Our third product stream is low-carbon electricity, produced for our own consumption or sold into the Southern African grid.



electricity

fuel components

refine and blend

**fuel products:**  
GTL Diesel  
GTL Naphtha  
GTL Kerosene (jet fuel)  
LPG  
(liquid petroleum gas)

chemical components

chemical processes

**chemical products:**  
Alcohols  
Olefins  
Polymers  
Solvents  
Surfactants  
Co-monomers  
Base oils

co-products

recovery and beneficiation

**co-products:**  
Ammonia  
Methanol  
Crude tar acids  
Sulphur

Explosives  
Fertilisers

fuel components

refine and blend

**fuel products:**  
Petrol  
Diesel  
LPG  
Illuminating paraffin  
Bitumen  
Fuel oil  
Jet fuel

marketing of products

## Research and innovation

We continue to build on our track record of pioneering innovation. We have developed several proprietary processes in downstream chemical process technology. We have also developed and patented several base-metal catalysts for our FT synthesis processes. In coal exploration and mining, we have developed a number of cost-saving innovations to enhance production,

some in partnership with technology suppliers. We continue to invest in liquid fuels research and development and testing through our fuel research group, the Sasol Advanced Fuels Laboratory (in collaboration with the University of Cape Town, South Africa) and the Sasol Fuels Application Centre.

For more information on the inputs, outputs and outcomes of our business model and integrated value chain, in relation to the six capitals model of value creation, which is the model recommended by the International Integrated Reporting Council's Consultation Draft published in April 2013, refer to the video on [www.sasol.com](http://www.sasol.com).

# chief executive officer's report

*gaining momentum... making a difference*



Dear stakeholder

In 2013, we delivered an outstanding safety performance, and solid operational and financial results. We also advanced our growth projects in a measured and responsible way. We made substantive progress in reviewing, developing and executing Sasol's strategy, for the near- to medium-term and the longer-term. In tandem, we remained focused on our contributions to the communities in which we live and work. The progress we made in the year is covered in detail in our annual integrated report, with supporting information in this sustainable development report. I would, however, like to draw your attention to some of the more notable features of the year. These facts indicate how central sustainability considerations are in the way we lead and manage our business.

## Delivering solid results across a number of fronts

Our solid results in 2013 were achieved within the context of the lowest annual recordable case rate (RCR) in the group's 63-year history. The RCR for employees and service providers stood at 0,31 (excluding illnesses) at year-end, improving from 0,35. This is a remarkable achievement if one takes into account the challenging environments so many of our people work in around the world. Sasol Mining recorded zero fatalities in the year for the first time in its six-decade history. Our flagship facility, ORYX gas-to-liquids (GTL), was again the star safety performer. At the end of August 2013, ORYX GTL reached another significant milestone – achieving two years without a recordable injury. This performance included all employees and contractors, and equates to 15,9 million man hours worked.

Despite these remarkable safety achievements, it is with profound regret that we have lost five of our colleagues who died in Sasol's service this past year. It should be noted that two of these tragedies

were the result of road accidents caused by third parties. On behalf of the company, I again extend our deepest condolences to the families, friends and colleagues of Ezette Castles, Ayanda Xolo, Moses Nyembe, Thomas Ramuthugi, and an O&S service provider in Germany who cannot be named for legal privacy reasons as determined by German law.

The safety of our people and our service providers remains paramount at all times. The group's new One Sasol safety, health and environment excellence approach will build on the vastly improved safety performance achieved in 2013. I am hopeful that it will accelerate our journey to zero harm, which we believe is indeed attainable.

A significant development this year has been the establishment of the Sasol Global Foundation. This co-ordinating structure aims to direct, enable and govern a fully integrated approach to corporate social investment across the group. We also increased the level of investment in our people across a wide range of initiatives. We spent more than R1,7 billion on bursaries, artisan training and the socioeconomic upliftment of our communities.

Key diversity interventions included the Sasol women's network, part of our broader women's empowerment strategy, and the Learn, Experience and Accelerate Potential (LEAP) programme, which aims to provide focused career development for our future leaders.

Pleasingly, Sasol people are more engaged and inspired. Our integrated employee survey, Sasol Heartbeat, showed a high level of participation and affirmed our progress in implementing a high-performance, values-driven culture. It has also provided a good understanding of where we need to improve.

We continued to make significant progress in our transformation activities in South Africa. In the year, we achieved level 3 broad-based black economic empowerment (BBBEE) contributor status, improving from level 4. Our unwavering focus on equity ownership, enterprise and socioeconomic development, employment equity, skills development and preferential procurement are delivering exceptional results – well beyond the stretch targets we had originally set ourselves.

Looking more broadly at our contributions, we remain one of the largest corporate taxpayers in South Africa. We generated R30,8 billion in direct and indirect taxes for the national fiscus in 2013. In addition, notwithstanding our international growth aspirations, we continue to be the single largest private sector company investor of capital in South Africa. In 2013, our in-country capital expenditure was R19,8 billion, equating to 59% of the group spend.

We made headway in our efforts to reduce our environmental footprint, with many noteworthy activities covered elsewhere in this report. Based on an assessment of significant capital expenditure on environmental projects over the past ten years, Sasol has invested approximately R20 billion, averaging almost R2 billion annually, in improving our environmental performance.

## Advancing our strategy to ensure growth

In June 2011, we initiated an extensive evaluation of the group's corporate strategy, which progressed in 2013. Our strategy review and development process has confirmed the robustness of our near- to medium-term strategy. In scoping our strategic intent beyond 2020, we have also clarified that GTL, chemicals and lower-carbon electricity will continue to underpin the organisation's ability to create value over the long-term.

More specifically, we refined our strategic agenda in the year. We made two key shifts in our thinking, both of which are framed by our response to the climate change challenge and the move towards lower-carbon energy alternatives. The first shift was our decision not to pursue selective growth in coal-to-liquids (CTL) operations, but to focus singularly on accelerated GTL growth – natural gas being a far cleaner hydrocarbon and a bridge to a lower-carbon economy.

Secondly, we narrowed Sasol New Energy's scope to developing and growing lower-carbon power generation, a new value proposition and profitable source of revenue in the future.

Technology underpins our competitive advantage. This is especially the case in process innovations that drive production output and efficiencies, and that mitigate environmental impacts. As such, we clarified the research and development mandate of Sasol Technology to focus on driving improvements at our existing CTL facilities in South Africa, and on deepening our compelling GTL value proposition globally.

Given the magnitude of Sasol's growth portfolio, we scrutinised our portfolio of projects in relation to their human capital and financing requirements, as well as the material country risks and policy considerations that impact on them. The overarching purpose of this review was to prioritise the projects that can unlock maximum value for our shareholders – thereby meeting the expectations of all our stakeholders. From this basis, we took clear decisions regarding our growth projects and their respective time frames.

### Driving our dual-focused strategy

Our strategy development process confirmed that our strategic ambitions require a dual regional approach. In Southern Africa, and across our existing global operational footprint, we talk of "nurture and grow". The emphasis here is as much on maintaining and enhancing our existing asset base as it is on growing in new areas. These are most notably in lower-carbon power generation both in South Africa and in Mozambique. Looking at North America, elsewhere in Africa and the rest of the world, we speak of "expand and deliver", as we seek to advance on several fronts.

Our efforts to reduce the environmental footprint of our existing operations are an important aspect of our nurture and grow strategy. In this regard, we initiated several projects, including our R1,9 billion volatile organic compound abatement programme.

Turning to our lower-carbon electricity business, our R1,9 billion gas-fired power generation plant in Sasolburg, South Africa, which was commissioned in December 2012, is producing more than 140 megawatts (MW) of power. This project has been a resounding success due to the collective efforts of our Sasol New Energy team, our contractors and the national Department of Energy. It has enabled us to now generate up to 69% of our own electricity requirements in South Africa, reducing our carbon footprint and mitigating our exposure to rising energy costs. We have also advanced the development of our US\$246 million 140 MW gas-fired power generation plant in Mozambique, in partnership with the country's state-owned utility, Electricidade de Moçambique.

Our external water conservation partnerships have started to yield results. The Emfuleni water conservation project has already saved 2,1 million cubic metres of water by repairing leaks in 60 000 homes. This equates to about half of that municipality's current water usage.

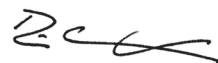
As part of our expand and deliver strategy in the United States, a notable development in the year was our decision to proceed to front-end engineering and design on our growth projects in Louisiana. These projects will comprise a world-scale ethane cracker and derivative units, and an integrated GTL and chemicals facility. Once commissioned, our US projects will grow the group's production volumes significantly and cement our position in the US across several industry sectors. It is important to note here that we will be phasing in the GTL project after demonstrating our execution capabilities on the new ethane cracker. We have also put a governance structure in place to give the group executive committee and the board clear oversight, and access to the required information to enable robust decision making and control.

### Driving change to support strategic delivery

Our strategy, both in relation to enhancing our existing asset base and delivering our growth projects, is an ambitious one. To achieve our strategic goals, we carefully examined where we need to improve, and the level of organisational change required to secure our ongoing success. For Sasol to become a more effective, efficient and competitive organisation, which is fit for the future, substantive changes to our operating model and group structure, as well as our organisational culture, are necessary. As we embark on the significant internal change required, I would ask all of our stakeholders to keep in mind that we stand at the apex of a new age for Sasol. Collectively, we are responsible for shaping a global company with exceptional prospects, based on our people, assets and technologies.

At the same time, we recognise that our real and informed commitment to sustainable development will remain integral to achieving our long-term strategic objectives. Doing business in a safe, sustainable and responsible way is embedded in both our strategic agenda and in our annual top priorities. Together, they focus us on the actions we must take to enhance our strengths, and to develop skills in the areas we need to improve.

Finally, I would like to thank my Sasol colleagues, our business partners, customers, shareholders, communities, and the governments of the countries we operate in, for their support this past year. Specifically, the hard work, commitment and dedication of our people continue to underpin our ability to deliver a consistently high level of performance. Our unwavering responsiveness in partnering with our stakeholders to not only address the pressing sustainability challenges we face, but also to benefit from the strategic opportunities that come from working together, continues. Together, we can secure a bright future for Sasol and its diverse base of stakeholders.



**David E. Constable**  
chief executive officer

7 September 2013

 Refer to the chairman's and CEO's statements in our annual integrated report.

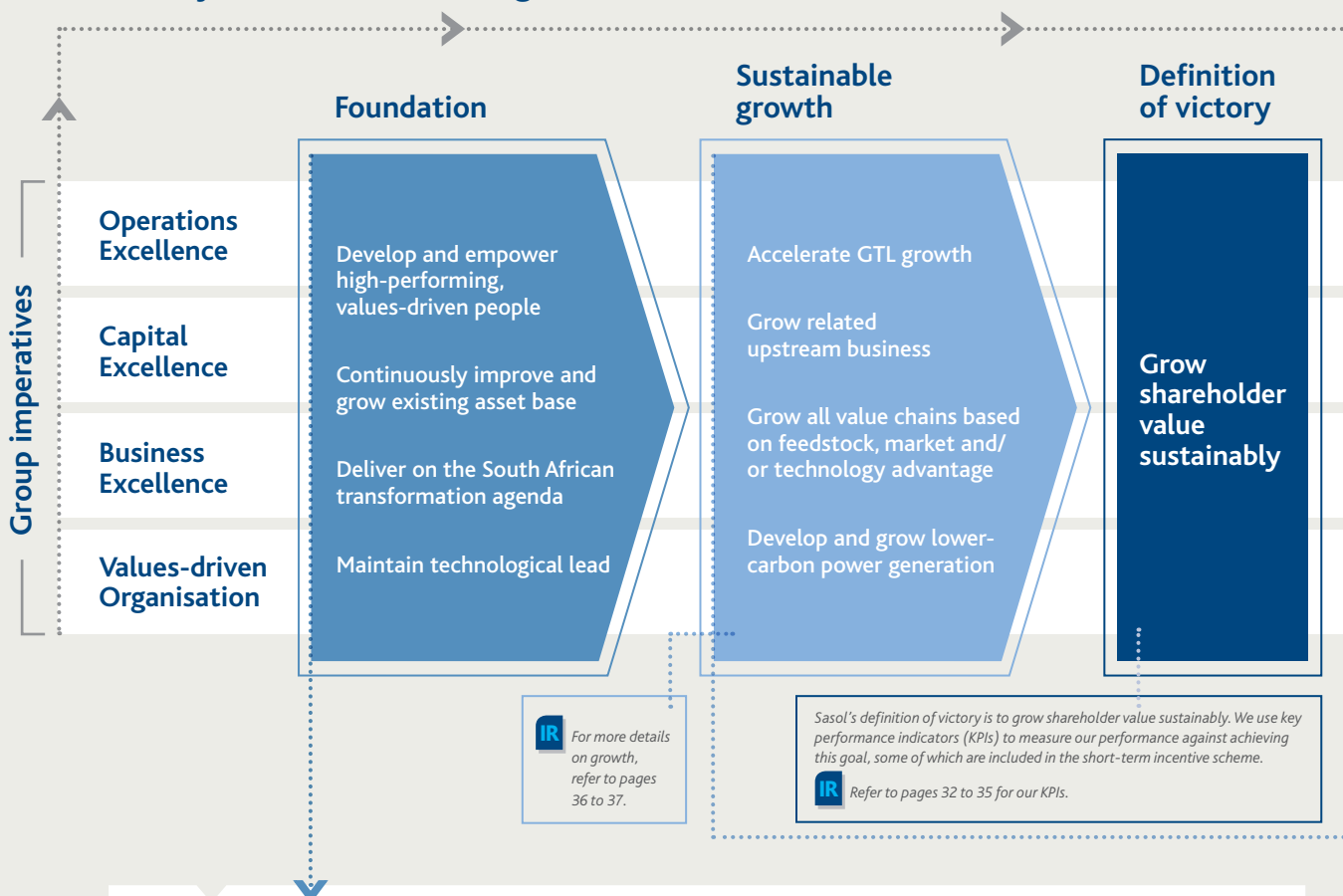
 Refer to the full chief financial officer's review in our annual financial statements.



# our strategy

where we are headed in the near- to medium-term

We continued to evaluate our strategy in relation to significant changes in the global environment and shifting market dynamics. While the evaluation process has confirmed the robustness of our near- to medium-term strategy, we refined our strategic agenda to reflect key shifts in our thinking.



## our foundation pillar

This year we further refined both our strategic pillars. The objectives set out in our foundation pillar are executed through our nurture and grow strategy.

### Develop and empower high-performing, values-driven people

This underscores the importance of a high-performance culture, adherence to our shared values and individual accountability. We invest significantly in skills development and training, focused leadership development and succession planning. In our quest to attract, develop and retain the right people, there has been a substantial shift in our performance management approach.

### Continuously improve and grow our existing asset base

We continue to grow our existing assets, improving the efficiency and reliability of our facilities through our Operations Excellence programme, while also investing in new plants. Our drive to achieve a world-class safety record and moderate our environmental impact is dedicated and persistent, and driven by meaningful targets.

### Deliver on the South African transformation agenda

As a proud South African company, we view broad-based black economic empowerment (BBBEE) as a business imperative. Through our commitment to transformation, we have achieved level 3 BBBEE contributor status. At the end of 2012, Sasol Mining exceeded the targets for BBBEE equity ownership ahead of the 2014 deadline. We established the Sasol women's network, as well as a women's empowerment strategy for the group. Our skills development programme, which includes our Learn Experience and Accelerate Potential (LEAP) programme, seeks to build capacity both within Sasol and the broader community.

### Maintain a technological lead

Through research and development, managing technology and constantly innovating, we maintain the growth and sustainability of our fuels and chemical businesses and grow our competitive advantage.

## unpacking our group imperatives

Group imperatives are strategic priorities that require group-wide focus. In 2013, we made tangible progress and our advancements are already yielding significant benefits.

### Operations Excellence

This programme aims to improve reliability, sustainability and maintainability across Sasol's value chains by developing standardised, world-class management systems and by implementing best practice in our plants and businesses. It also seeks to develop competent and engaged people who adopt these practices and deliver targeted performance.

### Delivery in 2013

We developed and implemented 17 new best practice initiatives across the group. These initiatives, coupled with various other operational improvements realised efficiencies of approximately R400 million in the year.

### Capital Excellence

This programme aims to ensure the flexible and effective use of capital in the group's project value chain. It is focused on delivering projects that meet all quality requirements in the shortest possible time, at the lowest possible cost, yielding the greatest possible return on investment.

To ensure flexible and effective use of capital in the group, we optimised and prioritised our project portfolio and implemented a more streamlined approval path. We have also revamped the planning and quality review processes for projects bringing it in line with international best practice and driving improved project delivery.

From 2013, all of our people working in critical project roles will need certification to ensure that their experience and skill sets are aligned with the challenges of a particular project.

### Business Excellence

This imperative encompasses improving our marketing and sales function and places a broader emphasis on improving our approach to doing business. Through the more effective management of financial levers such as sales, volumes, costs, inventories and margins in our day-to-day business dealings, we aim to maximise financial impact.

Various profit improvement opportunities were identified and realised by implementing marketing and sales best practices. An intensive price review and margin management capability-building programme was completed in two business units, resulting in further significant profit improvement opportunities. We designed a customer key account management and executive sponsorship programme, which will be piloted in 2014. We are also launching a global business improvement project aimed at streamlining the business and sustainably reducing costs.

### Values-driven Organisation

Values define us and ultimately determine Sasol's success. It is not only our leaders that should be values-driven in everything they do – this imperative applies to all of our people.

We have refined our values and rolled them out across the group. We have also incorporated them into the group's performance measurement system to ensure that our people understand our values and apply them in all their interactions.

## our sustainable growth pillar

This year we also refined our sustainable growth pillar of our strategy, which ties to our expand and deliver strategy. In particular, we narrowed our focus to the growth of our gas-to-liquids (GTL) technology. Our activities in coal-to-liquids (CTL) will be concentrated on ensuring the continued success and profitability of our CTL facility at Secunda, as part of our Southern Africa 2050 strategy. In addition, we refocused our New Energy business on developing lower-carbon electricity. Finally, we broadened our growth focus across all our value chains, not just in our chemical value chains as was previously the case.

### Accelerate GTL growth

We are accelerating the application of our GTL offering, the economics of which are attractive based on the large price differential between gas and oil; and transportation fuel margins particularly in North America.

### Grow related upstream business

We are pursuing growth by exploring for and developing targeted upstream resources to secure the feedstocks we need, and to capitalise on the benefits of integration with our downstream technologies.

