

sasol
reaching new frontiers



sustainable development report
2002-2004

sasol at a glance

Sasol is an integrated oil and gas company with substantial chemical interests. In South Africa, we support these operations by mining coal and converting it into synthetic fuels and chemicals through proprietary Fischer-Tropsch technologies. We also have chemical manufacturing and marketing operations in Europe, Asia and the Americas. Our larger chemical portfolios include polymers, solvents, surfactants and their intermediates, waxes, phenolics and nitrogenous products.

The group produces crude oil in offshore Gabon, refines international crude oil into liquid fuels in South Africa, and retails liquid fuels and lubricants through a growing network of Sasol retail convenience centres and Exel service stations. During the first quarter of 2004, we began to produce and supply Mozambican natural gas for our gas customers and our petrochemical plants in South Africa. We are also developing in Qatar and Nigeria two joint-venture gas-to-liquids (GTL) fuel plants that will incorporate the proprietary Sasol Slurry Phase Distillate™ process.

We employ more than 30 000 people and generated turnover of R60 billion during the 2004 financial year. The group is listed on the JSE Securities Exchange South Africa, and on the New York Stock Exchange, with a market capitalisation of approximately R65 billion.

For more information, visit our website: www.sasol.com

sasol vision

To be a respected global enterprise, harnessing our talents in applying unique, innovative and competitive technologies to excel in selected markets in the energy and chemicals sectors in Southern Africa and worldwide.

sasol values

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

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

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about our sustainable development report

This is the fifth in our series of biennial reports on Sasol's sustainability performance. This report, which has been published in accordance with the Sustainability Reporting guidelines of the Global Reporting Initiative (GRI), reviews Sasol's social and environmental performance for the two-year period between 1 July 2002 and 30 June 2004. The report covers the activities of all the Sasol operations globally in which Sasol has operational control, focusing on those issues that are significant at a group level. A map and a brief description of our operations is provided on page 6. A GRI Content Index is included on pages 57 – 60. Our previous report, covering the period 1 July 2000 to 30 June 2002, was published in March 2003.

While this report has been written with all of our stakeholders in mind, we have chosen in this edition to focus in particular on the interests of employees, investors, civil society bodies and regulators. These stakeholder interests have been identified during a process of stakeholder interaction that was specifically undertaken for this report. The report focuses on matters that are significant at a group level. The report does not replace our individual site and company-specific reports that have been developed primarily for our employees and neighbouring communities. Further details on our company-specific performance may be obtained through our website: www.sasol.com.

As outlined in the assurance statement on pages 49 – 51, parts of this report have been externally assured by independent consultants. To facilitate comparability with our previous reports, we have endeavoured to be consistent in the parameters reported against year-on-year.

In some instances, however, these have been amended and updated to ensure greater integration of reporting practices throughout our increasingly globalising company, as well as to implement world best-practice. All changes in the reporting parameters are explained in relevant sections of the report.

In response to feedback on our previous report we have chosen this year to publish a more concise summary report of our performance, with the aim of providing stakeholders with a document that is easy to read and that focuses on issues material to our business activities. This is the detailed report; electronic versions of both reports are available on our website (www.sasol.com) or by contacting us directly.

We encourage you to share your thoughts with us on this report, either by completing the attached feedback form, or by contacting us directly.

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Our sustainable development report – identifying stakeholder interests

An important input into Sasol's 2002-2004 sustainable development report was the independently conducted series of stakeholder interviews and consultations with the following selected stakeholder groups:

- **Sasol thought leaders** – comprising a global cross-section of senior Sasol managers
- **A sample of Sasol employees** – drawn into five focus groups at the Sasol Synfuels operation at Secunda, South Africa
- **Government departments** – comprising representatives of both national and provincial government in South Africa
- **Community groups** – comprising representatives of the stakeholder forums in which the company participates at both Sasolburg and Secunda in South Africa
- **Investors** – comprising fund managers and analysts in the company's major investors located in South Africa, the United States and the United Kingdom.

This was an initial selective engagement process with a predominant focus on our South African stakeholders. It is anticipated that broader processes will be undertaken in future. The issues that were raised by our stakeholders during this process have been used to inform the content and structure of our sustainability report. A review of the outcomes of this consultative process is provided on page 21.

material sustainability-related risks at sasol

This table identifies Sasol's material sustainability-related risks and briefly describes the measures in place to address these risks. Each of these risks has been identified through formal internal risk assessment procedures. The following list constitutes a more detailed subset of the group-wide risk factors that are described, for example, in terms of the annual Form 20-F and related reporting requirements of the US Securities and Exchange Commission.