### Grow all value chains based on feedstock, market and/or technology advantage

In seeking new sources of growth, outside of our integrated GTL and CTL-based value chains, we will focus on building on areas of strong competitive advantage. In doing so, we have identified three pillars of competitive advantage (feedstock, technology and market).

### Develop and grow lower-carbon power generation

Our aim is to develop lower-carbon power generation opportunities with a particular focus on Southern Africa. In this regard we are leveraging Sasol's key competitive advantage in access to feedstock, specifically natural gas.

# our changing business context

*building competitiveness by addressing societal challenges*

We are a rapidly growing international energy and chemical company. We recognise the strategic importance of anticipating and responding appropriately to societal challenges. The volatile global economy – coupled with issues such as energy security, climate change, socioeconomic inequality, unemployment and resource scarcity – presents business with significant risks, but also exciting opportunities. In ensuring Sasol's long-term competitiveness, we need to reinforce the resilience we have shown in the past, while driving innovation in our processes, products and business practices.

Globally, 2013 has been another challenging year. The effects of the 2008 financial crisis continued to hamper the world economy, with persistent levels of economic uncertainty, high volatility in commodity markets and ongoing regional political instability. Although economic activity has picked up in some of the more mature economies, recovery has been slower in some emerging economies such as India and China. Global economic challenges remain: the United States (US) is grappling with its debt ceiling; the European Union faces persistent financial difficulties; natural disasters have affected various Asian economies; and much of the Middle East and North Africa remains mired in political conflict. Volatility in crude oil prices is likely to continue in the near-term due to slow demand growth, higher oil supply and ongoing geopolitical uncertainty. Gas prices and exchange rates remain similarly volatile, with significant implications for our product prices.

Despite the volatility, there is a consistent and increasing demand for energy in emerging markets, a critical driver of much needed economic development. Underpinning the demand is a rapidly growing consumer class in Asia, and continuing industrialisation and urbanisation across the emerging economies. However, the global imperative to reduce greenhouse gas emissions, and increasing stakeholder scrutiny on business to demonstrate leadership in addressing societal challenges, is providing a counter-balance to growing energy demand. These often conflicting demands present governments, business and civil society with profound dilemmas. Finding solutions will require vision, leadership and innovation across all sectors.

The difficult year in our home-base of South Africa mirrored the global economic uncertainty. In South Africa social and labour unrest has impacted the mining, transport and agricultural sectors, and tarnished the country's reputation and credit ratings. Uncertainty in the regulatory and policy environment, for example in the potentially profound implications of a proposed carbon tax and/or carbon budget, are creating further challenges.

We recognise that only by working collaboratively and responsibly with government, labour and other key role-players, will growth and prosperity be secured. A collaborative approach to finding solutions that accelerate equitable and responsible economic growth and social development, will enable us to realise our definition of victory – to grow shareholder value sustainably.

## A growth strategy that reflects the societal context

A sound appreciation of the changing market dynamics and societal context has informed our longer-term strategic direction. Anchored in our core value proposition of monetising gas to produce liquid fuels, high-value chemicals and lower-carbon electricity, our longer-term strategic direction focuses on certain key areas, which are discussed below.

**Providing cleaner, more efficient energy:** given the strong growth in energy demand from emerging markets, it is clear that we will need to utilise traditional energy sources more efficiently and effectively. At the same time, alternative energy sources will need to be developed. We believe that hydrocarbons will remain an important component of the global energy mix for the foreseeable future; however, we expect natural gas to grow in significance at the expense of coal and oil. Natural gas has the potential to provide many countries with more cost-effective energy security and lower-carbon emissions than traditional fossil fuels. The US shale gas revolution, and the wide differential between oil and gas prices and the abundance of low-cost ethane, has created particularly attractive opportunities for Sasol's growth and investment in the US. We have taken the strategic decision not to pursue further growth in coal-to-liquids (CTL) operations, but to focus instead on accelerating our gas-to liquids (GTL) growth ambitions. This, we believe, will serve as an important bridge to a lower-carbon economy. We have also refocused our New Energy business on developing and growing lower-carbon power generation as a significant value proposition.

Both strategic shifts reflect our commitment to meet the twinned demands of climate change and energy security.

**Committed to South Africa:** we are a proud South African company, and our commitment to the country and the region remains unequivocal. Our strategic focus and levels of capital investment will continue to be commensurate with the size of our employee and asset base, and the contribution to group profit of our operations in the region. Similarly, our considerable investment in human capital and social upliftment as well as transformation, infrastructure and enterprise development, demonstrates our strong ties to our South African home-base. To grow and sustain our in-country operations,



we have ambitious investment plans for the coming years in Southern Africa. To ensure the long-term sustainability of our local assets, we have adopted a "nurture and grow" strategy that seeks to extend the lifespan of our business operations and integrated value chain to 2050 in Southern Africa. As part of this plan we will be investing in skills development, in building good relationships with all our stakeholders, especially our labour force, and in measures to manage the environmental impact of extending our operations to 2050, particularly in terms of atmospheric emissions and water.

**Expanding into other parts of Africa:** the sustainable growth pillar of our strategic agenda is not only about our plans in shale-gas-rich North America. Nor is it only about nurturing and growing our foundation businesses in South Africa. While our US mega-projects and South African foundation businesses are both fundamental to our growth aspirations, our strategy also addresses our broader, longer-term international ambitions, including our plans in Africa. The continent's improving political stability and governance is driving a more robust economic performance. However, the commodity-

driven region is not without its challenges: growth is coming off a low base, markets are small and fragmented and infrastructure is limited. We believe, however, that with high projected economic growth rates and yet-to-be-discovered oil and natural gas reserves, Africa provides numerous opportunities. Despite persistent turbulence, both globally and in South Africa, the group's ability to improve on its past performance demonstrates the resilience that has become Sasol's trademark. We are committed to working together with our business, government and social partners to navigate the complexities of often-competing sustainability drivers. Our effectiveness will depend on mutual cooperation and understanding at a global level, and on our ability to work as one team – One Sasol.

Sasol has demonstrated its ability to match and in many instances better our past performance, despite an often-challenging external environment. Furthermore, our track record for innovation and excellence over the last six decades positions us well to find workable solutions that maximise commercial opportunities and address pressing societal challenges.

## Sustainable development: a strategic imperative

Our strategic agenda recognises that our growth drivers cannot be achieved without a committed focus on sustainable development and socially responsible behaviour.

- Being seen as a responsible company is critical in securing authorisation to expand or build new facilities. It also plays a significant role in our ability to attract and retain the best employees, reduce the cost of capital, and grow our client base.
- Contributing actively in meeting the social and economic priorities of government – through job creation, investment in infrastructure, supporting enterprise development, paying taxes and investing in skills development – helps to foster a more stable political environment, which is good for business.
- On the operational side, a commitment to sustainable development encourages us to identify and manage our risks more effectively. This helps us to prevent incidents and reduce potential legal liabilities, insurance premiums and clean-up costs, as well as the significant intangible costs associated with an impaired reputation.
- A critical asset in growing the company is access to skilled and motivated managers and employees; this requires that we provide an attractive work environment – with opportunities for personal development, appropriate rewards for employees' efforts and the promotion of their health and safety. It also means that we actively develop the skills of our current and prospective employees.
- Through our resource efficiency initiatives, we have achieved material financial savings from reduced energy and material use, and from lower waste disposal and pollution management costs. The importance of enhancing operational stability and driving production efficiencies, particularly in our chemicals business, cannot be overstated.
- Looking to the future, we anticipate that the competition for access to natural resources will only increase; this gives us an added incentive to improve efficiencies within our processes, and to be innovative in re-thinking some of our processes so they are more appropriate for a resource-constrained future.
- Finally, we believe that there are significant commercial opportunities in meeting the societal challenges associated with energy security and economic development, while at the same time addressing climate change and resource depletion. The strategic growth opportunities associated with developing our competencies of innovation and commercialising technologies at scale are equally exciting.

# our governance framework for sustainable development

We apply sound corporate governance structures and processes which are pivotal to delivering sustainable growth. Our values-driven culture and code of ethics underpin our governance structures and processes, committing ourselves to high standards of business integrity and ethics in all our activities.

## Leadership structures

**The chief executive officer (CEO)** is accountable to the board for the successful implementation of the group strategy and overall management of the group. The chief executive officer chairs the group executive committee (GEC), which comprises the chief financial officer (CFO) and other executives who support him in fulfilling this responsibility. The CEO executes his mandate to the group in terms of safety, health and environment (SHE) in accordance with the Sasol SHE policy information which is available on our website at [www.sasolsdr.com](http://www.sasolsdr.com).

**The executive director: sustainability and business transformation** is responsible for strategy and sustainability, public policy and regulatory trends, human resources, shared services and group public affairs. Group public affairs includes the Sasol Global Foundation, stakeholder relations as well as enterprise and supplier development under Sasol ChemCity and the Siyakha Development Trust respectively.

**Group executive: mining and business enablement** is also responsible for safety, health and environmental (SHE) performance.

At Sasol Limited board level, the following committees are primarily responsible for overseeing sustainability issues:

**The risk and SHE committee** comprises three executive directors and four non-executive directors. The committee considers our top risks and monitors progress on mitigation actions. Its responsibilities include reviewing and assessing the integrity of the company's risk management processes, including all SHE and sustainability-related risks. The committee shares its findings and recommendations on risk assessments and management policies, material risks and sustainability matters with the audit committee, which is responsible for overseeing the integrated reporting process.

**The nomination, governance, social and ethics committee** performs the functions of both a nomination and governance committee, and a social and ethics committee as required by the South African Companies Act, 71 of 2008 as amended. The committee comprises five non-executive directors, four of whom are independent. The committee monitors the company's social impact in five areas: social and economic development, good corporate citizenship, health and public safety, stakeholder relationships and labour and employment. It also oversees legal compliance and ensures the ethical environment is sound.

**The audit committee** ensures greater integration between the work of the audit committee and the risk and SHE committee, particularly for purposes of integrated reporting and the application of the combined assurance model.

**IR** The composition, mandate and activities of these and other board committees are outlined in more detail in the corporate governance section of our annual integrated report.

The following sub-committees support the GEC on sustainability-related issues:

- **the group executive SHE committee**, chaired by the CEO, addresses SHE governance issues; it meets quarterly and is attended by GEC members, functional heads and business unit managing directors;
- **the issues alignment and integration committee**, chaired by the executive director: sustainability and business transformation, aligns and integrates the group's response to those issues that have a significant impact on the group and/or are important to our key stakeholders;
- **the Sasol business transformation process committee**, chaired by the executive director: sustainability and business transformation, manages business transformation in such a way that we meet South African legislative requirements and deliver on our long-term business goals; and
- **various project mandating committees**, each chaired by a GEC member, addresses public policy issues relating to climate change, air quality, waste management and land risk management.

## Functional structures

Various group functions co-ordinate Sasol's strategic approach to sustainable development. These functions are briefly reviewed below.

### The SHE function: providing direction and governance towards SHE excellence

Experts in the SHE Centre, Professional and Specialised Services (PSS) and business units constitute the SHE function. The CEO, GEC, and the risk and SHE committee mandates the function to design systems and processes, and to ensure and assure adherence to group SHE requirements. A key requirement is quarterly reporting to the risk and SHE committee on managing SHE risks. Each business unit is required to track their SHE performance and report quarterly to their respective boards. The reporting focuses on major risks and liabilities, progress against group targets, and any major incidents and occurrences of non-compliance. The SHE Centre reports on consolidated SHE performance, compliance and risk management to the relevant corporate governance structures.

The SHE function applies a risk-based management approach, which is aligned with the enterprise risk management programme explained on page 18. The primary focus is on identifying undesirable events, associated hazards, direct and indirect causes, and potential consequences of SHE risks. This informs preventative and corrective controls aimed at minimising the consequences of SHE incidents on people and the environment.

SHE risk areas include process safety, product transportation, environmental pollution and degradation, occupational safety and illnesses, incidents caused by third parties, and security. SHE risk categories include:

- major inventory loss of containment of hazardous material and associated chemical energy;
- incidents involving the release of product and/or injury or fatality during the transportation of products;
- serious contamination of the environment;
- long-term exposure to occupational stressors; and
- incidents involving the travelling of personnel.

We are implementing the One Sasol SHE Excellence approach, aimed at accelerating our journey towards zero harm and sustainability. The approach entails:

- providing strategic direction through an integrated SHE policy, functional charter, fundamentals, targets and objectives, and performance requirements for all existing operations, growth projects and joint ventures under our control;

- providing management systems, business processes, technology standards, procedures and toolkits to enable operations to meet SHE performance requirements, consistent with applicable legal requirements, on a regional basis;
- building capacity through learning, skills and competency development, and behaviour-based safety programmes;
- enabling a high-performance culture that drives the desired behaviours to achieve our strategic objectives; and
- monitoring, reporting, auditing and disclosure of SHE performance, which includes International Organisation for Standardisation (ISO 14001) for environment and Occupational Health and Safety Assessment Series (OHSAS 18001) certification. Regulatory compliance and third party Responsible Care® verification audits are also undertaken.

### Group human resources: developing and empowering high-performance, values-driven people

The group human resources (HR) function is responsible for developing and monitoring Sasol's HR strategy, and its supporting policies and standards. The HR strategy has three key objectives:

- ensuring the right talent is in the right place at the right time to deliver our strategy;
- delivering the Sasol employee value proposition to encourage employee engagement and a high-performance, values-driven culture; and
- building HR capability to drive effective and integrated service delivery.

The group HR function encompasses talent management, learning, rewards, employee relations, diversity and transformation, and human resources operations. HR teams in each business unit implement HR strategy and policies, with the assistance of the PSS function.

To deliver on its strategic objectives, the HR function has identified the following focus areas:

- appropriate staffing of our growth initiatives;
- improving cross-business and international mobility of employees;
- delivering on our learning strategy, with a particular emphasis on the development of high-potential employees;
- achieving a step change in the delivery of our diversity agenda, and driving cultural transformation; and
- launching the Sasol HR academy.



## our governance framework for sustainable development *continued*



### **Group public affairs: building, nurturing and protecting our reputation**

Group public affairs manages various sustainability-related functions. These include group stakeholder relations and community affairs, group communication, the Sasol Global Foundation and Sasol Inzalo Foundation, and Sasol ChemCity.

Group public affairs also provides leadership in enterprise and economic development solutions, supplier development and community investment. A significant development this year was the establishment of the Sasol Global Foundation, which aims to direct, enable and govern a fully integrated approach to corporate social investment throughout the group. Our social investment and enterprise development activities are reviewed on pages 36 to 37.

In collaboration with business units, group stakeholder relations and community affairs manages Sasol's relationships with our key stakeholders. They include governments, communities, media, organised business, civil society, environmental non-governmental organisations (NGOs) and other societal influencers. We have developed a global stakeholder management strategy and stakeholder engagement charter for all our operations. The strategy is relevant to all jurisdictions and stakeholder categories, and sets priorities for managing reputation, stakeholder relations and brand as three critical intangible assets. The strategy also provides a high-level dashboard of performance targets, measurement indicators and measurement methods. A blueprint for a stakeholder engagement programme was piloted in relation to the South African government, and has since been rolled out to other countries and stakeholder categories.

### **Group ethics office: promoting an ethical culture**

Ethics management is a separate function within Sasol, with a dedicated general manager and support staff. The group ethics office, group forensic services and internal audit manage the implementation of the Sasol code of ethics. Internal audit provides the board with assurance that ethics compliance processes are working as designed. Ethics officers and champions are appointed for each business unit and function, with various group functions also serving as focal points for dealing with ethics issues.

The Sasol code of ethics, which addresses issues such as corruption, bribery, conflicts of interest, human rights and related subjects, governs our approach to ethical behaviour and fair business practice. The code and its accompanying guidelines, in place since 2004, describe the principles that should inform the decisions of all employees in their day-to-day business activities. The guide to applying the code of ethics was reviewed and amended in 2013. The definition of conflicts of interest was broadened and the policy on gifts and entertainment was changed from being rules-based to being values-based.

A separate economic crime prevention and response plan has been in force since December 2006. We proactively manage our adherence to anti-bribery laws through regular employee training, a policy on gifts and entertainment, and a whistleblower line. During the year, we reviewed and improved our group-wide anti-bribery controls. As part of this initiative we are looking at ways to improve our third-party due diligence process.

The code of ethics covers the interactions of all of our directors, employees, contractors, suppliers and service providers, as well as all subsidiaries and joint ventures under our operational control. It is communicated to all our employees and to the employees of our subsidiaries, and reinforced through awareness and training initiatives. Each year senior and middle management, and employees identified as being in "high risk" positions, are required to formally certify that they know and understand the code of ethics and the guidelines to the code. Regular training is provided to ethics officers in all aspects of ethics management.





Employees and other stakeholders are able to report any breach of the code of ethics via our independently managed anonymous reporting facility or directly to forensic services. All cases are investigated and a formal process is in place to track, report and close out calls. The group ethics system, a custom-designed technology solution, provides strictly controlled access to ethics investigations. The system also enables the group ethics office to identify trends relating to Ethicsline activity and investigations. Direct disclosures made to the group chief executive's office or any other group executive are also channelled through the system.

In 2013, 699 calls were made to the Ethicsline, with a total of 2 403 allegations of unethical behaviour. This represents a 35% increase on the 519 calls received in the previous year. A total of 628 calls were resolved and 179 calls are still under investigation. Investigations are often impeded due to the lack of information anonymous callers provide. We are working to enhance the quality of reports by raising awareness of how to report an ethics issue effectively.

The majority of the 249 substantiated allegations (45%) pertained to the ethical principle of responsibility, which relates to the application of resources, stakeholder interests, legal compliance, corporate governance and safety. The substantiated allegations relating to the ethical principle of honesty reduced to 8,8% from 22,3% in the previous year. The substantiated allegations relating to the principle of respect rose to 26,9% from 22,3% in the previous year. The distribution of substantiated allegations is shown in the table alongside.

Ethical principle	Substantiated allegations
Responsibility	113 (45,4%)
Respect	67 (26,9%)
Fairness	47 (18,9%)
Honesty	22 (8,8%)
<b>Total</b>	<b>249</b>

Actions taken as a result of investigations and enquiries include termination of employment, or cancellation of contracts in the case of suppliers and contractors. Relevant cases and trends are reported to governance committees quarterly. Potentially high-risk and sensitive matters are reported to the audit committee and nomination, governance, social and ethics committee.

# identifying our material sustainability focus areas

Each year we follow a structured process to identify our most material sustainable development issues. The outcomes of our internal risk assessment process and the priority interests of our key stakeholders are considered in identifying these issues. These were clustered into five sustainability focus areas, which we cover in this report. The GEC and the risk and SHE committee reviewed the outcomes of this process.

## Our internal risk assessment process

We identify group-wide risks through our structured enterprise risk management programme (ERMP). The ERMP seeks to integrate risk management in all our decision-making processes, including planning, projects, business operations, investments, disposals and closure. More specifically, it enables the Sasol board and group executive committee to make decisions that balance risk and reward, according to the group's agreed risk tolerance and appetite levels.



## Our top group risks:

- Competitors introducing viable superior or alternative technologies.
- Failure to address transformation, localisation, diversity and cultural requirements in South Africa and other countries in which we operate.
- Not delivering effectively on our gas-to-liquids (GTL) strategic growth objectives.
- Not consistently achieving competitive capital project performance.
- Non-compliance with applicable laws, regulations and standards.
- A major safety, health or environmental incident or liability.
- Non-availability of sufficient management and technical skills.
- Major unplanned production interruptions along Sasol's integrated value chain.
- Climate change and related policies impacting Sasol's operations, growth strategy and earnings.
- Macroeconomic factors impacting on our ability to sustain the business and execute our growth strategy.
- Increasing utility and infrastructure risk.



## Identifying the priority interests of our stakeholders

Our key stakeholders are those who can influence our ability to deliver on our strategic objectives over the short-, medium- or long-term. We identify their interests through engagements that take place as part of our regular business activities. Feedback on our annual integrated and sustainable development reports are also taken into account.

The following priority issues were identified in relation to our South African operations:

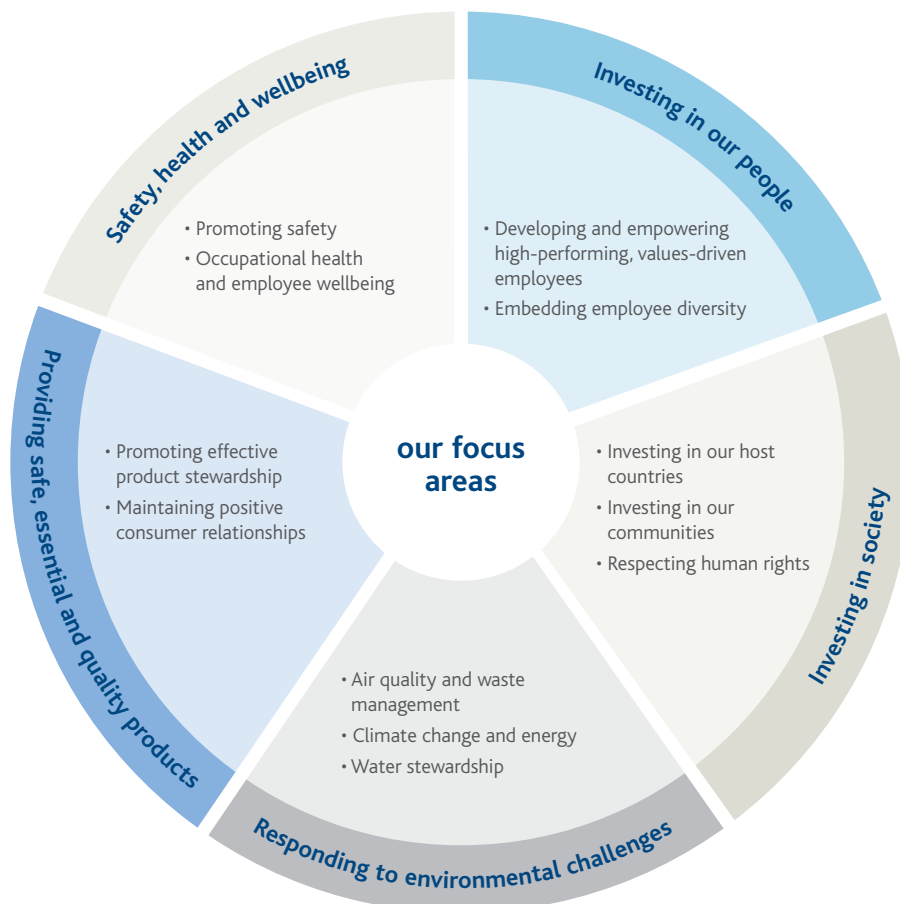
- the risk of nationalisation and the possibility of resource royalty taxes;
- reputational concerns regarding anti-competitive behaviour;
- the impact of emerging air quality and waste regulations;
- the carbon tax; and
- the impact of amendments to broad-based black economic empowerment (BBBEE) and mineral and petroleum resources development legislation.

**IR** An overview of our key stakeholders, how we engage with them, and their priority interests, is provided in our annual integrated report.

**20-F** For comprehensive disclosure on our material risks, please refer to Sasol’s annual report on Form 20-F filed with the SEC.

## Our material sustainability focus areas

Our material sustainability issues have been categorised into five focus areas as shown in the diagram below:



## our sustainability focus areas at a glance

In the table below, we describe our management approach, review our 2013 sustainability performance and outline our future commitments and activities for each of the material sustainability focus areas.

Material sustainability focus area	Performance in 2013	Commitment going forward
<b>Safety, health and wellbeing</b>	<ul style="list-style-type: none"> <li>• Five of our employees died during 2013; two fatalities were related to road accidents caused by third parties.</li> <li>• Group recordable case rate (RCR) including illnesses improved to 0,34 from 0,39, and the RCR excluding illnesses improved from 0,35 to 0,31.</li> <li>• Lost workday case rate improved to 0,13 from 0,14.</li> <li>• 420 recordable injuries, comprising five fatalities, 160 lost workday cases, 211 medical treatment cases and 44 illnesses.</li> <li>• Significant fires, explosions and releases increased to 43 from 42.</li> <li>• Significant transportation-related incidents reduced to 29 from 36.</li> <li>• 15 new cases of noise induced hearing loss and 21 new cases of pneumoconiosis.</li> <li>• HIV prevalence rate of 9%; drug utilisation compliance level of 87% among HIV-positive employees.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuously strive for zero harm.</li> <li>• Implement critical mitigation controls for identified top SHE risks.</li> <li>• Implement group-wide and business-specific process safety improvement plans.</li> <li>• Strengthen the group's incident investigation capability.</li> <li>• Implement our noise reduction plan and embed leading practices in the industry.</li> <li>• Strive for a zero pneumoconiosis rate for all new employees with no previous exposure to occupational stressors.</li> </ul>
<b>Investing in our people</b>	<ul style="list-style-type: none"> <li>• Employee turnover rate of 6% in our South African operations and 3,3% in our other operations.</li> <li>• Lost only 35 person-days of production due to strike action.</li> <li>• Achieved a high level of participation (67%) in an integrated employee survey (Sasol Heartbeat) on organisational culture.</li> <li>• Trained 1 730 employees, allocated 719 bursaries, and managed 5 732 individual senior development programmes.</li> <li>• Engaged 327 technical personnel in our Global Venture Support (GVS) unit.</li> <li>• Coached and mentored 257 workplace and leadership coaches.</li> <li>• Established 10 mentorship circles as part of our Women's Empowerment programme.</li> <li>• Made good progress in implementing the 2017 employment equity plan and women empowerment strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to develop and empower employees, specifically by up-skilling and empowering local talent in all the regions in which we operate.</li> <li>• Sharpen focus on developing effective leaders to deliver on our strategic agenda.</li> <li>• Achieve diversity at every management level, including people with disabilities, and embed inclusiveness in our culture.</li> <li>• Continue to build a high-performance culture across all our operations, with interventions such as the Sasol Women's Network, and the Learn, Experience and Accelerate Potential (LEAP) programme, a CEO-led diversity intervention initiative.</li> </ul>
<b>Investing in society</b>	<ul style="list-style-type: none"> <li>• Total financial value of R78 850 million distributed to stakeholders.</li> <li>• Spent R627,3 million on socioeconomic development initiatives globally, most of it (R593,2 million) in South Africa. The global spend included R117,4 million on skills development and invested R135 million of R800 million committed through our Ikusasa public/private partnership.</li> <li>• Established the Sasol Global Foundation.</li> <li>• Achieved level 3 BBBEE contributor status.</li> <li>• Completed an independent external review of our approach to human rights.</li> </ul>	<ul style="list-style-type: none"> <li>• Demonstrate industry leadership in delivering relevant in-country enterprise and economic development solutions.</li> <li>• Develop a corporate social investment network to leverage initiatives for maximum benefit to Sasol and our communities.</li> <li>• Finalise development and implementation of the Sasol Business Human Rights policy, including a code of conduct for suppliers and service providers.</li> </ul>

Material sustainability focus area	Performance in 2013	Commitment going forward
<p><b>Responding to environmental challenges</b></p>	<ul style="list-style-type: none"> <li>• Extensive regulatory and policy liaison with government, focused on regulatory developments relating to climate change, air quality, water and waste.</li> <li>• Significant investments in reducing atmospheric emissions and improving ambient air quality in Secunda and Sasolburg, South Africa.</li> <li>• Total greenhouse gas (GHG) emissions of 70,7 million tons carbon dioxide (CO<sub>2</sub>) equivalents down from 72,2 million tons.</li> <li>• GHG emission intensity up to 2,98 from 2,83; increase primarily due to lower production as a result of major shutdowns at Natref and ORYX GTL.</li> <li>• Total water consumption down to 147,2 million m<sup>3</sup> from 148,3 million m<sup>3</sup>; total water intensity increased to 6,21 m<sup>3</sup> water per ton of production from 5,86 m<sup>3</sup>, mainly as a result of lower production.</li> <li>• Made significant progress in our water conservation partnerships with three municipalities in the Vaal River System, South Africa.</li> <li>• Received Mail and Guardian Greening the Future: Water Management award.</li> <li>• Progress was made in developing an internal water off-setting framework in anticipation of a new legislative framework.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure ambient air quality improvements in line with our commitments under the respective air quality improvement plans of the Vaal Triangle and Highveld priority areas in South Africa.</li> <li>• Work with the governments in the countries where we operate, to find practical and sustainable solutions to address the climate change challenge, in balance with economic development and growth drivers.</li> <li>• Continue to work towards reducing GHG emissions intensity of all operations by 15% by 2020 from a 2005 baseline.</li> <li>• Meet our commitments to the Energy Efficiency Leadership Network Pledge.</li> <li>• Continue to support the UN Global Compact CEO Water Mandate and make progress in all six key focus areas.</li> </ul>
<p><b>Providing safe, essential and quality products</b></p>	<ul style="list-style-type: none"> <li>• Launched Sasol turbo10™ diesel in South Africa, a unique high-performance, low-emissions diesel product.</li> <li>• Reviewed our product stewardship strategy, identifying priority focus areas aligned to our international commitments.</li> <li>• Responsible Care® Practice-in-Place for product stewardship increased slightly to 83% from 82%; Responsible Care® Practice-in-Place remained consistent at 89%.</li> <li>• Three product stewardship incidents occurred; corrective procedures have been put in place.</li> <li>• Commissioned an independent review of the gate-to-gate carbon footprint of a selection of Sasol's products.</li> <li>• Provided targeted training to relevant employees on the implications of the South African Consumer Protection Act.</li> </ul>	<ul style="list-style-type: none"> <li>• Provide safe, essential and quality products at competitive prices.</li> <li>• Be customer focused and responsive to customer needs.</li> <li>• Develop innovative products and services that meet customer requirements.</li> <li>• Continuously raise public awareness of risks associated with our products.</li> <li>• Manage the risks of our products and improve their SHE impact throughout their entire lifecycle.</li> <li>• Ensure all our products continue to comply with international chemical control legislation.</li> </ul>





## safety, health and wellbeing

We aim to create a safe workplace in which we mitigate and prevent exposure to the hazards associated with our operations and activities. Our SHE Policy informs our long-term aspiration of zero harm. The group priorities set each year, and associated targets, drive our progress towards this aspiration. Safety improvement, particularly in relation to process safety, is one of the group's top priorities.





## promoting employee and contractor safety

### Our safety performance in 2013

There was a general improvement in the group's safety performance in the year. We achieved the lowest annual RCR in Sasol's 63-year history, of 0,31 (excluding illnesses) and 0,34 (including illnesses). Three of our business units achieved a RCR of zero (including illnesses).

Tragically, five of our people died during 2013. The circumstances that led to each of these fatalities are reviewed in the sidebar on the next page. We believe that zero fatalities at our facilities is indeed possible, and we continue to strive to achieve zero harm.

Our key safety performance indicators for 2013 are reviewed below. Additional data on our safety performance over the past four years is provided on page 59.

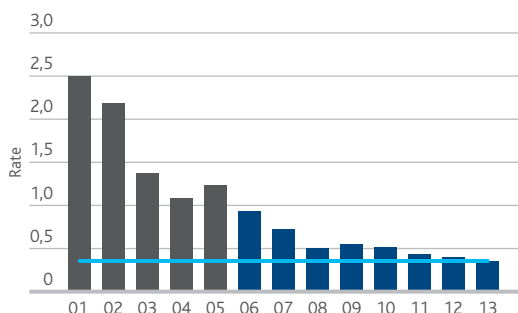
- **Recordable case rate (RCR)<sup>1</sup>:** included in the reported rate of 0,34 were 420 recordable cases, comprising five fatalities, 160 lost workday cases, 211 medical treatment cases, and 44 illnesses.
- **Injury severity index:** the 12-month moving average in our incident severity index was 6,15, compared to 5,58 in 2012. This reflects an increase in the severity of injuries, despite the fewer recordable injuries and lost workday cases. This demonstrates that

while we have achieved a record-low RCR, we must remain diligent in striving to achieve zero harm.

- **Process safety:** there was a slight increase in the number of significant fires, explosions and releases (FERs), with 43 incidents in the year compared to 42 in 2012.
- **Product transportation incidents:** there were 29 significant product transportation-related incidents in South Africa, compared to 36 last year. These incidents resulted in nine fatalities, four fires, two community evacuations and three extended road closures. Of the nine fatalities, five were drivers or occupants of other vehicles in road accidents, two were pedestrians and two were tanker drivers of third-party hauliers transporting Sasol products. Our product transportation safety indicator of performance (measured as the number of significant incidents per 100 kilotons of product transported) improved to 0,094 from 0,12 in 2012.

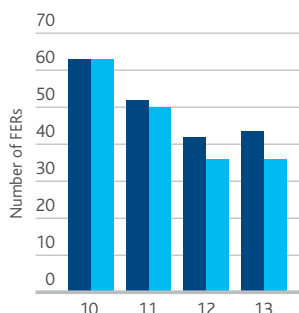
The number and nature of significant process safety incidents and product transportation incidents continues to be a concern. These areas are being addressed through specific improvement strategies.

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



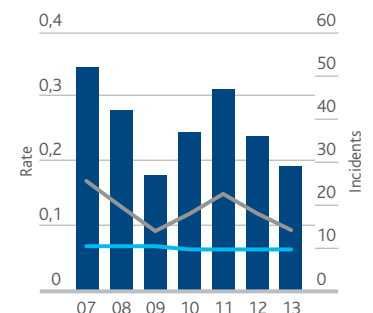
■ Until 2005 service providers and illnesses were not included  
■ 2006 and later years included all service providers and illnesses  
— 2013 target

**Number of significant and major FERs**



■ Significant FERs  
— Target

**Product transportation incident rate**  
(incidents per 100 kt product transported)



■ Number of incidents  
— Target rate  
— Actual rate

<sup>1</sup> Further interim milestones to be set.

# safety, health and wellbeing *continued*

## Our strategic approach to safety

Our safety strategy is founded on leadership commitment and competency, and reinforced by clear performance expectations. In 2012, we adapted our group short-term incentive scheme to focus on leading safety indicators.

## Migrating to a global standardised approach to safety

Our safety improvement approach across the group has shifted to one that is more standardised and systematic, and which focuses on our top safety risks. In line with this approach we focused on two main areas of concern in the year – improving process safety (PS), and managing the risks associated with transporting our products.

- We commissioned a leading process safety consultancy to review our PS systems, processes and resources. Their recommendations informed the priority focus areas for business units and the SHE function. We conducted an executive coaching session for senior executives, managing directors and functional leaders to communicate the key recommendations and the level of support needed to improve PS management.
- We are reviewing our product transportation safety strategy with representatives from the supply chain, SHE safety and product stewardship sub-functions, and business units. Although the strategy provides for all forms of transportation (road, rail, marine and pipeline), our focus has been on addressing South African road transport, where the vast majority of incidents are recorded.

 Our online report includes comparative industry benchmarks of Sasol's RCR performance and a case study on promoting behavioural safety processes in our US operations.

## Fatalities in 2013

It is with profound regret that we report that five people tragically died in Sasol's service during the year.

- A service provider, who cannot be named for legal privacy reasons as determined by German law, fell approximately eight metres through an opening in a roof at Sasol O&S in Brunsbüttel, Germany, on 23 August 2012.
- Mrs Ezette Castles, an employee from Sasol ChemCity, was involved in a fatal motor vehicle accident on the R57 en-route to a meeting in Johannesburg from Sasolburg, South Africa, on 29 August 2012.
- Ms Ayanda Xolo, an employee from group corporate affairs, was involved in a fatal motor vehicle accident when returning home on company business in South Africa, on 4 November 2012.
- A service provider, Mr Moses Nyembe, was electrocuted while replacing an electrical connection box on a light circuit at Sasol Synfuels, on 9 January 2013.
- Mr Thomas Ramuthugi, a service provider, was fatally injured during off-loading operations at our Secunda complex, on 26 June 2013.





## occupational health and employee wellbeing

Ensuring a healthy workforce forms part of our commitment to zero harm. Managing occupational health supports productivity and efficiency, and is essential to minimising incidents and illnesses.

### Our occupational health performance in 2013

Our top occupational health risks relate to noise induced hearing loss (NIHL) and coal-worker pneumoconiosis. Exposure to these risks is greatest in our mining operations. We recorded 15 new cases of NIHL compared to 23 in 2012, and 21 new cases of coal-worker pneumoconiosis compared to 20 in 2012. These are primarily legacy cases related to past exposure.

We have again benchmarked Sasol Mining's performance in this regard with other mining companies in South Africa, using the latest data from the Chamber of Mines and Department of Mineral Resources. Not all hearing loss cases are directly noise induced and in many instances are due to chronic medication for illnesses such as tuberculosis. However, managing NIHL in Sasol Mining remains a priority.