Risk	Summary of measures taken to address the risk
<p>Major fire or explosion at any site with large hydrocarbon inventory.</p> <p>Major release of hazardous gas or vapour.</p>	<p>All Sasol sites have identified and quantified their major risks in these two categories. Risks have been quantified in two ways. First using the insurance estimated maximum loss (EML) approach, and secondly using a public risk approach (eg, in terms of the US OSHA/EPA requirements, the EU's Seveso II Directive or South Africa's Major Hazard Installation requirements). Specific mitigation and contingency plans have been drawn up and, where required, agreed with the relevant authorities. Site risks, as well as mitigation and contingency plans, are reviewed as part of the SH&E corporate governance audits.</p>
<p>Major shipping or transport incident (fire, explosion, emission, spillage or gas pipeline rupture).</p>	<p>In most cases (except in those instances where Sasol uses its own transport), responsibility to mitigate these emergencies lies with third parties. Where Sasol uses third-party logistics service providers, a process is in place to assess compliance to specific requirements. In addition, Sasol provides first-line advice using emergency call centres.</p>
<p>Global acceptance of the Kyoto Protocol could have a significant effect on Sasol's gas-to-liquids (GTL) and coal-to-liquids (CTL) operations.</p>	<p>Global acceptance of the Kyoto Protocol could have a significant effect on Sasol's CTL operations and GTL technology. Sasol is a significant CO₂ emitter, with fossil fuels being a major raw material and energy input. On the other hand, the use of carbon credits and the possibility of CO₂ sequestration from both CTL and GTL processes may present significant opportunities for Sasol. Sasol has an agreed position statement on greenhouse gas (GHG) emissions and GHG emission reduction targets are being finalised. The shift from coal to gas as a feedstock in some areas will reduce CO₂ emissions by 5% during 2005.</p>
<p>Impact of HIV/Aids and tuberculosis on our workforce.</p>	<p>Board-level approval has been given to the development and implementation of the Sasol HIV/Aids Response Programme (SHARP) as the mechanism for addressing these issues of concern. Based on the preliminary results of our voluntary counselling and testing programme we estimate between 10% - 15% of our South African workforce may be currently infected, with the highest concentration in our mining operations.</p>
<p>New project risk (R&D, concept, design, construction and commissioning).</p>	<p>Sasol Technology has provided for inherent safety and cleaner technology approaches to new project design. Hazard operability studies and quantitative risk assessment are used.</p>
<p>Employee or third party exposure to hazardous substances.</p>	<p>The potential risks in the workplace are identified and addressed. A harmful emissions inventory is being developed in South Africa. All operational staff are subject to annual medical evaluations and are provided with personal protective equipment and relevant training as necessary. Asbestos is no longer installed in new Sasol plants. An inventory of existing asbestos has been completed in Europe and the USA, and is in progress in South Africa. European and USA emission inventories are undertaken routinely and are tightly monitored.</p>
<p>Environmental liabilities due to past contamination (eg, mine water, air emissions and contaminated groundwater).</p>	<p>Sasol is developing a group-wide approach to identifying and quantifying environmental liabilities in South Africa. This project will take several years to complete. The European and USA sites' environmental liabilities have been well characterised during the due diligence process, with relatively low residual risk.</p>
<p>Planned changes in South African environmental laws (especially air, water and waste) may result in high compliance costs.</p>	<p>Benchmarking of ambient air quality in Sasolburg and Secunda communities against draft South African standards has been completed. Emission reduction strategies to meet anticipated emission standards are being prepared.</p>
<p>Implementation of the EU REACH Proposal may result in significant compliance costs, as well as a possible reduction in exports from South Africa to the EU.</p>	<p>The impact of the current version of the EU proposal for a revised EU chemicals legislation (REACH) has been quantified for all Sasol products currently sold and exported to the EU.</p>
<p>Product SH&E liabilities associated with product use or abuse.</p>	<p>Strong product stewardship programmes are in place in Europe and the USA, and are at an advanced stage of being implemented throughout our South African operations.</p>

chief executive's statement



In 2000, Sasol formally adopted sustainable development as a strategic business philosophy. To ensure that this commitment is implemented in a meaningful manner, it is imperative that we regularly measure and publicly report on our sustainability performance. It is only by monitoring and communicating on our performance that we can ensure our commitment to sustainability is being fulfilled, and that we can hope to develop and maintain trust with our stakeholders.

Actions speak louder than words and it will take more than reporting on our performance for us to deserve trust. While I believe – as this report should demonstrate – that we are acting on our commitments, I recognise that our achievements over the past two years will be seen in the context of the recent tragic explosion at our Sasol Polymers' ethylene plant at Secunda, South Africa. Once again, I express my sympathy to all those who have been affected by this unfortunate event. The incident is being investigated by internal and external teams and we shall be implementing measures aimed at addressing the root cause.

In reviewing our performance over the last two years, I believe that there are a several areas that highlight our commitment to continuously improving our sustainability performance:

- there has been a decline in injuries and recordable cases in most of our operations, with the recordable case rate for the group showing a 53% improvement on the level reported in 2002;
- there has been an important reduction in the overall number of significant fires, explosions and releases, as well as a reduction in the reported emissions of key atmospheric pollutants and in our carbon intensity;
- new management structures and significant new initiatives have been implemented to manage challenges that are of particular relevance to our South African operations, most notably on HIV/Aids, employment equity and black economic empowerment;
- during the reporting period we revised our code of ethics and are implementing measures to ensure its effective adoption;

- we have made valuable progress in the implementation of our site remediation activities throughout the group; and
- much value continues to be generated from our safety, health & environmental (SH&E) governance audit programmes, and useful progress has been made in integrating SH&E management practices across the group globally.

The result of our ongoing efforts has been externally recognised and is reflected, for example, in our improved overall score on the Dow-Jones Sustainability Index, our acceptance on to the JSE Socially Responsible Investment Index, and our receipt of several awards and accolades.

Despite these encouraging achievements, it is evident that there are some important continuing challenges:

- it is of particular concern that there were 15 work-related fatalities during the two-year reporting period; this is unacceptable, and we shall continue to strive towards our goal of zero fatalities. Third-party logistics service providers reported four fatalities in 2004;
- while we have made important progress against the group 2006 targets (most notably in reducing the number of significant incidents), further effort is required if these targets are to be achieved and maintained by 2006;
- although there have been some encouraging reductions in our atmospheric emissions, this is an area that will require continuing high-level focus, including in our management of greenhouse gases;
- as we expand our operations into Africa and Asia, we recognise the need for extra diligence in ensuring that our activities comply with internationally accepted standards of human rights;
- similarly, we recognise that we have an important potential role to play in fostering good governance practices, for example, by promoting transparency in our payments to governments; and finally
- due to the nature of our activities, we shall need to be innovative in identifying practical solutions for minimising the environmental footprint of our activities, both in terms of our processes and our products.

In response to stakeholder feedback – including an external stakeholder consultation process undertaken specifically for this report – we have chosen this year to publish and distribute a summary report, with a more detailed full report available on our website, or for distribution on demand. These reports, which have been independently verified, cover the performance of our operations for the period from 1 July 2002 to 30 June 2004. The reports have been prepared in accordance with the 2002 Sustainability Reporting guidelines of the Global Reporting Initiative. I believe they present a balanced and



chief executive's statement (continued)

reasonable reflection of our organisation's economic, environmental and social performance during that period.

The reports also include a review of our implementation of the principles of the UN Global Compact. It is pleasing to report that we have been active in various Global Compact initiatives over the last two years, and that we have largely integrated the principles of the Global Compact within our business activities. Despite these activities, we recognise that comprehensive implementation of these principles will present us with continuing challenges, particularly as we expand our operations into emerging markets.

Looking forward, it is clear that companies such as ours will face continuing pressure to be open and transparent in reporting on our sustainability performance. The challenge for us is to identify those issues that our various stakeholders care about. What are the issues of material interest to them? What are we as a company doing about these issues? And – once we have responded appropriately to these interests – how do we share our performance with our stakeholders

in a manner that will ultimately gain their trust, and thereby contribute to the financial value of the company?

Our activities in this regard have been positively acknowledged in the past. As recent events have served to remind us however, this is an issue about which we can never be complacent. I am committed to ensuring that we continue to be proactive in identifying and addressing sustainability concerns, and in reporting on our sustainability performance.

Pieter Cox

Deputy chairman & chief executive
December 2004

External recognition for Sasol's sustainability performance

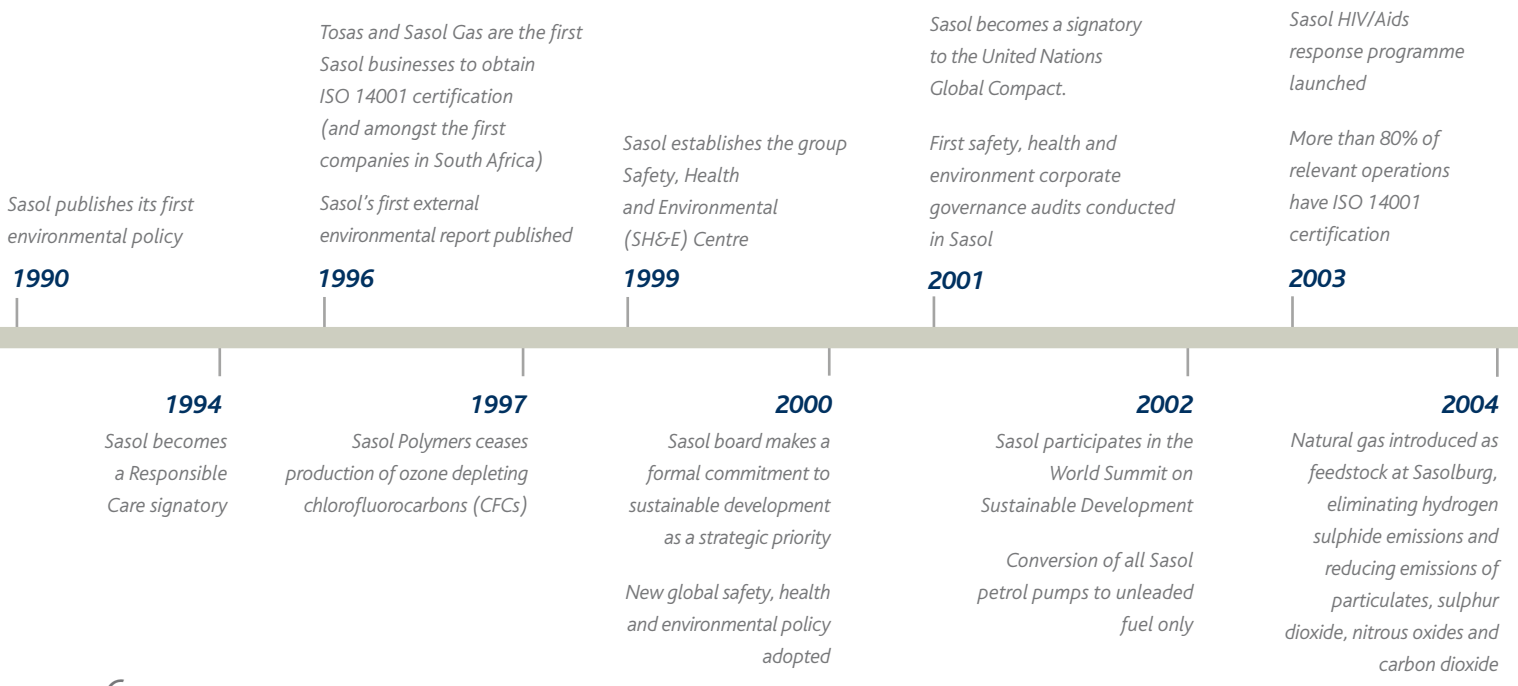
During the reporting period, several of Sasol's operations received awards or commendations relating to various aspects of their safety, health, environmental and/or sustainability performance. Following are some examples of the external recognition we have received for aspects of our sustainability performance:

- On 14 July 2004, Sasol's previous sustainable development report received the Association of Chartered Certified Accountants: South Africa (ACCA) award for Runner-up, Best Sustainability Report.
- Sasol was one of 51 companies that qualified as the first constituents of the JSE's Socially Responsible Index. All 160 companies in the FTSE/JSE All Share Index were invited to participate on a voluntary basis and 74 companies decided to participate.
- Sasol's overall score on the Dow-Jones Sustainability Index (DJSI) improved from 70% to 74%; we narrowly missed inclusion in the index, and were identified as the next company in line for inclusion.
- The American Chemistry Council (ACC) honoured 15 companies for energy-efficiency improvements made in 2002. Sasol North America received two awards for energy-efficiency improvements in the ethylene plant at Lake Charles.
- Special commendation in the Mail & Guardian Greening the Future 2003 awards for investment in innovative projects to minimise environmental impacts.
- The Lake Charles Chemical Complex received four safety awards from the National Petrochemical & Refiners Association.
- Bosjesspruit Colliery and Sigma Wonderwater strip mining operations were awarded the prestigious Excellence in Mining Environmental Management (EMEM) awards for coal mining by the provincial Department of Minerals and Energy in South Africa.
- Ranked 25th among the top 100 corporate responsibility reports in the SustainAbility benchmark survey 2004.

our global activities



sasol's sustainable development milestones





our sustainability performance – at a glance

Achievements, disappointments and challenges in the 2002-2004 reporting period

Principal achievements

- Continuing reductions in the reported emissions of key atmospheric pollutants.
- Decline in injuries and recordable cases in most operations.
- Successful implementation of new initiatives to manage HIV/Aids in our South African operations.
- Progress in promoting black economic empowerment in our South African operations.
- Approval of group-wide greenhouse gas strategy.
- Development of new group-wide targets for greenhouse gas emissions, volatile organic compound (VOC) emissions and transport incidents are currently under evaluation.
- Significant progress in the rehabilitation of contaminated sites.
- Various external awards and recognition for our internal performance and reporting practices.

Principal disappointments

- Fifteen work-related fatalities and four transport-related fatalities of third-party service providers over the two-year reporting period.
- Despite the positive overall decline in injuries and recordable cases, there has remained an unacceptable number of significant safety incidents.
- Increase in serious transport incidents.

Principal challenges

- Effectively integrating sustainability considerations in all relevant business decisions, and all new global projects and operations.
- Developing and maintaining robust internal measurement and reporting systems throughout the group.
- Improving the safety performance of our operations.
- Complying with increasingly stringent environmental legislation in all the regions in which we operate.
- Qualifying among the top 10% on the Dow-Jones Sustainability Index.

Progress against the 2006 targets for the Sasol group

Target – To achieve an annual average recordable case rate (RCR) of not more than 0,5, or at least a 50% reduction on the 2001 baseline.

The RCR for the group at financial year-end was 1,03, compared with 1,34 in 2003 and 2,18 in 2002. While an important improvement, it is evident that additional and ongoing efforts are required if we are to meet the group target of 0,5 before the close of the 2006 financial year.

Target – To reduce the number of significant process safety incidents (fires, explosions and releases) by at least 50% on the 2001 baseline.

During the 2004 reporting period there were 26 significant process safety incidents throughout the group, compared with 24 incidents in 2003 and 63 incidents in 2002. This represents a 35% reduction on 2001 levels, and indicates that we are on track for meeting our 2006 target.

Target – To achieve at least a 90% overall 'Practice in Place' (PIP) for Responsible Care.

Valuable progress has been made throughout this reporting period towards achieving the group target of attaining the 90% PIP for the Responsible Care Codes of Practice by the 2006 financial year. For the Sasol business units who are signatories to Responsible Care, the reported level of PIP at the end of the period was 81%, compared with 60% three years ago. While this is a significant improvement, further work is required to both improve the performance and to ensure that best practices and consistent definitions are used throughout the group.