An audiologist was appointed to the team working on noise exposure. We have implemented measures to decrease the number of high-noise band areas and the employees exposed to them. We continue to purchase low noise jet fans to replace older equipment. We also continue to focus on coal-worker pneumoconiosis related to historic exposure, the symptoms of which often manifest long after exposure. Coal dust exposure in Sasol Mining has decreased in the past decade due to improved dust control.

Professional and specialised services (PSS) specialists continue to work closely with ventilation engineering specialists to reduce workplace exposure to dust and noise.

In terms of other relevant trends, the latest HIV/Aids prevalence studies for Sasol suggest an overall prevalence rate of 9%. Regarding occupational tuberculosis (TB), there has been a decline in cases due to a better understanding of the definition and risk associated with this epidemic. Sasol's TB rate is well below the South African national TB rate. More information on our TB rate can be found on our website, at [www.sasolsdr.com](http://www.sasolsdr.com).

A more detailed review of our performance on managing the top occupational health risks across the group over the past five years is provided on page 59.

### Our strategic approach to occupational health

Our occupational health programme seeks to prevent and mitigate all of our occupational health risks. We analyse, monitor and manage exposure, and provide preventative measures, for all relevant permanent employees and the employees of service providers. We also provide a rehabilitation and return-to-work programme.

Any compensation claims and payments for disabilities are managed according to relevant statutory requirements. Occupational health services are provided centrally through the group PSS function.

We revised our group health strategy, working with business unit SHE managers to ensure that critical health and wellness risks are addressed. We also consolidated our health assessment procedures and revised the group standards in the year. We will be developing detailed plans, scorecards and health-related targets in the year ahead. The Sasol health risk ranking metric has been approved and will contribute towards a simple, standard and shared integrated risk management framework.

The appropriate use of personal protective equipment (PPE) remained a focus, with a revised PPE forum addressing approvals, standardisation and enforcement. We also emphasised community health and communication issues. Engagement with government departments, particularly the South African Department of Health, on proposed changes to the Compensation for Occupational Injuries and Diseases (COID) Act is ongoing.

### Promoting employee wellness

Our wellness programme aims to provide a working environment that enables our employees to operate in a healthy, energised and engaged manner that contributes to their personal development and to the success and growth of the company. We seek to reduce lifestyle diseases (such as hypertension, diabetes and cholesterol), HIV/Aids and to improve mental health, which are our most material wellness risks.

Sasol's wellness strategy focuses on:

- reducing health risks by providing access to healthcare;
- educating and empowering employees to take responsibility for their own health and wellness; and
- promoting a healthy work-life balance.

Our employee assistance programme (EAP) focuses on the psychosocial health of our employees and their dependants. Face-to-face solution-focused counselling is well utilised, reflecting confidence in the EAP services. We also provide a range of awareness and capacity building interventions on wellness to employees, line managers and HR practitioners. During the year, 43 awareness events reached more than 2 597 employees.

# safety, health and wellbeing *continued*



## Reducing the incidence of HIV/Aids in the workplace

Reducing new HIV infections remains an important focus of our employee wellness programme. The 2013 Knowledge, Attitude and Practice (KAP) survey indicated an HIV prevalence of 9% among our South African employees, a 2% increase on 2005. The South African national average is 10%.

Our comprehensive disease management programme educates employees, provides screening for diseases and ensures the appropriate care is supplied to affected employees. The drug utilisation compliance level is 87% among our HIV-positive employees.

Communication on prevention, support and care is available in tandem with our HIV/Aids testing and treatment initiatives. Training of peer educators and HIV/Aids co-ordinators on the implementation of our HIV/Aids programme has been conducted across all businesses. Awareness sessions are held during induction training, safety briefing sessions and wellness days.

Sasol Wellness has screened 24 006 employees for lifestyle diseases. Of these employees, 6 478 opted to be re-tested for HIV/Aids as part of the screening provided, with 265 employees testing positive.

### Registration on wellness programme<sup>1</sup>

2013	2012	2011	2010
2 844	2 410	2 205	1 805

### Patients on Highly Active Anti-Retroviral Therapy (ARV) (HAART)<sup>2</sup>

2013	2012	2011	2010
2 466	2 000	1 796	1 418

<sup>1</sup> Employees who tested positive but who are monitored without supplying of Anti-Retroviral Therapy (ARVs).

<sup>2</sup> Employees receiving ARVs.

## Addressing future challenges

The implications of the proposed National Health Insurance (NHI) in South Africa on providing health services to employees, including occupational health services, remain uncertain. We will continue to contribute to the development of the NHI, sharing our experience in relevant service delivery models. Other challenges relate to the compensation system for occupational lung diseases and, to a lesser extent, the Compensation for Occupational Injuries and Diseases (COID) Act compensation system. Administrative challenges relating to the Occupational Diseases in Mines and Works Act present a major potential reputational and public relations risk. Our ongoing participation in industry initiatives such as the Chamber of Mines programmes is crucial in managing these developments.

 **Our online report includes a comparative industry benchmark of mining-related illnesses in South Africa.**





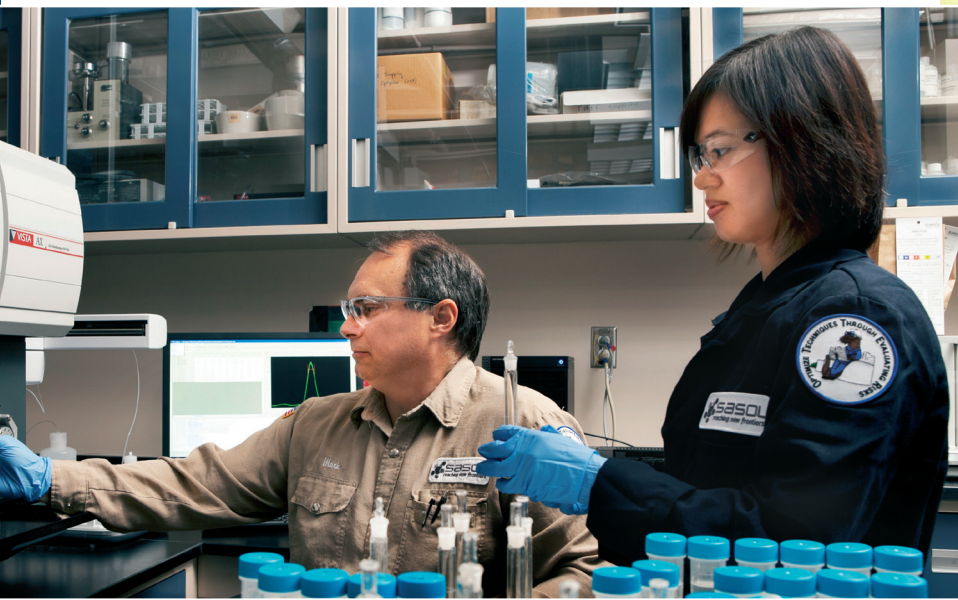




## investing in our people

Delivering on our strategic objectives is dependent on our ability to attract, develop and empower high-performing, values-driven employees with the right skills and experience. As we grow, this will be of increasing strategic significance given the global shortage of sufficiently skilled workers.





## developing and empowering high-performing, values-driven employees

Our ability to attract, retain and develop high-performing, values-driven employees depends on providing a safe and stimulating work environment that reflects the diversity of the communities in which we operate.

At 30 June 2013, Sasol had 34 629 employees\*. This included 30 258 permanent and non-permanent employees in South Africa. We recorded a reduction of 173 jobs (mainly due to the sale of the Tosas business) in the year. Our employee turnover rate in our South African operations was 6%, with 3,4% voluntary turnover and 2,6% involuntary turnover. In our international operations the employee turnover rate was 3,3%, with 1,8% voluntary turnover and 1,5% involuntary turnover. During the year, we lost a total of 232 733 person-days due to absenteeism, which is below the industry average.

### Embedding a high-performance culture

We continue to make progress in embedding an organisational culture that is values-driven and focused on high performance. Besides supporting the delivery of our strategic agenda, this will differentiate Sasol as an employer of choice. During the year, we launched an integrated employee survey (Sasol Heartbeat) to assess employee perceptions of the current organisational culture. We recorded a high level of participation, with an overall response rate of 67% at all levels across our global operations. The results indicate that Sasol is performing in line with global norms in engaging and enabling employees.

### Developing and retaining talent

We implemented an international talent attraction and sourcing framework to support our North American operations, and to strengthen Sasol's position as an employer of choice. This is starting to yield results, with 145 employees recruited in North America in the last year.

Our structured employee development and training programmes aim to raise competence levels, encourage engagement and productivity, and retain talent. Our leadership development programmes develop skills and competence in specific areas. These include business acumen, developing a global perspective, leveraging diversity for high performance, and nurturing and developing talent.

### Securing talent for the future

To develop a pipeline of future talent, Sasol runs one of the largest bursary schemes in South Africa. We invested R54,7 million this year, with the focus primarily on science, technology and engineering. We currently have 719 undergraduate and postgraduate bursars. Graduates from our bursary scheme are placed on a structured professional development programme for a specified period of up to three years. At present, 402 students are being trained through this initiative.

The recent boom in the hydrocarbon resources industry in Mozambique has resulted in increasing numbers of multinationals entering the country. Talent shortages and competition for competent, trained employees are likely over the next decade. Over the past year, we recorded a relatively high turnover rate in learners, production, SHE and maintenance staff at our central processing facility (CPF) in the country. We therefore developed a proactive retention approach to support succession planning and staffing needs. We have also established a learnership programme, together with our partners, to grow the pool of available skills.

\* This does not include proportionate numbers from our joint venture operations.

## investing in our people *continued*



Our Global Venture Support (GVS) unit aims to provide a sustainable supply of skilled and experienced people to meet Sasol's growth ambitions. Specifically, the individuals developed through the GVS unit provide shutdown and commissioning support to Sasol's international projects. Currently, we have 327 technical personnel in the support unit, ranging from project and commissioning engineers, to technicians receiving experiential exposure to our operations and the Sasol culture.

### Developing diverse high-potential talent

The LEAP (learning, experiencing, accelerating potential) programme was launched during the year. Nine employees were nominated, with 67% being diversity candidates. The LEAP programme is a two- to five-year career development programme focusing on holistic accelerated skills development that aims to ensure a pipeline of diverse senior leadership talent. The development process is based on experiential learning (rotation into different roles across our operations) and formal learning.

### Providing competitive remuneration


Our remuneration approach aims to ensure we remain competitive in global, complex and rapidly evolving markets. It supports the attraction, retention and motivation of the right calibre of employees. Annual budget increases are determined in relation to market movements, inflation indicators and company performance. This influences individual increases, taking into account the nature of the role, market benchmarks, and the employee's performance. As a significant player in South African industry forums, we partner with other relevant role-players to conclude multi-year wage agreements.

We have a structured performance management and appraisal process in place, in line with our performance management policy. While the specifics differ between business units and geographical locations, financial results, safety performance and employment equity (in our South African operations) are included as a minimum in every employee's incentive contract. We also have performance indicators related to environmental and social factors. The group targets and design principles for all incentive schemes are reviewed annually and approved by the remuneration committee.

### Maintaining positive employee relations

We maintain fair, open and constructive relations with all employees within the legal frameworks of the countries in which we operate. We regularly review and update our employee relations policies, in line with business and legislative requirements. Formal contracts are in place with all employees, according to local legal requirements and the core conventions of the International Labour Organisation (ILO).

We recognise the right of employees to collective bargaining and freedom of association. We maintain constructive relationships with all representative unions and works councils, who enjoy consultative or negotiating powers on issues of mutual interest. More than 60% of our employees in South Africa (our largest area of operation) are members of trade unions. Trade union representatives are present in our formal joint management-worker health and safety committees. They also serve on the board of our medical scheme and on the boards of retirement funds.

 [Our online report includes further information on our workforce profile \(including turnover and retrenchments\) internal skills development initiatives, as well as an overview of the Sasol Heartbeat survey.](#)



## embedding employee diversity

A diverse and representative workforce is critical to maintaining high performance and competitiveness in the global marketplace. Employee diversity and a culture of inclusion remains important to us. Across all our entities globally we ensure compliance to all local regulatory employment equity requirements.

### Our strategic approach to employee diversity

Diversity, in our organisation, signifies all aspects of peoples' differences including race, religion, gender, disability, culture, sexual orientation, nationality, thinking and skills. Sasol's diversity agenda and the 2017 employment equity plan (applicable to our South African operations) have five main goals:

- enhancing and sustaining leadership commitment;
- unleashing talent by integrating diversity into our people management processes;
- building our competence and knowledge base;
- ensuring a high-performing organisation; and
- realising diversity as a competitive advantage.

Specific measures have been put in place to support the delivery of these goals. Our Diversity 10 Point Plan provides a set of qualitative measures focusing on various elements of diversity. These include the recruitment, development and retention of candidates from under-represented groups, and measures to enhance gender equity.

Sasol's journey towards a high-performance culture (reviewed on page 29) includes a strong diversity focus, based on the principle that diverse teams perform better than homogenous teams. We have introduced key performance indicators on diversity into line managers' performance agreements. We have also revised the employment equity incentive scheme to drive the recruitment and promotion of under-represented groups. The feedback on cultural diversity and inclusion from the Sasol Heartbeat survey will be used to ascertain the focus areas going forward.

### Empowering women


We launched the women empowerment strategy and Sasol Women's Network in August 2012. These interventions aim to accelerate the representation and inclusion of women at all levels of the organisation.

The women empowerment strategy provides networking, learning and career growth opportunities for Sasol's female employees. During the year, we held a series of regional personal development seminars. A number of mentorship circles have been created as part of the Sasol Women's Network, in which Sasol leaders mentor groups of women over a 12-month period. While this process is at an early stage, the concept is being replicated in different business units.

In addition, three voluntary teams are working to embed Sasol's flexible working arrangements and piloting the provision of career development opportunities for female employees, as well as making a positive impact on school girls in the communities in which we operate.

### Our employee diversity performance in 2013

Our progress in meeting our employment equity plan for the period 2012 to 2017 is summarised in the table below. Retention is still proving to be a challenge and women are under-represented at senior management levels.

 Our online report includes additional information on our BBBEE scorecard, our women empowerment strategy and the Sasol Women's Network, as well as our people with disabilities (PWD) strategy.

### Workforce diversity profile for our South African operations (as at 30 June 2013)

As at 30 June 2013	Male				Female				Foreign national		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	8	3	4	66	4	1	2	4	3	0	95
Senior management	37	8	31	202	12	2	8	33	10	1	344
Middle management	993	126	425	2 349	393	72	250	827	104	22	5 561
Junior management	4 236	265	325	4 158	1 084	173	198	1 454	67	19	11 979
Semi-skilled	7 332	72	69	995	1 133	64	52	539	339	6	10 601
Defined decision	1 002	10	2	175	373	7	0	28	32	2	1 631
Total permanent	13 608	484	856	7 945	2 999	319	510	2 885	555	50	30 211
Non-permanent employees	27	1	1	7	7	0	0	4	0	0	47
Grand total	13 635	485	857	7 952	3 006	319	510	2 889	555	50	30 258

Workforce diversity profile as per the Department of Labour Guidelines

1 NPEs longer than three months are counted as permanent employees.

2 Expats are counted in our numbers as foreign nationals only if they are paid via the South African payroll.





## investing in society

Driving positive development in the countries in which we have a presence is essential to securing and maintaining our licence to operate and thrive. Our community investment and enterprise development initiatives enhance the economic and social value we deliver through our core business activities.





## investing in our host countries

### Delivering social value through our business activities

We make a significant contribution to economic development in the countries in which we operate through the following activities:

- we provide employment, skills and training to our employees and to the broader community;
- we purchase goods and services from local businesses;
- we invest in the development of infrastructure and other social services in our communities; and
- we pay taxes and royalties to governments, which are invested in addressing societal issues.

During the reporting period, the financial value distributed directly by Sasol amounted to R78 850 million. This figure includes the following contributions to our various stakeholders:

- R11 425 million in direct taxes to government;
- R25 038 million to our employees through wages and benefits;
- R11 691 million to our providers of equity capital;
- R2 304 million to our providers of loan capital; and
- R28 392 million re-invested in the group to sustain value creation for stakeholders.

A further R627,3 million was invested in socioeconomic development initiatives in our communities, which included R117,4 million invested in skills and training.

Through the multiplier effect, the positive developmental contribution of our activities and investments extends significantly beyond the direct forms of value distribution reflected above.

A review of the total economic value contributed over the past five years is provided on page 61, with additional details provided in our annual financial statements.

### Promoting black economic empowerment in South Africa

We continue to make significant progress in our transformation efforts and achieved level 3 broad-based black economic empowerment (BBBEE) contributor status subsequent to 30 June 2013, well ahead of our already stretched targets.

- **Equity ownership:** through the Ixia Coal transaction, and the involvement of Sasol Mining employees in the Sasol Inzalo share transaction, combined BBBEE ownership in Sasol Mining is over 40%. This exceeds the Mining Charter target of 26% by 2014. In support of the Liquid Fuels Charter, BBBEE group Tshwarisano LFB Investment (Pty) Ltd owns 25% of our liquid fuels production, distribution and marketing operations, housed in Sasol Oil (Pty) Ltd.
- **Employment equity:** our performance and progress in meeting our employment equity plan for the period 2012 to 2017 is reviewed on page 31.
- **Preferential procurement:** during 2013, preferential procurement was R28,6 billion and represented 77% of our total measured procurement spend of R37 billion. We have significantly improved our procurement from emerging medium enterprises, qualifying small enterprises, and black and women owned enterprises. To improve our procurement further, we are working with industry bodies, stakeholders and suppliers to ensure we receive valid BBBEE certificates.
- **Enterprise development:** Sasol ChemCity hosts the BBBEE centre of excellence office and manages the Siyakha Development Trust, Sasol's supplier development funding vehicle. Our activities in promoting enterprise development are reviewed on page 36.
- **Skills development:** during the year we invested R837 million in skills development, both of Sasol employees and the communities in which we operate (page 34).
- **Socioeconomic development:** in 2013 we committed R627,3 million to socioeconomic development initiatives (see page 36).



## investing in society *continued*

The following table sets out the scores achieved in attaining level 3 BBEE contributor status.