During the reporting period, additional group-wide targets were developed for greenhouse gas emissions, VOC emissions and transport incidents.



addressing our previously identified challenges

What we said in our 2000-2002 report	What we've done
Management and governance activities	
Continuing to promote effective implementation of safety, health and environmental management systems throughout the group, with an emphasis on integrating new operations.	Changes have been made to the corporate SH&E management and reporting structures to ensure more effective integration of new operations. Progress has been made in promoting more widespread implementation of certified SH&E management systems. (See pages 10 – 27).
Achieving the SH&E targets for 2006.	While valuable progress has been made towards meeting each of the group-wide targets for 2006, much ongoing work is required if we are to meet and maintain our performance in accordance with the targets. (See page 7).
Ensuring compliance with the full reporting and governance requirements of King II, reporting in accordance with the Sustainability guidelines of the GRI, and ensuring excellent corporate governance in the SH&E and sustainable development areas.	Ongoing progress achieved through implementation of the SH&E corporate governance audits, and introduction of improved internal performance reporting systems. Following listing on the NYSE, procedures are in place to ensure compliance with US Securities and Exchange Commission reporting requirements. (See 2004 annual review and financial statements).
Achieving ISO 14001 and EMAS certification for our Augusta and Crotone operations in Italy, and Sasol Servo in the Netherlands.	All listed sites have certification in terms of ISO 14001 and the European Eco-management and Audit Scheme (EMAS), except for Crotone where EMAS certification is still outstanding.
Managing and mitigating the risks and liabilities associated with our business.	As this report outlines, we have made progress in managing most of our material risks. A summary of our key material risks and our responses thereto is provided on page 3. More detail is provided throughout this report.
Improving our rating on the Dow-Jones Sustainability Index.	Sasol's overall score improved from 70% to 74%, while the industry average decreased from 61% to 53%, and the best from 81% to 80%. A proposal for improving Sasol's DJSI performance was approved by the Group Executive Committee (GEC) in May 2003. (See page 15).
Supporting government in the South African law reform process with relevance to SH&E matters.	We have been active participants throughout the reporting period on a range of governmental law reform process, including most particularly the reform of air quality legislation.
Economic performance	
Meet strategic growth targets.	Over the last five years, increases have been achieved in attributable earnings (19% – rand; 16% – US\$), operating profit (20% – rand; 17% US\$), and turnover (26% – rand; 23% – US\$). The Qatar Oryx gas-to-liquids plant is 40% complete, and pre-feasibility has been completed for potential coal-to-liquids plants in China. The Sasol Dia Acrylates plant is on stream and the Sasol Arya polymers plant in Iran and the Mozambique Natural Gas Project (MNGP) are progressing well.
Social performance	
Ongoing scope to improve our recordable case rate.	Recordable case rate (RCR) for the Sasol group continued to show year-on-year improvement. (See page 36).
Effective implementation of an HIV/Aids strategy.	In November 2002 the Sasol board of directors approved the Sasol HIV/Aids Response Programme (SHARP). Significant progress has been made in implementing this initiative. (See page 33).

addressing our previously identified challenges (continued)

What we said in our 2000-2002 report	What we've done
Social performance (continued)	
<i>Ensuring more consistent assessment and management of health risks and liabilities throughout the group.</i>	New occupational health guidelines have been developed. (See page 37).
<i>Promoting economic empowerment of people from historically disadvantaged groups in South Africa.</i>	Progress achieved, for example, through the increase in economic empowerment procurement expenditure, provision of employment equity opportunities and through Sasol's significant corporate social investment programme. (See page 30 and page 32).
<i>Strengthening our ties with our neighbouring communities and with local authorities, and implementing a more structured system of stakeholder engagement.</i>	New outreach forums established throughout the group. Stakeholder engagement practices an important component of various new projects, most notably the Mozambique Natural Gas Project. Stakeholder process undertaken for the 2002-2004 sustainable development report. (See page 21).
Environmental performance	
<i>Reducing our greenhouse gas (GHG) contribution and becoming more carbon-efficient.</i>	Seventeen percent reduction in emissions of CO ₂ equivalent per ton of production in 2004 compared with 2002. Group-wide GHG reduction targets being finalised. Preparations under way for Clean Development Mechanism (CDM) projects, and emissions trading in Europe. Future reductions anticipated following conversion to natural gas. (See page 41).
<i>Continuing efforts to reduce water and energy consumption, and to improve water effluent quality.</i>	Reductions achieved in water consumption (20%) and energy consumption (23%) in 2004 compared with 2002, as measured per ton of production. Ongoing measures throughout the group to improve effluent quality. (See pages 44 – 45).
<i>Minimising the generation of waste.</i>	Various waste minimisation initiatives have been implemented throughout the group. There has been a 28% reduction in the total levels of hazardous and non-hazardous waste generated per ton of production in 2004 compared with 2002. (See page 45)
<i>Supporting the South African Government in implementing a strategic environmental assessment (SEA) in the Vaal Triangle region by the end of 2003.</i>	Study phase of the SEA launched formally in November 2002. Sasol, through the Chemical and Allied Industries' Association (CAIA), in South Africa, is involved in ongoing discussions with government. Minimal progress.
<i>Achieving targets in product stewardship (including for example compliance with EU requirements on REACH and similar regulations globally).</i>	An awareness programme is currently underway throughout the group. A legal review is being conducted to ensure relevant requirements of international conventions are being met. (See page 16).
<i>Managing and reducing odours and the emission of volatile organic compounds.</i>	Significant investments undertaken to reduce emissions of hydrogen sulphide (H ₂ S) and volatile organic compounds. VOC emissions reduced by 29% and H ₂ S emissions by 37%, as measured per ton of production in 2004 compared with 2002 (See page 43).

sustainable development management and corporate governance

This section outlines key developments that have taken place over the last two years in terms of the management structures and strategies at a group level regarding sustainable development practices.