Element	Target score	Achieved		Notes
		2012	2013	
Ownership	20	16,10	<b>14,56</b>	Reduction due to higher net value for Sasol Inzalo Foundation.
Management and control	10	8,83	<b>9,81</b>	Improvement in senior to top management and independent directors.
Employment equity	15	3,42	<b>3,69</b>	Sub-minimum for black senior management not met. No black disabled representation.
Skills development	15	8,84	<b>9,51</b>	Improved black staff skills spend and learnerships. No points for black disabled training.
Preferential procurement	20	14,48	<b>17,85</b>	Significant improvement in all aspects. Opportunities still exist with women and small enterprises.
Enterprise development	15	15	<b>15</b>	Exceeded target due to funding of Sasol Inzalo share transaction.
Socioeconomic development	5	5	<b>5</b>	Exceeded target of 1% with 3,8% of net profit after tax due to our Ikusasa public/private partnership.
<b>Overall</b>	<b>100</b>	<b>71,67</b>	<b>75,42</b>	

### Investing in skills and research and development

In addition to developing the skills of our employees (see page 29), we make significant investments in broadening the skills base in the regions in which we operate, with a principal focus on South Africa. We aim to develop skills at all levels – from basic literacy to advanced scientific and technical competencies. We also invest in enhancing specialised research and development capacity.

To address the urgent need for qualified artisans in South Africa, the Sasol Global Learning Skills Academy trains artisans over and above Sasol's immediate needs. Learnerships are offered in various disciplines including welding, process operation and instrumentation. The contribution to the national skills pool has grown to 238 artisans, with another 292 currently in the system. This is in addition to meeting our own need of 644 maintenance and electro-mechanic learners.


With the aim of empowering local communities and deepening the pool of civil construction skills, we have collaborated with the South African Department of Labour to train 1 200 candidates in basic construction skills. A further 2 400 candidates will be trained in 2014.

To ensure the availability of world-class scientists and engineers, Sasol Technology collaborates with eleven South African universities in an initiative now in its eighth year. We will invest R250 million in this initiative over the full period. In an effort to retain academics at universities, we provide salary subventions and grants for overseas travel to expand their scientific experience. Financial support to the value of R13,6 million has been provided to academics over the past eight years. In addition, we have awarded research grants of over R43,5 million. Non-binding grants to the value of R12,75 million have

been awarded over the past three years, to increase the pipeline of African, Indian and Coloured students at postgraduate level. Of the 60 students being supported by this initiative, 39 are from previously disadvantaged groupings.

Through the Sasol Inzalo Foundation, we are supporting 50 postgraduate chemistry fellows (24 at masters level and 26 at honours level) at previously disadvantaged universities in South Africa. In addition, more than R73,2 million has been invested in upgrading facilities in chemistry and chemical engineering departments. This programme has yielded its first masters graduate, who obtained his degree cum laude in 2012 from the University of North West and is now a junior lecturer at the University of Limpopo.

We also assist in addressing the need for financial and accounting skills in the country. Sasol is registered as an Approved Training Organisation (ATO) by the South African Institute of Chartered Accountants. As an ATO, we are able to offer graduates the opportunity to train as chartered accountants. Training is provided at our businesses in Secunda, Sasolburg and Johannesburg, and supported by a formal mentorship programme. Since the first intake in 1998, 74 individuals have qualified as chartered accountants; 42 are still in Sasol's employ, while 32 have left the company. There are currently 19 graduates in training.

 Our online report includes additional information on: Sasol's BBEE scorecard, our progress in terms of meeting the Petroleum and Liquid Fuels Charter and the Mining Charter.



## investing in our communities

Our community investment and enterprise development initiatives seek to promote people-centred, needs-driven sustainable development of the communities in which we operate. Through these initiatives we strive to develop economically and socially thriving individuals and enterprises.

### Our approach to community investment

We established the Sasol Global Foundation to direct, enable and govern a fully integrated approach to corporate social investment throughout the group. The foundation has the following objectives:

- consolidating and prioritising our investments across the group, and focusing on a more selectively identified set of priority issues to promote a long-term approach to addressing societal challenges;
- moving from responding to ad hoc requests to proposals that are more clearly linked to our competencies, business needs, community and regulatory priorities, and are in support of our strategy;
- ensuring more effective group-wide co-ordination of initiatives, supported by clear monitoring and evaluation of the results and impacts of our investments; and
- encouraging more appropriate levels of employee engagement.

The chief executive officer chairs the foundation's board of governors. The board determines the investment strategy, oversees governance, allocates resources, and decides the focus areas. The management team is responsible for establishing governance procedures, policies and systems, managing the investment portfolio, monitoring and measuring all programmes, and managing reputation and brand awareness. The foundation does not engage directly in any of the investment activities, but provides the framework for making, governing and measuring investments.

### Delivering community benefit through focused investments

The approved investment strategy for the Sasol Global Foundation identifies the following focus areas:

- developing technical skills and capacity;
- protecting the environment, with an initial focus on Sasol Water Sense projects (see page 50);
- investing in the communities in which we operate; and
- supporting employees through regional programmes.

We expect implementation of the investment strategy to commence in January 2014.



# investing in society *continued*



## Our social investment performance in 2013

During 2013, the group committed R627,3 million to socioeconomic development globally, with most of this (R593,2 million) invested in South Africa. Traditionally, our corporate social investments have focused on the following areas:

- education, with the emphasis on improving school-based education in science, technology and literacy, facilitating access to higher education, enabling quality higher education, and developing critical and scarce work skills;
- job creation, focusing on the sustainable creation of employment – particularly for unskilled or marginalised groups;
- health and welfare, with an emphasis on addressing key challenges such as HIV/Aids, tuberculosis and malaria;
- the environment, by proactively engaging communities in environmental management projects; and
- arts, culture and sport development, with a focus on developing local talent.

Sasol Mining invested R17,8 million as part of its social and labour plans in accordance with the Mining Charter. At the end of last year, we announced our R800 million commitment to the Ikusasa public/private partnership. We spent R24 million on disaster management and safety and crime prevention programmes, including prevention of child and gender violence.

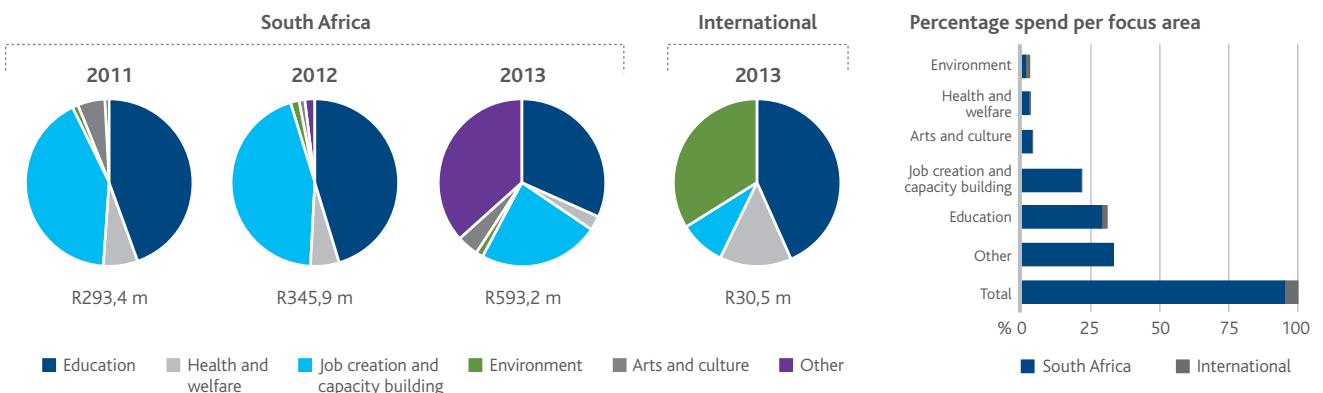
## Promoting enterprise development

Sasol ChemCity, our enterprise development vehicle, focuses on developing and supporting independent, small and medium enterprises (SMEs) in the energy, chemical and related industries. It establishes and develops new and existing enterprises in the Sasol value chain and also drives local content in the various countries in which we operate. This not only contributes to economic development and sustainable job creation, but also enhances the competitiveness of our supply chain and local suppliers.

The ChemCity Eco Industrial Park (CEIP), launched in October 2011, is a multi-million rand facility under development in the industrial hub of Sasolburg, close to Sasol's operations. Sasol has earmarked the 172 hectare area for micro industries that will contribute to the economic development of the region. The CEIP is being developed in two phases and aims to achieve a low-carbon footprint through environmentally sustainable infrastructure and operating principles. Phase 1 of the park comprises 110 stands and is ready for occupation, with 20 stands sold to date.

Through the Siyakha Development Trust, our supplier-funding vehicle, Sasol ChemCity has disbursed R54 million in loans. The total combined turnover of the suppliers we support is in excess of R750 million. During the year, Sasol ChemCity supported more than 50 SMEs, thereby creating or saving 895 direct jobs. Since 2005, Sasol ChemCity has supported over 700 SMEs and created some 10 000 direct jobs.

CSI spend per focus area – South Africa and international  
Total spend 2013, R623,7 million






### Investing in infrastructure in our communities

Our Ikusasa public/private partnership seeks to create a more conducive environment for talent, strengthen internal and external partnerships, and build capacity in our host municipalities in the Secunda and Sasolburg regions. The programme focuses on education, health and wellbeing, infrastructure, and safety and security. We have invested R72 million and R63 million in Secunda and Sasolburg, respectively, over and above our existing corporate social investments. We are also exploring partnerships with development finance institutions to ensure the long-term sustainability of these investments.

### Driving economic growth through education and skills development

Science, technology, engineering and mathematics capability has been identified as a critical enabler of economic growth. The Sasol Inzalo Foundation has been mandated to develop programmes in this area in South Africa. Most notable has been the development of natural science and technology workbooks, and accompanying teacher guides, for grades four, five and six. All three million learners in these grades are now using the workbooks. Following the success of this initiative we are developing workbooks for grades seven, eight and nine. These will be distributed to learners across the country from the beginning of the 2014 academic year.

In partnership with the Mozambique Ministry of Mineral Resources, we established a bursary programme for Mozambican students in the year. The programme will disburse US\$412 366 annually for the next five years. It will benefit 30 beneficiaries each year, 20 of whom will be studying in Mozambican universities and ten in South African universities. The bursary programme will play an important role in developing the pool of professional and skilled Mozambicans needed to sustain the oil and gas industry in the country.

 Our online report includes additional information on: the activities of the **Sasol Global Foundation and Sasol Inzalo Foundation**, as well as details on our investment projects in **Mozambique and Qatar**.

### A few further highlights

- **Mozambique:** our principal focus areas have involved providing access to clean water, education and healthcare. Key initiatives have included drilling boreholes, building and upgrading schools and health centres, skills development initiatives including bursaries, developing local businesses and infrastructure development.
- **Qatar:** most of our social investments in Qatar have been undertaken through the ORYX GTL joint venture. More recently, we started our own social investment initiatives. Principal focus areas include job creation, enterprise development and the establishment of eco-industrial parks. We have implemented various initiatives to create awareness of the abilities of people living with disabilities, and this year we also focused on the environment through the development of a Qatar e-Nature application.
- **Uzbekistan:** we continued our bursary programme in partnership with the Westminster University in Tashkent and nine students received scholarship funding. Sasol also partnered with the United Nations Development Fund (UNDP) to implement various projects across the country, ranging from waste collection facilities to the establishment of various social enterprise initiatives.
- **United States:** our social investments in the US include a strong community-based focus in South West Louisiana; education partnerships with McNeese State University and United Way of Southwest Louisiana; promoting employee volunteer programmes; sponsoring educational videos to support ecology, electronics and physics studies; and sponsoring the American Beekeepers Association to support and manage bee populations in the Lake Charles Chemical Complex.
- **Germany:** we have invested in a laboratory for school children in Brunsbüttel, and provided education and bursary support for communities close to our Sasol O&S operations. We maintain relationships with schools and universities to promote the sciences among children and students. Increased financial support for employee engagement programmes is being investigated and a bursary programme for former apprentices to study at university will be implemented in Germany in 2014.





## respecting human rights

As we expand our operations globally, it becomes increasingly important to retain a strong focus on human rights. We are committed to respect human rights in accordance with the UN Guiding Principles on Business and Human Rights.

### Our strategic approach to human rights

Our approach to human rights forms part of our code of ethics and has been in place since 2004. Our internal due diligence process requires that country risk assessments are performed before entering a country. These assessments include screening for potential human rights non-compliance or violations. We evaluate all of our investment decisions against the Sasol code of ethics, and, as a signatory of the UN Global Compact, we endeavour to comply with domestic and international human rights regulations and principles.

### Undertaking human rights due diligence

In 2012, we completed a comprehensive desktop study with the assistance of external human rights specialists to assess our existing approach to human rights. No indications were found of any direct complicity in human rights abuses. Nevertheless, this remains an area we continue to carefully monitor.

The main findings of the report were presented to the group executive committee (GEC) and to the nomination, governance, social and ethics committee. Both committees endorsed and supported the development of a Sasol Business Human Rights (BHR) policy in line with international best practice. Our group ethics office is developing the BHR policy and will oversee its implementation in 2014.

The policy will include details on security, supply chain and land management, and will provide clarity on human rights roles and responsibilities within the organisation. The guideline to the code of ethics will be amended according to the new BHR policy.

We are liaising with a multi-stakeholder initiative (Voluntary Principles on Security and Human Rights) to address human rights issues in relation to security. The development of a code of conduct incorporating human rights standards, which suppliers and service providers will have to adhere to, will receive attention in 2014.

An online training module on the BHR policy will be rolled out in late 2014 or 2015. Once we have implemented these initiatives, we plan to conduct further detailed assessments on human rights practice and compliance in specific areas.













## Engaging communities in our United States operations

**"Sasol has been a member of the US community for more than a decade. We're proud to be embarking on a new phase of significant growth and investment that will foster job creation and economic development in the region, while advancing sustainable development."**

Mike Thomas, Sasol vice president for US operations

In December 2012, we announced the commencement of front-end engineering and design work for a world-scale ethane cracker and gas-to-liquids (GTL) facility to be co-located at our existing site in Westlake, Louisiana. The projects represent the largest single manufacturing investment in the history of Louisiana and one of the largest foreign direct investment manufacturing projects in US history. Together, the two projects are expected to create over 1 200 permanent jobs, up to 7 000 jobs at peak construction, and thousands of indirect jobs in Louisiana and across the US.

These mega-projects will result in the expansion of our facilities towards our neighbours to the northwest and west of our existing facility. This includes the town of Mossville, a community with a strong history of activism on environmental health and environmental justice issues. Although the final investment decisions on the two growth projects have not yet been made, we are already taking steps to address the concerns of neighbouring communities.

We introduced a voluntary property purchase programme for residents close to our Westlake facility. This will give eligible property owners the option to sell their property to Sasol, and relocate to an alternative neighbourhood, if they so choose. We have retained an experienced, third-party contractor, Community Interaction Consulting, Inc. (CIC), to administer the programme. Sasol and CIC are currently finalising the programme guidelines. CIC opened an office in the community in early August 2013 and launched a website to provide specifics, timelines and contact information. CIC hosted information sessions for prospective participants in mid-August.

These proposed activities build on our community engagement activities at our Lake Charles operation. Through the Sasol community advisory panel (CAP), Sasol management meets monthly with community members from the area. For the past six months, CAP meetings have focused on topics related to our proposed projects in the area. In March 2013, the group discussed communication plans and offered numerous suggestions to management to enhance our outreach efforts. Community meetings have been scheduled for our neighbours in the Mossville and Westlake communities.





## responding to environmental challenges

One of the most material challenges facing Sasol relates to our ability to anticipate and respond to the changing regulatory and policy context, particularly in relation to environmental legislation. In South Africa we are faced with potentially profound regulatory challenges relating to air quality, climate change and waste management. We are committed to working with government to find appropriate solutions that contribute to the desired environmental outcomes, while also providing for the country's socioeconomic development priorities.





## air quality and waste management

### Our strategic approach to air quality and waste management

We remain committed to delivering reasonable and sustainable improvements in waste and air quality management across our operations. To ensure consistent and co-ordinated engagement with government on these issues, we have established a cross-functional project team. The project team operates through a mandated sub-committee of the group executive committee (GEC).

### Responding to changes in air quality legislation

In 2004, the South African National Environmental Management: Air Quality Act was promulgated. The legislation takes a fundamentally new approach to air quality management. In December 2009, national ambient (ground-level) air quality standards were published. This was followed, in April 2010, by the publication of minimum emissions standards. These include provision for stringent point source emissions standards. The standards for existing plants have to be met by 2015. From 2020, the standards for new plants have to be met from the date of commissioning. These standards and timeframes have profound implications, particularly for our existing plants, in terms of technical and financial feasibility.

Sasol continues to participate actively in the law reform processes related to air quality management, individually and through Business Unity South Africa (BUSA), the Chemical and Allied Industries' Association (CAIA), and the South African Petroleum Industry Association (SAPIA). We are proposing a regulatory regime that is reasonable and practicable, and which also achieves tangible and sustainable improvements in ambient air quality. We are currently applying for longer timeframes in which to comply and exemption from some of the minimum emissions standards.

An independently administered external stakeholder engagement process is being conducted as part of this application process. Public meetings with interested and affected parties on our applications for postponement or exemption will be held. Background information, explaining this process and the reasons for our applications, is being distributed to stakeholders and is available on our website. The feedback from stakeholders, and an Atmospheric Impact Report, will be included in our applications to the authorities.

Importantly, we are working with government and other stakeholders to explore alternative avenues for achieving ambient air quality improvements. This includes investigating the feasibility of offset projects that would contribute to meaningful reductions in ambient air pollution levels, while, at the same time delivering social benefits such as job creation and poverty eradication.



# responding to environmental challenges *continued*

## Responding to a new regulatory environment for waste management

A key regulatory development for the year has been the implementation of the National Waste Information Regulation. This requires hazardous waste generators and all waste managers to register and report into the South African Waste Information System (SAWIS). In response, we are revising the Sasol waste standard and procedure for our South African operations, and have introduced changes to our internal waste reporting systems. All hazardous waste generating activities have been registered and quarterly reporting into SAWIS has commenced.

During the year, the Department of Environmental Affairs gazetted, for public comment, a draft waste management regulation and two supporting landfill standards. The potential costs associated with meeting the requirements of the new waste regulation are being quantified but are likely to be material. We continue to engage constructively with government, both directly and indirectly, through our business associations, to ensure sound implementation of these new and in many cases untested technical requirements.

## Our performance in 2013

### Atmospheric emissions

We emitted 158,4 kilotons (kt) of nitrogen oxides (NO<sub>x</sub>), compared to 155 kilotons in 2012. Total emissions of sulphur oxides (SO<sub>x</sub>) amounted to 214,6 kt, up from 202 kt in 2012, while total particulate (fly ash) emissions were 11,7 kt, compared to 7,47 kt in 2012. Further details on group emissions over the past five years are provided on page 60.

The increase in particulate (fly ash) emissions was due to the temporary instability of our boilers during 2013. The use of an alternative monitoring protocol, while the current monitoring systems are under review, also contributed to the increase. SO<sub>x</sub> emissions increased due to a slightly higher sulphur content in the coal used.

Five-year trends indicate that NO<sub>x</sub> emissions have remained relatively stable, whereas SO<sub>x</sub> emissions have increased over the past year but not at the levels measured three to four years ago. Particulate emissions have remained constant, except for the significant increase reported over the past year. Volatile organic compound (VOC) emissions have also remained fairly constant. We have prioritised further reduction of VOC emissions, with a target of at least 80% reduction in emissions of defined VOCs (benzene, toluene, xylene, ethyl benzene, 1,3-butadiene and acetaldehyde) on our 2009 baseline by the end of June 2020. The project schedule of the R2 billion VOC reduction project is considered under pressure; however, the 2020 target is expected to be met.

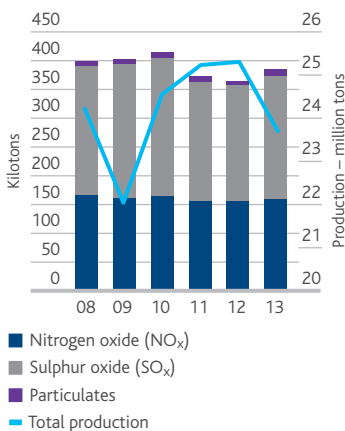
We sponsored the pioneering Basa Magogo community initiative in South Africa, which encourages better fuel-burning practices in local communities. This initiative has made a meaningful contribution to the government's objectives on ambient air quality improvement.

### Our waste management performance

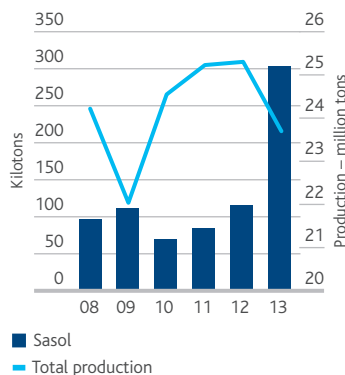
Sasol operations generated 303 kt of hazardous waste and 242 kt of non-hazardous waste, compared to 116 kt and 264 kt, respectively, in 2012. This increase is due to the first-time reporting of hazardous waste treated at the Sasol Synfuels incinerators (140 kt) and the sharp increase in hazardous waste generated at the Sasol Synfuels sulphur plant due to operational issues. The inclusion of recycled waste in the hazardous and non-hazardous waste performance indicators was also a factor. There has been a decrease in the amount of waste that has been recycled and reused, to 546 kt in 2013 from 937 kt in 2012. This is due to lower amounts of ash required for remediation and mine backfilling to address subsidence.

 Our online report includes additional details on: **legislative developments on air pollution and waste management; and the Sasol Synfuels waste roadmap project.**

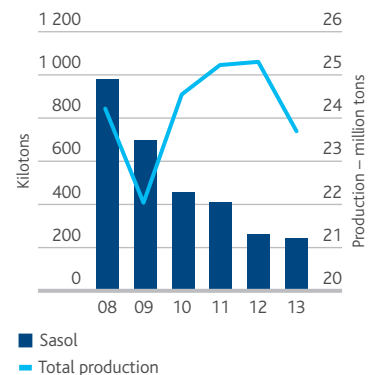
Atmospheric pollutants



Hazardous waste



Non-hazardous waste



## Significant investments in environmental improvement projects

In response to requests from stakeholders, we have reported our annual environmental expenditure since 2011. During 2013, our financial systems were further improved to consolidate environmental expenses. Sasol's total accrued environmental obligation at 30 June 2013 was R9,8 billion. Based on an assessment of significant capital expenditure on environmental projects over the past ten years (see table), we have spent up to R20 billion, averaging almost R2 billion a year.

### Major capital expenditure over the last ten years resulting in significant environmental improvements

Year	Rand million	Project with environment-related benefit	Environmental improvement in subsequent years
2003	500	Waste recycling facility in Secunda	Recycle waste streams and reduce waste dumping
2004	100	Rehabilitation of Secunda waste disposal site	Improved air and water quality
2005	12 000	Natural gas feedstock conversion project	Significant reductions in Sasolburg of H <sub>2</sub> S (100%) greenhouse gas (GHG) (50%), SO <sub>x</sub> (42%) and NO <sub>x</sub> (37%)
	400	Hydrogen sulphide reduction in Secunda	Reduced H <sub>2</sub> S emissions (odour)
2008	1 000	Wet sulphuric acid plant in Secunda	Reduced H <sub>2</sub> S emissions (odour)
2009	300	Investment in CO <sub>2</sub> Technology Centre Mongstad, Norway	Demonstrating technology for carbon capture
	100	Energy efficiency projects in Secunda	Reduced GHG emissions
2010	2 300	280 MW combined cycle gas turbines in Secunda	Reduced GHG emissions and improved air quality
2011	500	Upgrade boiler 9 in Secunda	Reduced particulate matter emissions
	1 400	140 MW gas engines in Sasolburg	Reduced GHG emissions and improved air quality
2012	2 000	Regenerative thermal oxidisers in Secunda	Reducing VOC emissions

*Note: These are rounded figures relating to projects over R100 million each. Actual expenditure may have occurred over more than one year. Numerous smaller projects – such as rehabilitation projects, water treatment plants, conversion from elevated flares to ground flares, and other emissions reduction projects each individually to the value of less than R100 million per annum – are excluded.*



The Sasolburg Gas Engine Power Plant started up in December 2012, generating electricity three months ahead of schedule and almost 20% below budget. The plant, using natural gas as feedstock, has an operating capacity of 140 megawatt (MW) and is the largest power plant running exclusively on gas engines on the African continent, and the first of its kind in South Africa.



# responding to environmental challenges *continued*

## climate change and energy

Climate change poses a significant risk for our business, both in meeting anticipated legislative and policy requirements and in adapting to its potential physical impacts. Identifying appropriate responses that balance the needs for economic development, job creation, energy security and emissions reductions represent one of the greatest challenges of our generation.

### Our strategic approach to climate change

The chief executive officer and the group executive committee (GEC) are accountable for our climate change strategy. In this regard, they receive advice and assistance from various GEC sub-committees and specialist committees (see page 14). A dedicated project team steered by a mandating committee, under the leadership of a GEC member, is responsible for executing the climate change strategy. The committee ensures our response to climate change is integrated with our core strategy, and co-ordinates our engagement with government and other stakeholders on regulatory and related climate change developments. The Sasol SHE Centre is accountable for GHG data management, setting targets and reporting performance against targets.

We have been voluntarily reporting our GHG emissions since 1996. Since 2002, we have reported in accordance with the GHG reporting protocol of the World Business Council for Sustainable Development and the World Resources Institute ([www.ghgprotocol.org](http://www.ghgprotocol.org)) and, since 2008, through our participation in the Carbon Disclosure Project.

During 2013, in preparation for engagements with the South African Department of Environmental Affairs (DEA) regarding our inventories, we rigorously reviewed our GHG data. We improved methodologies for calculating our GHG emissions and included smaller sources of emissions that were previously omitted. We also developed a measurement, reporting and verification (MRV) standard for the group. This comprehensive data review concluded that our GHG emissions were lower than reported since 2000. As a result, Sasol's global emissions for the past decade were approximately five million tons per annum less than previously reported. This decrease is primarily due to a restatement of the methane emissions at our Secunda facility.

### Setting ambitious emissions reduction targets

We have voluntarily committed to reducing the GHG emissions intensity of all our existing operations by 15% by 2020 from a 2005 baseline. The group's approach to reducing its GHG emissions is based on the following areas: increased use of lower-carbon energy; utilisation of environmental offsets; and improved energy efficiency at our operations. Delivery against our climate change commitments forms part of the key performance indicators, personal appraisals and incentive schemes of relevant employees. Following our review of GHG data, we will also be reviewing the group's GHG targets in line with international developments and our gas-to-liquids (GTL) growth aspirations.

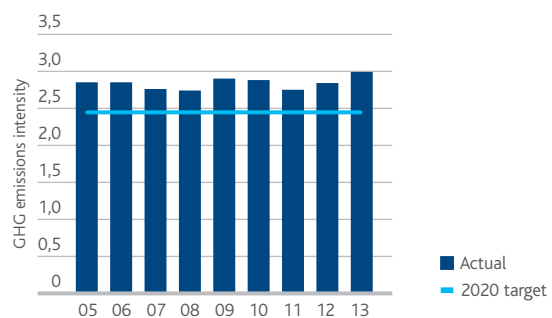
Reducing GHG emissions forms part of the risk profile of all new projects exceeding R150 million and influences final investment decisions. For the past three years, we have used a carbon calculator to assess the GHG footprint of all new projects, enabling project teams

to factor the cost of carbon into overall project costs. Where operations are not under our management control, influence is exerted through representation on joint venture boards to ensure the highest level of environmental compliance and performance.

During the year, for our South African operations, we participated in a number of DEA task teams in a study to determine the mitigation potential of key sectors of the economy. This represents an initial step in the implementation of the National Climate Change Response White Paper. We also provided extensive input to the development of the National Treasury's carbon tax proposal for South Africa.

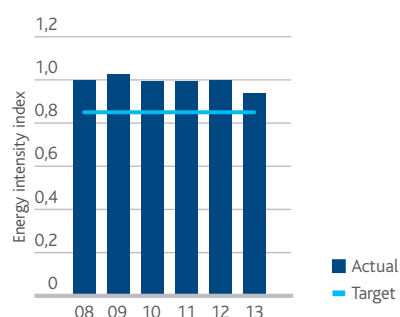
We support the development of a proactive policy response to climate change based on clear and accurate information, and that is appropriate to the unique circumstances of South Africa. We believe that government policy should recognise the inherently energy-intensive and coal-based nature of the South African economy, in balance with the country's developmental and energy security needs.

**Greenhouse gas emissions intensity<sup>1</sup>**  
(tons CO<sub>2</sub> equivalent per ton production)



<sup>1</sup> Based on the restated absolute GHG emissions from 2000 to 2012.

**Sasol energy efficiency accord measurement**





## Our climate change performance in 2013

Using our recently revised reporting methodology, our total GHG emissions globally (measured in CO<sub>2</sub> equivalents) were 70,7 million tons (Mt) for 2013. This figure includes the direct emissions associated with our processes and our own tanker fleets (Scope 1 emissions), as well as the indirect emissions associated with our electricity imports (Scope 2). Our GHG emissions intensity (tons CO<sub>2</sub> equivalents per ton production) has increased (see graph on page 46) to 2,98, up from 2,83 in 2012. This increase in intensity is primarily a result of a reduction in the overall group production levels due to major shutdowns at Natref and ORYX GTL.

In our GHG measurements, we have included 100% of the emissions for the following joint ventures (JVs): National Petroleum Refiners of South Africa (Natref) in South Africa, Sasol Petroleum International Mozambique, ORYX GTL in Qatar, Arya Sasol Polymer Company in Iran and Sasol Huntsman in Germany. Data for those JVs where we do not have a significant influence or operational control are excluded. An external assurance provider has independently verified our direct and indirect emissions levels (page 62). Quantitative data on the GHG emissions is provided in our annual integrated report.

### Our commitment to reduce emissions

We recognise that without achieving substantial reductions in GHG emissions, our coal-to-liquids (CTL) technology is unlikely to be socially and financially acceptable in the medium- to long-term. We have taken a decision not to pursue selective growth in CTL operations but to rather focus primarily on accelerated GTL growth.

**IR** Refer to the focus story in our annual integrated report on page 48.

Investing in the transition from coal to natural gas as a feedstock forms a key element of our climate response strategy. As a result of introducing natural gas from Mozambique in 2004/2005 and transforming the Sasolburg complex at a cost of R12 billion, we have achieved an approximate 50% reduction in GHG emissions based on our recalculated profile. The 140 megawatt (MW) Sasolburg gas engine power plant commenced generation during the year, further reducing our GHG emissions. This has enabled us to exceed our target for self-generated power capacity, achieving 69% by year-end. Besides easing our reliance on the national grid, the project will eventually allow us to reduce CO<sub>2</sub> emissions by a further one million tons a year. It will also improve local air quality through reductions in NO<sub>x</sub>, SO<sub>x</sub> and particulate emissions.

In Mozambique, Central Térmica de Ressano Garcia, jointly owned by Sasol New Energy (49%) and state-owned Electricidade de Moçambique (51%), started the construction of a similar gas-fired electricity generation facility. The first electricity is expected to be generated by mid-2014. Currently, only around a third of Mozambicans have access to electricity, so the new plant will not only create jobs but also help to drive socioeconomic development.

We intensified our efforts to improve energy efficiency management and operating practices. The increased production volumes and operational stability at Secunda and Sasolburg will allow energy efficiency improvements implemented over a number of years to be fully recognised in the intensity index. The commissioning of the Sasolburg gas engine power plant also contributed to the 6% overall improvement in energy efficiency compared to 2012. Additional energy efficiency improvement plans have been developed for implementation in the next two years. The outcomes of an independent energy efficiency monitoring audit, initiated to improve current practices and align with internationally accepted best practices, may impact future reporting.

We continue to consider carbon capture and storage (CCS) as part of our long-term mitigation plans. As a shareholder in the CO<sub>2</sub> Technology Centre Mongstad in Norway, we are supporting the development of technology for the large-scale capture of CO<sub>2</sub> from dilute flue gas streams. We also contribute to the South African Centre for CCS and are developing in-house knowledge on applying various cleaner coal technologies.

### Managing the risks associated with adaptation

During the year, we commissioned an adaptation study to assess the impact of historic weather events on our operations. The study found evidence that extreme weather events have had a significant negative financial impact. These include costs of more than R500 million in lost production due to weather-related incidents in Secunda from 2004 to 2010, numerous losses due to lightning at Sasolburg, and weather-related delays to projects in Mozambique costing up to R6,4 million a day. We have subsequently commissioned a broader study on how to manage the risks associated with extreme weather events.

**Our online report includes a detailed review of the risks and opportunities that climate change presents for Sasol, a review of our legislative and policy engagement activities on climate change, a review of various energy efficiency initiatives, and a case study on our contribution to GHG abatement by assisting in the switch to light-emitting diode (LED) lighting.**



responding to environmental challenges *continued*





## Enabling significant GHG abatement through light-emitting diode (LED) lighting

Our technical and managerial expertise, intellectual property and financial resources, can make an important contribution to the development and implementation of technologies that facilitate the transition to a lower-carbon economy. An example is the supply of Ultra High Purity Alumina (UHPA), used in light-emitting diodes (LEDs), as a replacement for incandescent bulbs and compact fluorescent lamps (CFLs).

LEDs offer considerable advantages over conventional solutions: they provide the same lighting levels with much lower electricity consumption; they offer superior colour performance and greater flexibility in design options; and their useful lifetime is significantly longer, resulting in reduced maintenance and disposal costs.

We are increasing our capacity to produce UHPA, one of the components used in the manufacturing of synthetic sapphire, a critical input for the production of LEDs. Sales into the sapphire market are expected to increase from the first quarter of 2014.

Recognising the opportunity for significant potential growth in the LED market, and informed by our commitments to sound environmental management and product stewardship, we have undertaken our own lifecycle analysis (LCA) to understand the potential climate change impact of Sasol-manufactured UHPA on the global lighting market. These studies build upon earlier studies conducted by the US Department of Energy and McKinsey & Company. The aim of an LCA study is to evaluate the environmental impacts – including energy and raw material use, emissions, and other wastes – related to a product or system's entire lifecycle. It seeks to characterise and quantify the inputs, outputs, and environmental impacts of a specific product or system at each stage in its lifecycle, from raw material extraction, manufacture and use, through to final disposal.

Our detailed LCA study sought to quantify the GHG emissions reductions associated with replacing conventional lighting technologies with LED. We considered general lighting on a global level, and we made certain externally tested assumptions regarding the GHG effects associated with the raw materials, manufacture and disposal of each of the lighting technologies. Using this information – and making informed assumptions about the growth of the global LED market, our market penetration of UHPA, and the changing GHG-intensities of global electricity production – we calculated how much our product could contribute to the abatement of GHGs.

We estimate that from 2012 to 2020, the total cumulative abatement associated with the increased uptake of LED lighting could amount up to one billion tons of carbon dioxide equivalents (CO<sub>2</sub> equivalents) over this period. The annual GHG reduction effect potentially enabled by Sasol's product could proportionally grow up to 23 million tons (Mt) CO<sub>2</sub> equivalents in 2020 taking the LCA assumptions into account.

To give this some perspective, 23 Mt CO<sub>2</sub> equivalents is equivalent to almost 40% of Sasol's direct GHG emissions in 2011, even though we are only one of a few major producers of the feedstock component for synthetic sapphire required for the manufacturing of LED lighting. Further studies and market assessments will be done to validate these assertions.



## water stewardship – Sasol Water Sense

Water is a critical feedstock for our business, with several of our current or planned facilities located in water-stressed areas. Our activities in coal mining, upstream oil and gas development, chemicals and fuels production, and supply chain logistics, all have the potential to impact on water resources and ecosystems. Ensuring responsible water stewardship throughout our value chain remains essential.

### Our strategic approach to water stewardship

We have adopted a holistic approach to water security and stewardship. In addition to minimising our direct impacts, we work with stakeholders in the water catchment areas in which we operate.

Management of onsite water-related issues is co-ordinated by the various SHE structures. In addition, a dedicated sustainable water function was established in 2010 within Sasol New Energy. A water stewardship steering committee was established in the year, bringing together senior functional and business unit representatives to govern group-wide actions in respect of water stewardship.

In 2012, we initiated Sasol Water Sense, a group-wide initiative to align water stewardship practices. Sasol Water Sense has created a common identity for our water response strategy, coupled with a focused communication plan. Sasol Water Sense won the water management category in this year's Mail and Guardian Greening the Future awards in South Africa.

### Our performance in 2013

The UN Global Compact CEO Water Mandate is a public/private initiative launched in July 2007 to assist companies in the development, implementation and disclosure of water-related policies and practices. We use this framework to assess our performance, and our chief executive officer has reaffirmed our endorsement of the CEO Water Mandate.

### Minimising impacts in our direct operations

Promoting water-use efficiency in our operations continues to be a priority. Our largest operations in South Africa are dependent on the water-stressed Vaal River System, which supplies approximately 80% of our total water requirement. Water demand continues to exceed the system's sustainable supply capability. While no compulsory water-use efficiency targets have been set for industrial water users, the Department of Water Affairs (DWA) have been engaging with industry on determining and regulating water-use efficiency targets.