Commitment to sustainable development

Sasol's group executive committee (GEC) formally adopted the principle of sustainable development as a group-wide strategic business philosophy in 2000. Since then, various steps have been taken towards integrating sustainable development as a key management imperative throughout the group, in the belief that effective sustainability practices yield an important competitive advantage. During the reporting period, sustainability was prioritised as one of the group executive committee's top ten focus areas.

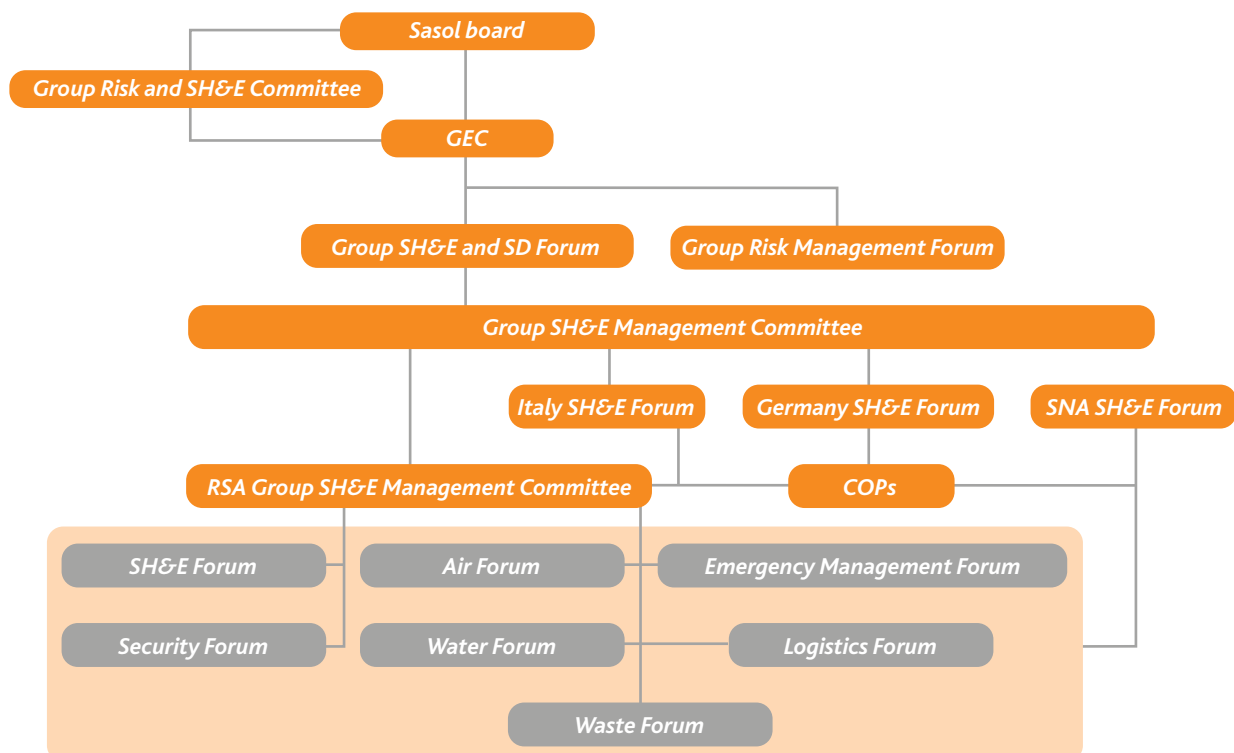
At a broad strategic level, our commitment to sustainable development is underpinned by Sasol's five shared values. These shared values provide the foundation for the group's overall

strategic direction and give effect to our commitment to maintaining the highest levels of ethics, fairness and transparency in our interaction with each other and our stakeholders.

Sustainability governance structure

Our group Risk and Safety, Health and Environmental (SH&E) Committee (a committee of the Sasol Limited board) advises the board on all relevant risk and SH&E issues. This committee comprises three executive directors and three non-executive directors. Responsibility for sustainable development issues has been delegated to a member of the group executive, Bram de Klerk.

The GEC maintains primary responsibility for the effective management of sustainability throughout Sasol. The GEC receives input from the group Risk Management Forum, which meets quarterly to quantify and oversee the risk profile of Sasol's global operations, and from the group SH&E and Sustainable Development Forum that meets quarterly to review performance and to consider and approve



sustainable development management and corporate governance (continued)

recommendations on sustainable development and SH&E guidelines and policy.

The Sasol group SH&E Management Committee addresses the more detailed technical considerations. This committee comprises representatives from Sasol's global operations and it meets quarterly by teleconference to address a range of technical issues. The Sasol Safety, Health and Environmental Centre, based at our corporate head offices at Rosebank in Johannesburg, oversees sustainability, as well as safety, health and environmental management across the group. The

centre is responsible for global SH&E and SD direction, policy, review and governance. It also provides expert services to business units.

In addition to these formal management structures, we encourage networking and the sharing of experience through our communities of practice (COPs). Primarily an informal network, a COP is essentially a group of people – often comprising technical specialists from throughout Sasol globally – who share a common interest on a particular theme. COPs have been established to address a range of sustainability-related issues, including process safety, greenhouse gas emissions, product stewardship, public participation, air quality, law

Implementing sustainable development – a matter of good business

At Sasol we recognise there are significant advantages to be obtained in increasing shareholder value in a manner that is socially and environmentally responsible, and that contributes to overcoming the legacies of some of our past activities. We believe sustainability practices make good business sense:

- **Managing risk:** On the operational side, a commitment to sustainability encourages us to identify and manage our risks responsibly and to ensure effective compliance with legal requirements. By reducing incidents, we save on cleanup and other costs, including insurance premiums and legal liabilities.
- **Licence to operate:** By maintaining a sound record of legal compliance, and by working constructively towards fostering trust with our various stakeholders, we are able to maintain our 'licence to operate' in the various communities in which we do business. Being seen as a responsible company assists us in securing permission to expand or build new facilities.
- **Eco-efficiency:** Through our cleaner production programmes we have achieved valuable savings through improved energy and material efficiency, as well as with reduced waste disposal and pollution management costs.
- **Product market opportunities:** By being proactive in developing environmentally innovative products – such as our Sasol dualfuel™ and turbodiesel™ – we are able to position ourselves favourably in the marketplace, while at the same time contributing to improved environmental sustainability.
- **Access to financial markets:** The increasing growth in social investment funds, recent initiatives such as the SAM Dow-Jones Sustainability Index and the JSE SRI Index, and the introduction of initiatives such as the Equator Principles (Equator Principles is a voluntary set of guidelines by the international financial sector for managing social and environmental considerations when financing development projects.) underline our belief that socially responsible practices can improve access to financial markets and reduce the cost of capital.
- **Improving market share:** We recognise that many consumers are exercising their choice to buy the products of the companies they respect and with whom they share values.
- **Staff motivation and retention:** By being seen as a socially responsible company that displays integrity, we believe we are more likely to attract and retain the best employees at all levels. Furthermore, we believe that employees who are happy at their workplace will tend to develop a greater inventiveness and productivity.
- **Enhancing reputation:** Finally, we recognise that companies – particularly those that operate at a global level – are coming under increasing scrutiny from their various stakeholders and that there are significant and potentially costly reputational risks associated with unsustainable practices.



sustainable development management and corporate governance (continued)



Sasol Gulf achieves ISO 14001 certification: In June 2003 our Sasol Gulf operation at Dubai in the United Arab Emirates – which produces linear alkylbenzene, sulphonic acid and alcohol ether sulphate – obtained ISO 14001 certification, achieving its ambitious target of being audit-ready within nine months. Almost 80% of our operations have now obtained certification for the ISO 14001 environmental management system.

reform and groundwater remediation. As much of this interaction is undertaken electronically, it is easier to ensure representative participation from throughout the full Sasol group.

At the operational level, senior management is held accountable for ensuring effective implementation of the group's SH&E policy. Each of our plants has dedicated staff responsible for managing SH&E issues. The Sasol SH&E Centre maintains active communication with these staff members through the network of COPs, as well as through the annual SH&E conference, which is attended by business managers and SH&E operatives from throughout the group.

Our safety, health and environment policy and strategy

We have developed a systems-oriented approach towards managing critical sustainability risks throughout Sasol. All our operations are governed by an integrated safety, health and environmental (SH&E) policy and by a series of Sasol SH&E policy guidelines. To give effect to these guidelines, the Sasol GEC has approved the establishment of three group-wide SH&E targets:

- to achieve an annual average recordable case rate (RCR) of not more than 0,5 – or at least a 50% reduction on the 2001 baseline;
- to reduce the number of significant process safety incidents (fires, explosions and releases) by at least 50% on the 2001 baseline; and
- to achieve at least a 90% overall practice in place of the six management Codes of Practice for Responsible Care.

These targets – which have been set for achievement by each Sasol division by the 2006 financial year – supplement existing commitments made at the level of the individual company and/or plant. Additional

group-wide targets are being finalised for greenhouse gases, volatile organic compounds and transport incidents.

Development of Sasol sustainability strategy

Recognising the growing expectations on companies to more effectively demonstrate responsible SH&E performance and good governance practices, and in light of Sasol's ambitious growth plans, we have recently revised the group's SH&E and sustainable development strategy. Following Sasol's annual SH&E strategic workshop of March 2004, a strategic document has been compiled to summarise our global SH&E strategy for the next ten years. Various road shows have been held to communicate the outcomes of the session and strategic direction to business units and to receive their inputs.

Underlying this revised strategy is the goal of ensuring greater consistency in applying best practices throughout our global operations. The strategy includes a commitment to:

- setting minimum common denominators in SH&E and sustainable development requirements in broad design, operating and emission guidelines and standards;
- upgrading SH&E assurance practices throughout the group;
- improve participation in the development and anticipation of new regulatory requirements;
- improve communication and stakeholder engagement; and
- enhance sharing and learning throughout the group.

The final plan will be considered by the group SH&E and SD forum late in 2004. Once approved, it will be presented to the GEC for formal approval.



ISO certification for matrix organisation: During 2003, Sasol Germany, Sasol UK, Sasol Solvents, Sasol Olefins and Surfactants, Sasol France and Sasol Huntsman together achieved certification in terms of ISO 9001:2000 (quality management system) and ISO 14001 (environmental management system) for a matrix organisation, an important first for the Sasol group. Sasol Germany GmbH currently holds a special position within the global Sasol group, by being the only company that can boast ISO 9001 and ISO 14001 certifications, as well as the EMAS II validation of its plants.