In 2011, we set voluntary water-use efficiency targets for our two most water-intensive business units, Sasol Infrachem in Sasolburg and Sasol Synfuels in Secunda. The target for Sasol Infrachem is

a 15% water-use intensity improvement ( $\text{m}^3/\text{ton}$  production), and the target for Sasol Synfuels is a 5% intensity improvement, both by 2015 from a 2010 baseline.

The group executive SHE committee approved the introduction of a water-intensity metric to institutionalise reporting on water use at an operational level. We believe that mandatory reporting on water intensity will drive further internal improvements.

Sasol Technology has a portfolio of water research and technology development projects that support our operations in Sasolburg and Secunda, as well as our new GTL ventures. The main research activities at our South African operations focus on the reduction and management of wastewater-borne salts. This employs an innovative process developed for sustainable salt disposal using waste fly ash. Sasol Synfuels in Secunda is in the final construction stages of a large anaerobic wastewater treatment plant based on technology developed by Sasol Technology. The new technology will treat approximately 3,4 million  $\text{m}^3$  per annum of wastewater or about 7% of the total wastewater recycled by Sasol Synfuels. It further provides a much needed way to reduce both the organic and hydraulic load on the existing biological wastewater treatment works and provides capacity to accommodate growth.

Sasol Technology has developed a sophisticated membrane-based biological treatment process for GTL wastewater. This process is now part of Sasol Technology's GTL single point licensing offering. Further innovative technology developments for GTL wastewater treatment are being scaled up at Sasol Technology's research and development facilities in Sasolburg. We expect these to be available for commercialisation from 2015 onwards.

With our international joint venture partners we continue to proactively respond to water challenges. ORYX GTL, Sasol's joint venture with Qatar Petroleum is supporting the Qatar government's priority focus to conserve water. Located in the Ras Laffan Industrial City the ORYX GTL facility is working collectively to implement water re-use solutions which support ambitious water targets that have been set for the complex. A highlight has been achieving a significant increase in the re-use of final effluent for landscaping, whereby 80% of ORYX GTL's treated final effluent is currently being beneficially utilised. For the natural gas assets acquired in the Montney shale basin



in British Columbia, Canada, we continue to support our operating partner, Talisman Energy to ensure the hydraulic fracturing process is conducted within country-specific laws and requirements.

Our total water use for 2013 decreased to 147,2 million m<sup>3</sup> from 148,3 million m<sup>3</sup>. The total quantity of water recycled was 145,4 million m<sup>3</sup>, compared to 142,7 million m<sup>3</sup> in 2012.

### Supply chain, catchment management, collective action and community engagement

Recognising the strategic significance of the Vaal River System in South Africa, we are working with other water users to identify the most cost-effective opportunities for improved water usage. Although our total water demand from the system is high (almost 4% of total supply), it is small compared to that of the other main users, notably urban homes and agriculture.

Water losses from municipal water supply infrastructure in the Vaal catchment area are as high as 45%. To address this, we entered into three water conservation partnerships with local municipalities. We have invested R8 million, with committed leveraged partner funding of R9 million. The focus is on fixing leaks beyond the factory fence to enhance water security for all users reliant on the Vaal catchment area. Through these investments, the funding of water conservation and demand management projects by the municipality will be enabled beyond the scope of the initial three-year partnership. (See focus story on page 53.)

We have also launched a comprehensive water education and awareness-raising campaign in partnership with the schools in Metsimaholo in the greater Sasolburg region. We funded the production and rollout of curriculum support material, developed by the DWA. More than 19 000 learner and teacher "Water is Life" booklets have been provided to the participating schools, with accompanying educator training. Following a successful rollout in Sasolburg, the intention is to also focus on the Govan Mbeki and Emfuleni Municipalities.

### Public policy


As part of our commitment to informing the development of sound public policy, we participate in various government-led policy initiatives on water resources management. We have made progress, working with government, to address the delays in finalising water licence applications for some of our South African operations. We are also supporting a proposal for the introduction of regulations that will harmonise the approach to licensing.

An important recent development in South Africa has been the gazetting, for comment, of the revised National Water Resource Strategy (NWRS2). We have provided substantial input to the NWRS2, which seeks to provide strategic direction to the water sector for the next 20 years. We are a member of the DWA Water Sector Leadership Group, as well as the DWA Vaal River Strategy Steering Committee. Both groups provide a high-level platform for engagement between the water sector and the DWA.

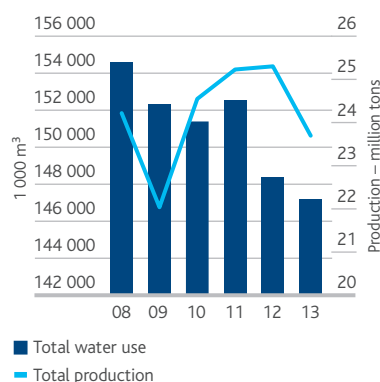
During the year, Sasol New Energy initiated and funded an investigation into the development of a South African national water-offsetting model, with the aim of incorporating the concept into the water law review process. This was done in collaboration with the DWA and presented to the parliamentary portfolio committee on water. Water offsetting has subsequently been included as an emerging policy issue in the revised NWRS2. We believe this initiative has the potential to realise significant benefits for water conservation and socioeconomic development.

### Transparency

We report annually on water-related issues in our sustainable development report and participated in the Water Disclosure Project again this year. Our business units have also continued to engage with external bodies, including non-governmental organisations, on their water activities.

 **Our online report includes additional details on our Water Sense initiative, and on GTL water systems.**

### Total water use





responding to environmental challenges *continued*







# focus story

## Sasol's water partnership with Emfuleni municipality in Sasolburg, South Africa

Our water conservation partnerships with municipalities in the Vaal River catchment area seek to drive municipal water conservation initiatives, increase public awareness of water conservation, stimulate job creation and realise cost savings for the municipality.

Our flagship partnership is with Emfuleni municipality and the German development agency Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Through this partnership, we committed R5 million, and leveraged an additional R5 million, for the Boloka Metsi project. The project seeks to achieve a 15% water saving in the Emfuleni municipality, one of the four larger municipalities in Gauteng. Currently between 44% and 50% of water used in the municipal area cannot be accounted for. If successful, this project will help Emfuleni reduce its annual water expenses by approximately R62 million, a portion of which will be re-invested in sustaining the project.

By the end of phase 1 of the project (June 2013), water leaks have been repaired in approximately 60 000 households. Measured water savings in the project area have amounted to approximately 2,1 million m<sup>3</sup> (the equivalent of 1 000 Olympic sized swimming pools) to the value of R10,5 million, as well as creating some 75 local employment opportunities.

In addition to achieving vital water savings in this critical catchment area, the initiative is saving public funds, and is stimulating skills development and job creation opportunities. At a municipal level, our aim is to build technical, project management and procurement skills. At a community level, local people are being trained in plumbing and other skills. We believe this project model can be replicated in other municipalities nationwide.

The water savings achieved to date with the Emfuleni water conservation partnership equates to offsetting approximately 10% of the annual water use of our Sasolburg facility or 2% of our total annual water use from the Vaal River system.





## providing safe, essential and quality products

Our fuels, chemicals and related products benefit the lives of millions of people around the world. We aim to manage the impact of our products throughout their lifecycles. We consider the compliance of our products with different requirements related to export, exposure and impact on our reputation. Maintaining positive relationships with all stakeholders in the product value chain is a critical aspect of managing the impact of our products.

## promoting effective product stewardship

As a signatory to the global chemical industry's Responsible Care® initiative, we are committed to managing the risks of our products and improving their SHE performance throughout the product lifecycle. To implement these commitments, we introduced a comprehensive chemical information management system in October 2011. The system captures the total inventory of our products, from source to waste, including procured chemicals such as cleaning products. The system also provides for the Globally Harmonised System of Classification and Labelling of Chemicals (GHS).

We reviewed our product stewardship strategy in the year, identifying priority focus areas aligned to our international commitments, and have been rolling out the revised product stewardship strategy throughout the group. Workshops are being held in all our businesses to raise awareness and facilitate regulatory compliance.

### Our product stewardship performance in 2013

Our product stewardship performance, measured in terms of the Responsible Care® Practice-in-Place (PiP), remained constant at 89%. The product stewardship indicator increased slightly to 83% in 2013 from 82% in 2012.

Three incidents occurred during the year relating to compliance with chemical control legislation governing the international distribution of certain products and materials. Following a review of each of these incidents, the product stewardship team has developed appropriate remedial procedures in collaboration with the relevant business units.

We became a member of the Chemical Distributors Institute for Terminals in the year. Accredited auditors at terminals assist in managing the storage and distribution risks in relation to our products.

### Contributing to global product stewardship initiatives

Through our involvement in the International Council of Chemical Associations' Chemicals Policy and Health Leadership Group, we continue to play a leadership role in the safe use of chemicals worldwide. This helps us to build relationships throughout the value chain and encourage our partners to improve chemical management.

For the past six years we have been advising the South African government on the implementation of the Globally Harmonised System of Classification and Labelling of Chemicals (GHS), through our membership to the Chemical and Allied Industries' Association. We also participate in the United Nations (UN) sub-committee of Experts on the GHS as vice-chair of the sub-committee, representing the South African Department of Trade and Industry. All relevant products exported to the European Union (EU) have been registered in compliance with EU regulations concerning registration, evaluation, and authorisation of chemicals (REACH).

### Integrating climate considerations within our product chain

We currently calculate the gate-to-gate carbon footprint of several of our chemical products. We report these to customers when requested. We have commissioned an external third party to independently review the gate-to-gate carbon footprint of some of our products, and to benchmark them against competitor products.

We are planning to undertake streamlined lifecycle assessments (LCA) on those chemical products likely to have high-carbon footprints. This is in addition to the previous LCA studies on greenhouse gas (GHG) emissions on our fuel products, to compare the fuels produced by our GTL and CTL technologies.

We supply customers with natural gas (NG) and methane-rich gas (MRG), enabling them to reduce their direct emissions. As we increased our intake of NG, we are able to increase our supply of NG and MRG to the consumer market. This year our total NG supplies to customers amounted to 51,2 Petajoules, while total MRG sales were 21,6 Petajoules. As a result of the substitution from coal to gas, we estimate that our customers reduced their total direct emissions of GHG by 2,7 million tons during the period.

With airline emissions under increasing scrutiny, our GTL kerosene offers airline operators a cost-effective means of improving their emissions profile. Synthetic fuels used in South African aviation have had a positive effect, in terms of performance and reduced emissions. GTL kerosene has now been cleared for use as a 50% blendstock, unlocking another high-value global market for our GTL products.


### Maintaining positive consumer relations

We supply products primarily to businesses, with limited supply directly to consumers. Sasol Oil supplies directly to consumers, contributing the highest percentage of customer revenue for the group. Sasol Oil's direct sales to retail convenience centres in South Africa is the most visible manifestation of the Sasol brand to consumers. We manage our relationships with our franchisees, and instil Sasol's values, through regional and national councils.

In South Africa, ensuring full compliance with the Consumer Protection Act 68 of 2008 is a potential risk. To address this, we have provided training to relevant employees to understand the implications of the act on business operations, and to identify and implement optimised business processes. We have also engaged an external law firm to develop a comprehensive compliance solution in this regard. Tailored compliance training will be rolled out to all affected stakeholders.

### Monitoring and managing our market reputation

We monitor our reputation among consumers in South Africa through the Reputation Institute of South Africa's annual Reptrak survey. The latest results, released at the end of April 2013, showed an improvement to 69,05 from 61,97. We do not currently participate in similar rating initiatives in other countries, but will be looking to do so as our presence increases in the US.

 **Our online report includes additional information on creating value through speciality ethoxylate.**



providing safe, essential and quality products *continued*





TGA 26.400

SASOL  
reaching new frontiers

## Launching Sasol clean diesel

In April 2013, Sasol Oil launched Sasol turbo10™ diesel, demonstrating our commitment to bringing to the market the latest product innovation for the benefit of the consumer. With almost zero sulphur, this GTL diesel is a high-performance, low-emissions product. It can be used in existing diesel engines either in neat form or as a premium blendstock. GTL diesel can achieve particulate emissions reductions of up to 40%, as well as reductions in NO<sub>x</sub> and VOCs. Its high cetane number (70 compared to a diesel standard of approximately 55) ensures cleaner and more complete combustion, improves cold start properties and reduces noise. As well as enhancing performance, high cetane also means less build-up of deposits in the engine, thereby reducing engine wear and extending engine life. On a full lifecycle analysis basis, GTL diesel's overall GHG emissions profile is at least as good as that of diesel produced in a modern refinery and possibly slightly better. Following the launch of this product, which is unique in South Africa, we have been focusing on marketing it to larger industrial customers. We will be looking to launch it soon through our retail operations.



# data and assurance

This section provides a consolidated review of our quantitative performance data over the past five years relating to our material sustainability challenges. The basis for identifying these material challenges is provided on pages 18 to 19.

The quantitative performance data covers our performance on issues pertaining to:

- **people:** focusing on safety, occupational illnesses and skills development;
- **society:** focusing on our economic value added and our BBEE procurement expenditure; and
- **the environment:** greenhouse gas (GHG) and atmospheric emissions, solid waste, energy and material use, water, land and biodiversity, and legal compliance.

## Our reporting boundary

The performance data reported in these tables has been aggregated from our construction, exploration, production, research and development, marketing and sales activities that are under our operational control in all of the countries in which we operate. We have included all of the data for the following joint ventures: National Petroleum Refiners of South Africa (Natref), Sasol Petroleum International Mozambique, ORYX GTL, Arya Sasol Polymer Company in Iran, and Sasol Huntsman in Germany. Further details on the nature and location of our joint ventures, and on their principal sustainable development-related risks, are provided on our website at [www.sasolsdr.com](http://www.sasolsdr.com).

All data is collected by the individual operations and reported on a quarterly basis to the SHE Centre using a common database, and in accordance with the group sustainable development 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 our financial reporting period (i.e. 2013 relates to the period from 1 July 2012 to 30 June 2013).

Although every effort has been made 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. The improvement of data quality and accuracy is receiving ongoing attention in accordance with the recommendation of our external assurance provider. A number of data corrections have been made this year based on the review process, particularly to our GHG reporting data following our work on measurement, reporting and verification (MRV) (see page 46). We will continue to rely on the use of spreadsheets for data collection and management until the SHE Integrated Management System (IMS) is in place. During the year, our sustainable development reporting guidelines and definitions were reviewed and revised; these guidelines will inform the reporting process from 1 July 2013.

All our business units have achieved ISO 14001 and OHSAS 18001 certification while most of our German operations are Eco Management and Audit Scheme (EMAS) validated.

## The Global Reporting Initiative (GRI)

A detailed GRI table, providing responses to each of the GRI G4 criteria, is provided on our website ([www.sasolsar.com](http://www.sasolsar.com)). Our online report also includes a review of our performance in terms of the UN Global Compact's Communication on Progress, as well as the Millennium Development Goals.

 Our online report also includes a review of our performance in terms of the UN Global Compact's Communication on Progress, as well as the Millennium Development Goals.



## people

	2013	2012	2011	2010	2009	Level of assurance
Employee numbers <sup>1</sup>	<b>34 629</b>	34 916	33 708	33 054	33 164	
Employee turnover	<b>1 807</b>	1 136	1 738	1 374	1 391	Moderate
Total number of person-hours worked (million) (including service providers)	<b>247,2</b>	235,7	202,3	193,4	182,2	High
<b>Safety</b>						
Recordable case rate <sup>2</sup> (including illnesses)	<b>0,34</b>	0,39	0,42	0,51	0,54	High
Recordable case rate (excluding illnesses)	<b>0,31</b>	0,35	0,37	0,45	0,49	
Employee and service provider fatalities	<b>5</b>	4	15	9	4	High
Employee and service provider fatal injury frequency rate	<b>0,005</b>	0,003	0,015	0,009	0,004	
Fires, explosions and releases <sup>3</sup>	<b>43</b>	42	51	63	36	High
Logistics incidents <sup>4</sup>	<b>29</b>	36	47	37	27	
Total number of first aid cases	<b>926</b>	961	NR	NR	NR	
<b>Occupational illness<sup>5</sup></b>						
Hearing loss	<b>15</b>	23	32	27	13	
Lung illnesses	<b>28</b>	29	26	25	30	
Asbestosis	<b>1</b>	1	1	4	1	
Tuberculosis <sup>6</sup>	<b>0</b>	0	0	7	4	
Mesothelioma	<b>0</b>	0	0	1	0	
Pneumoconiosis	<b>21</b>	20	23	9	20	
Other lung illness	<b>6</b>	8	3	3	5	
Other	<b>1</b>	1	0	3	1	
<b>Skills development</b>						
Investment in employee learning <sup>7</sup> (R million)	<b>898</b>	819	673	421	386	
Investment in learning as a % of payroll	<b>6,4%</b>	6,7%	6,5%	4,3%	4,3%	
Investment in black employees <sup>8</sup> (R million)	<b>625</b>	537	432	261	267	
Development interventions	<b>230 871</b>	137 703	126 847	64 019	65 526	
Investment in bursary scheme (R million)	<b>54,7</b>	38,2	38,5	51	45	
Undergraduate and postgraduate bursars	<b>719</b>	585	654	769	761	
Employees currently on chartered accountant training programme	<b>19</b>	20	22	26	28	Moderate
Employees in Sasol's maintenance artisan learner pools	<b>644</b>	581	883	778	993	Moderate
Learner artisans that Sasol trained for petroleum industry as part of oil, gas and electrical manufacturing project since 2007	<b>0</b>	947	947	417	1,050	
Learners in external technical skills partnerships	<b>238</b>	231	131	271	193	Moderate
Additional positions created in global venture support programme	<b>700</b>	700	700	700	700	
Investment in South African universities (R million)	<b>25</b>	25	25	25	25	
Technical personnel in global venture support programme	<b>327</b>	466	484	700	700	
Number of employees receiving leadership training	<b>5 732</b>	5 281	4 077	9 253	9 785	

\* Assurance refers to the 2013 parameters independently verified by the external assurance provider in 2013, in accordance with the statement on page 62.  
NR Not reported.

**1 Employees** are persons working for Sasol on a full-time or part-time basis, who are paid individually via our payroll system, including service providers working under our supervision (i.e. 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 workday cases, restricted work cases, medical treatments beyond first-aid cases and occupational 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; or (iii) it causes a release in excess of the relevant threshold quantity for that chemical as defined by the Centre for Chemical and Process Safety (CCPS). New leading and lagging indicators of process safety performance.

**4 Figures refer to all logistics-related events** 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 Euros, 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 Illnesses** are recorded as work-related as a precautionary measure. The various evaluation authorities may subsequently classify them as not work-related, in which instance they are removed from the records.

**6 Tuberculosis** is by and large not work-related, for mineworkers it is reportable to the authorities as a "medical monitoring illness". HIV/Aids increases the risk of contracting TB and the majority of TB patients are HIV-positive.

**7 Investment in employee learning** excludes the compulsory 1% or R140,8 million skills levy.

**8 Black employees** refer to African, Coloured and Indian people – for the purposes of South African employment equity considerations.



# data and assurance *continued*

## environment

	2013	2012	2011	2010	2009	Level of** assurance †
<b>Production performance</b>						
Total production (kilotons)	<b>23 696</b>	25 302	25 228	24 548	22 039	High
<b>Greenhouse gases (GHG)<sup>1</sup> (kilotons)*</b>						
Direct methane (CH <sub>4</sub> )	<b>118</b>	114	114	114	110	High
Nitrous oxide (N <sub>2</sub> O)	<b>0,611</b>	0,813	0,542	0,955	1,016	High
Direct carbon dioxide (CO <sub>2</sub> ) Scope 1	<b>58 593</b>	59 126	57 203	56 505	54 263	High
Indirect carbon dioxide (CO <sub>2</sub> ) Scope 2	<b>9 012</b>	9 777	9 013	10 086	9 491	High
Indirect carbon dioxide (CO <sub>2</sub> ) Scope 3	<b>412</b>	719	540	384	300	High
Total greenhouse gas (CO <sub>2</sub> equivalent)	<b>70 716</b>	72 278	69 322	69 671	66 682	High
GHG intensity (CO <sub>2</sub> equiv/ton product)	<b>2,98</b>	2,83	2,75	2,88	2,92	
<b>Atmospheric emissions (kilotons)</b>						
Nitrogen oxides (NO <sub>x</sub> )	<b>158</b>	155	155	164	160	High
Sulphur oxides (SO <sub>x</sub> )	<b>215</b>	202	208	240	233	High
VOC indicator of performance	<b>47,5</b>	47,2	46,5	47,7	47,0	
Particulates (fly ash)	<b>11,71</b>	7,47	9,15	11,38	9,39	High
<b>Waste (kilotons)<sup>2</sup></b>						
Hazardous waste	<b>303</b>	116	84	69	111	Moderate
Non-hazardous waste	<b>242</b>	264	409	454	697	Moderate
Recycled waste	<b>546</b>	937	1 208	1 617	1 583	
Total waste	<b>1 032</b>	1 318	1 701	2 140	2 391	
<b>Energy use (thousand gigajoules)</b>						
Electricity (purchased)	<b>31 423</b>	34 441	33 834	37 162	34 457	
Feedstock to electricity (self-generated)	<b>38 691</b>	30 944	29 864	25 405	17 189	
Feedstock to steam	<b>281 309</b>	276 426	266 185	278 247	272 847	
Transportation fuel	<b>859</b>	736	683	718	NR	
Fuel gas	<b>68 828</b>	69 017	63 596	54 972	48 410	
Other energy use	<b>6 691</b>	7 739	16 137	9 785	4 670	
Total energy use	<b>427 801</b>	419 294	410 299	406 289	377 573	High
<b>Material use (kiloton)</b>						
Coal (dry ash-free basis)	<b>17 896</b>	17 040	17 019	17 315	16 994	
Crude oil processed	<b>3 392</b>	5 492	4 890	4 331	4 493	
Nitrogen from air	<b>3 527</b>	2 451	2 220	2 574	2 388	
Oxygen from air	<b>15 017</b>	14 064	13 983	14 737	12 567	
Gas	<b>3 616</b>	4 031	NR	NR	NR	
Other (e.g. chemicals, feedstock)	<b>6 892</b>	7 673	6 778	22 062	20 680	
Total material use	<b>50 340</b>	50 751	44 890	61 019	57 123	Moderate
<b>Water</b>						
Total water use (1 000 m <sup>3</sup> )	<b>147 209</b>	148 372	152 526	151 391	152 318	Moderate
Liquid effluent (1 000 m <sup>3</sup> )	<b>33 307</b>	34 122	36 770	64 808	45 722	
Water recycled (1 000 m <sup>3</sup> )	<b>145 466</b>	142 754	128 719	139 308	130 562	Moderate
<b>Land and biodiversity (hectare)<sup>3</sup></b>						
Area affected by operations	<b>2 528</b>	2 671	3 679	3 779	3 744	
Area dedicated to conservation	<b>2 324</b>	3 046	3 456	3 869	4 553	
<b>Land use and mining (hectare)</b>						
Surface mining area	<b>1 284</b>	1 284	1 284	1 284	1 284	
Underground mining area	<b>43 421</b>	46 004	44 856	43 941	42 837	
Total area disturbed <sup>4</sup>	<b>47 786</b>	50 373	46 140	45 225	44 121	
Total area rehabilitated	<b>129</b>	542	1 689	1 689	1 689	
<b>Legal compliance<sup>5</sup></b>						
Fines, penalties and settlements (number)	<b>7</b>	3	9	46	20	
Fines, penalties and settlements (US\$m)	<b>0,40</b>	0,06	4,00	2,00	0,41	

\* Assurance refers to the 2013 parameters independently verified by the external assurance provider in 2013, in accordance with the statement on page 62.

† GHG data restated for the years 2000 to 2012.

NR Not reported

Notes

- Greenhouse gas (GHG)** emissions have been calculated and reported in accordance with the GHG Protocol ([www.ghgprotocol.org](http://www.ghgprotocol.org)). On the basis of the outcome of our GHG data review undertaken this year (see page 46), some of the previously reported data in our sustainable development reports (SDR) has had to be revised. This is mainly due to a restatement of methane emissions at our Secunda facility.
- Waste:** the definitions of "waste" vary widely around the world. For reporting purposes, we use the applicable definitions of regulatory authorities. In situations with insufficient guidance from legislation, the definitions of hazardous waste are reported if it is (i) removed from the premises for disposal and/or treatment, or (ii) disposed of onsite (e.g. 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. In 2013, hazardous and non-hazardous waste figures include recycled waste figures, however, was not included in prior years. The data will be corrected historically using the revised calculation in the next year.
- Managing land use and biodiversity:** we do not have operations in areas that have been declared biodiversity hotspots (areas identified as being critical or endangered eco-regions). However, we do have interests in areas of potential sensitivity, particularly as part of some of our upstream exploration and extraction activities. In accordance with our environmental management practices, the protection of biodiversity issues is addressed formally in new projects through environmental impact assessments (EIAs) and in existing projects through environmental management plans and/or programmes (EMPs). We are also working to assess the biodiversity of the habitats in land currently owned, leased or managed throughout the group.
- Total area disturbed:** a subsidence risk of previously undermined areas has been identified at Sasol Mining; we have started engaging with affected landowners on this issue.
- Legal compliance:** the figure includes fines and penalties for non-compliance with all applicable international, regional, national and local laws and regulations associated with safety, health and environmental issues. 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.

## society

	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm					
Turnover	181 269	169 446	142 436	122 256	137 836					
Less purchased materials and services	(103 572)	(102 517)	(86 179)	(74 061)	(89 393)					
Value added	77 697	66 929	56 257	48 195	48 443					
Finance income	1 153	1 275	1 283	1 549	2 060					
<b>Wealth created</b>	<b>78 850</b>	68 204	57 540	49 744	50 503					
	%	%	%	%	%					
Employees <sup>1</sup>	31,8	25 038	30,1	20 520	32,9	18 907	35,3	17 546	34,7	17 532
Providers of equity capital	14,8	11 691	15,1	10 274	12,3	7 040	11,6	5 806	14,4	7 260
Providers of debt	2,9	2 304	2,3	1 565	2,4	1 392	3,6	1 799	4,3	2 191
Governments – direct taxes	14,5	11 425	15,0	10 267	12,5	7 198	11,3	5 602	18,7	9 413
Reinvested in the group	36,0	28 392	37,5	25 578	39,9	23 003	38,2	18 991	27,9	14 107
<b>Wealth distribution</b>	<b>100,0</b>	<b>78 850</b>	100,0	68 204	100,0	57 540	100,0	49 744	100,0	50 503
	2013	2012	2011	2010	2009					
<b>Broad-based black economic empowerment (BBBEE)</b>										
BBBEE verification certificate	Level 4 <sup>2</sup>	Level 4	Level 4	Level 4	Level 5					
Preferential procurement (score out of 20)	17,85	14,5 <sup>3</sup>	15,8	14,36	10,9					
Preferential procurement (R'-billion) from all suppliers	R28,6	R20,5	R13,4	R11,8	R7,4					

1 Due to the change in the presentation of the Income Statement from a classification based on function to a classification based on nature, the employees amount has been restated in 2011 and 2012.  
 2 Subsequent to 30 June 2013, we achieved level 3 BBBEE contributor status.  
 3 Restatement of 2012 preferential procurement score out of 20.



## assurance statement

### Introduction

We have been appointed by Sasol Limited (Sasol) to conduct an independent assurance engagement in Accordance with AA1000AS on selected information related to Sasol's sustainable development report (SDR) 2013 for the financial year ended June 2013.

### Assurance scope and subject matter

The identified subject matter in the assurance scope and levels of assurance as agreed with Sasol are as follows:

- Sasol's adherence to the AA1000APS AccountAbility Principles of Inclusivity, Materiality and Responsiveness for an expression of *moderate assurance*.
- Selected key non-financial performance indicators as listed below and referenced in the GRI table on [www.sasolsdr.com](http://www.sasolsdr.com).

#### High assurance

- a) Total production (kilotons)
- b) Recordable case rate (RCR), including employees and service providers
- c) Total number of fatalities
- d) Number of reportable fires, explosions and releases (number of events)
- e) Total energy use (thousand gigajoules)
- f) Particulates (fly ash) (kilotons)
- g) Sulphur oxide (SO<sub>x</sub>) emissions (kilotons)
- h) Nitrogen oxide (NO<sub>x</sub>) emissions (kilotons)
- i) Carbon dioxide (CO<sub>2</sub>) – direct (Scope 1) (kilotons)
- j) Carbon dioxide (CO<sub>2</sub>) – indirect (Scope 2 and 3) (kilotons)
- k) Direct methane emissions (kilotons)
- l) Total greenhouse gases (CO<sub>2</sub> equivalent) (kilotons)
- m) Nitrous oxide (N<sub>2</sub>O) (kilotons)

#### Moderate assurance

- a) Total material use (kilotons)
  - b) Total water use (1 000 m<sup>3</sup>)
  - c) Total amount of water recycled (1 000 m<sup>3</sup>)
  - d) Hazardous waste (kilotons)
  - e) Non-hazardous waste (kilotons)
  - f) Total waste (kilotons)
  - g) Number of product transportation incidents
  - h) Employee turnover number
  - i) Learnerships offered
- Sasol's self-declared United Nations Global Compact principles disclosure presented at [www.sasolsdr.com](http://www.sasolsdr.com) for an expression of *moderate assurance*.

### Summary of work performed

#### Standards and criteria used

We performed our work in accordance with the AA1000 Assurance Standard (AS) 2008 Type 2 requirements and used the following assessment criteria when undertaking our work:

- AA1000 AccountAbility Principles Standard (APS) 2008;
- the Sasol Standard for Sustainable Development Reporting Requirements and Definitions;
- the United Nations 24 Global Compact Advanced Criteria, and
- the GRI (G4) Sustainability Reporting Guidelines – Reporting Principles and Standard Disclosures.

#### Level of Assurance and engagement limitations

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information set out in the scope was free from material misstatement at either a *moderate* or *high* level of assurance as indicated.

The evidence gathering procedures for moderate assurance are more restricted than for *high* assurance and therefore less assurance is obtained with *moderate* assurance than for *high* assurance as per AA1000AS 2008.

The reliability of the reported sustainability information and data is subject to inherent uncertainty, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

#### Our work

A multi-disciplinary team of sustainability and assurance practitioners with experience in Sasol's industry sector performed work at corporate level and at a sample of its operating locations. Our work consisted of:

- face-to-face interviews to understand and test the processes in place for reporting on the AA1000 AccountAbility Principles and the key performance indicators (KPIs);
- obtaining an understanding of the systems used to generate, aggregate and report the data at the operations sampled;
- site visits to operations, which involved applying the assurance criteria, testing key controls on a sample basis, testing collection, aggregation and reporting processes in place;
- reviewing the consolidation of data at business unit level and at the Sasol SHE Centre;
- reviewing Sasol's disclosure against the United Nations Global Compact principles Advanced Criteria;
- reporting our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work;
- reviewing the presentation of the KPI's assured for consistency with our work performed; and
- reviewing the presentation of the report against the "in accordance" – core GRI-G4 disclosure requirements.

## Respective responsibilities and ERM's independence

Sasol is responsible for preparing the report and for the collection and presentation of information within it. ERM's responsibility is to express assurance conclusions in terms of the agreed brief.

ERM maintains strict policies related to conflict of interest and we have confirmed our impartiality to Sasol in delivering our assurance engagement.

## Our assurance conclusions

1. In our opinion, based on the work undertaken for moderate assurance as indicated in the scope of work above, Sasol has adhered to the AA1000 Principles of Inclusivity, Materiality and Responsiveness in all material respects.
2. In our opinion, and based on the work undertaken for high assurance as indicated in the scope of work above, the KPIs as referenced in the data table on pages 59 and 60 have been prepared in accordance with the defined reporting criteria in all material respects.
3. In our opinion, and based on the work undertaken for moderate assurance as indicated in the scope of work above, the KPIs as referenced in the data table on pages 59 and 60 have been prepared in accordance with the defined reporting criteria in all material respects.
4. In our opinion, based on the work undertaken for moderate assurance, the self-declared United Nations Global Compact Principles Advanced Criteria disclosure on [www.sasolsdr.com](http://www.sasolsdr.com), has been prepared in accordance with the defined reporting criteria in all material respects.

## Our key observations and recommendations

Based on our work set out above, and without affecting our assurance conclusions above, our key observations and recommendations for improvement are:

### AA1000 AccountAbility Principles

#### In relation to the Inclusivity Principle

Sasol has a formal stakeholder engagement function that is applied across the organisation and governed through a subcommittee of the board. A global stakeholder management strategy, scorecard and engagement charter is in place that are in the process of implementation to cover all identified stakeholder groups.

#### In relation to the Materiality Principle

Sasol has applied due process in determining and reporting on its material issues in a transparent and balanced manner. An annual group-wide materiality process is followed that encompasses an assessment of Sasol's group-wide risks, as identified through an internal risk assessment process, as well as careful consideration of the interests and expectations of both internal and external stakeholders.

#### In relation to the Responsiveness Principle

Sasol's responses to stakeholder issues reviewed are considered to be appropriate. Approved stakeholder communication processes are in place and the SDR content has been influenced by stakeholder comments.

#### Selected performance indicators

It is ERM's view that, although Sasol's sustainability reporting process is mature, the effective implementation of the planned electronic sustainable development reporting platform will reduce human error along the reporting chain during the full reporting period to a large degree going forward.

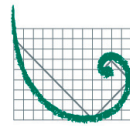
Comprehensive management reports detailing specific findings and recommendations for sustainability data reporting have been submitted to the management of the respective business units visited as well as to Sasol's group management.



**Massimo Bettanin**

*Environmental Resources Management SA (Pty) Ltd (ERM)*

Johannesburg, 17 October 2013



**ERM**



**AA1000**  
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**Credits:** Sasol's 2013 sustainable development report has been produced and published by the Sasol SHE 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:** Contingent resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from a known accumulation by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is therefore uncertainty as to the portion of the volumes identified as contingent resources that will be commercially producible. Sasol may, in this document, 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 9 October 2013 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.

**Please note:** A billion is defined as one thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word "calendar".

**Note on measurement:** besides applying barrels (b) and cubic feet (cf) for reporting on oil and gas reserves and production, we apply 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. Our 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 (e.g. 3,5) instead of the more familiar decimal point (e.g. 3.5) used in the UK, USA and elsewhere. Similarly, a hard space is used to distinguish thousands in numeric figures (e.g. 2 500) instead of a comma (e.g. 2,500). A billion is defined as 1 000 million.

## Production

Project management: Stiaan Wandrag and Elvina Hercules  
Strategic advice and editorial: Incite ([www.incite.co.za](http://www.incite.co.za))  
Design and reprographics: Studio 5 ([www.studio5.co.za](http://www.studio5.co.za))  
Independent assurers: ERM ([www.erm.com](http://www.erm.com))



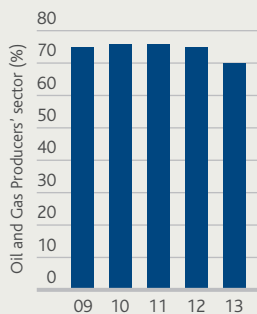
### Supporting global initiatives related to sustainable development

We participate in various international voluntary initiatives relating to sustainable development:

- We play an active role in the global chemical industry's Responsible Care® initiatives, and participate in working groups of the European Chemical Industries' Council (CEPIC) and the South African Chemical and Allied Industries' Association (CAIA).
- We have been a signatory to the United Nations Global Compact (UNGC) since 2001, and in March 2008 we endorsed the UN Global Compact CEO Water Mandate.
- We participate in the Global Product Strategy (GPS) initiative of the International Council of Chemical Associations (ICCA).
- We support the principles of the Extractive Industries Transparency Initiative (EITI).
- We participate in the annual Carbon and Water Disclosure Projects.
- We are corporate members of numerous local and international businesses, engineering, scientific and other organisations.
- We are members of the World Business Council for Sustainable Development (WBCSD) and the National Business Initiative (NBI).

In 2013 we qualified for inclusion in the Dow Jones Sustainability Index (DJSI) in the Oil and Gas Producers' sector with an overall score of 70%. This is the seventh successive year we have been included in the DJSI. We were also included in the JSE SRI universe during 2012.

Sasol DJSI Score



### Environmental impact of Sasol's sustainable development report

We calculated the CO<sub>2</sub> emissions associated with the business travel of the consultants who assisted Sasol in compiling this report and auditing the data. Using the World Resources Institute's SafeClimate carbon footprint calculator, this amounted to 11,9 tons of CO<sub>2</sub> equivalent. A more comprehensive overview is provided on our website, [www.sasol.com](http://www.sasol.com).

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