Management Systems

Valuable progress has been made over the last two years towards achieving the group goal of having ISO 14001 certification for all our businesses. The ISO (International Standards Organisation) 14001 standard is an internationally accepted standard for the development and implementation of environmental management systems. Certification to the standard entails regular audits by an independent, accredited third party. Our businesses in South Africa have received more than 40 ISO 14001 certifications. Most of our US and all of our German businesses are ISO 14001 certified, while our operations in Italy are at an advanced stage of ISO 14001 implementation.

We have approved environmental management programmes and ISO 14001 certification for each of our coal mining operational areas and their future extensions. Our Wonderwater strip-mining operation was the first South African surface coal mining operation to obtain ISO 14001 certification for its environmental management system. A particular achievement during the reporting period was our first ISO certification for a matrix organisation (see caption above).

Development of SH&E guidelines

Progress was made during the reporting period in developing several new SH&E guidelines. Following is a brief summary of some of these activities:

- Guidelines have been developed for the standardised SH&E focus areas of corporate & legal governance, cleaner production and environmental impact assessment, inherent safety and process risk management, health and safety, and product stewardship.

- A Sasol Guideline on Environmental Costs and Liabilities has been developed through a Sasol-wide iterative process. The main aim of the guideline is to define the primary criteria when environmental liabilities are recognised and provision then made in the financial accounts.
- The Sasol Occupational Medicine and Hygiene Community of Practice developed an Occupational Health Guideline and an Occupational Hygiene Risks Assessment Guideline for the group.
- Substantial SH&E inputs have been made by all the Sasol Technology functions involved in revising the Sasol Stage-Gate and BD&I Models. Sasol Technology's Cleaner Production and Inherent Safety (CP&IS) Steering Committee has recommended changes to the Research and Development (R&D) Stage-Gate and BD&I Models.

SH&E corporate governance audits

We undertake regular SH&E corporate governance audits throughout our global operations to ensure that our performance is aligned with group policies and objectives, and that critical risks and liabilities are identified and communicated at a senior level. Our internal audits are supplemented by the annual external verification audits associated with compiling this sustainable development report, as well as by external audits undertaken as part of ISO 14001 and OHSAS 18000 (or equivalent) certification, or in fulfilment of regulatory requirements. A summary of some of the principal findings of the most recent round of SH&E corporate governance audits is provided on page 14.

sustainable development management and corporate governance (continued)

Summary of findings of the SH&E governance audits

Following is a brief summary of the main finding of the SH&E corporate governance audits conducted during the two-year reporting period.

Highlights

- At a general level, there has been an improvement in learning from incidents and sharing of best practices.
- Facilities significantly improved their focus on major SH&E risks.
- Significant progress has been made in most operations towards attaining the Sasol 2006 targets.
- Almost all entities have initiated plans to address potential gaps in their SH&E performance and systems.
- Good progress has been made in addressing the findings of external SH&E audits.
- All of the sites in the EU had performed recent SH&E risk assessments in line with Seveso II requirements. These risk assessments are comprehensive and provide a consistent regional database for acute hazards.

Observations and recommendations

- Several Sasol businesses will need a dedicated effort if they are to achieve the Sasol 2006 targets, especially for the recordable case rate; valuable experiences can be shared by business units that have already achieved the RCR target.
- Many sites need to develop more reliable and effective systems for tracking contractor hours and for focusing on the root causes for contractor related incidents.
- There is scope for more widespread implementation of behaviour-based safety initiatives to improve safety performance, building on the positive experience of other business units.
- The SH&E Centre should provide more guidance on the alignment of the various audits, including Responsible Care. Particular codes of Responsible Care such as security and process safety management require specific attention.
- Several sites should consider developing site-specific targets for emissions of greenhouse gases and volatile organic compounds; these should be aligned with the recently developed group targets.
- There are opportunities at several sites for implementing cost-effective cleaner production and inherent safety principles into the operations.

Implementation of SH&E risk benchmarking project

An important early finding of the corporate governance audits relates to the wide range of risk assessment methodologies that are used throughout Sasol, as a result of which we cannot meaningfully compare risks between sites. As a first approach to the addressing of this concern, a Sasol SH&E risk benchmarking project was undertaken with the following objectives:

- to validate the existing list of top Sasol SH&E risks;
- to expand on the detail of these top risks and liabilities;
- to benchmark various health, safety and environmental risks using common criteria; and
- to obtain information on whether risk mitigation goals and objectives have been set and achieved.

The benchmarking study resulted in the following findings:

- mitigation goals and objectives have been set for approximately 90% of the potential risks and liabilities;
- approximately 60% of these goals and objectives have already been achieved;
- approximately 10,5% of all reported potential SH&E risks require capital and are included in the 10-year capital plan; and
- approximately 43% of the potential risks reported are covered by insurance.

To address these concerns, the SH&E Centre, with the assistance of the corporate risk department, has initiated the development of SH&E risk management process guidelines for SH&E risk and liability assessments with the aim of ensuring more effective alignment of the methods applied throughout the Group.

sustainable development management and corporate governance (continued)



Responsible Care practice in place

Useful progress has been made throughout this reporting period towards achieving the group target of attaining the 90% Practice in Place (PIP) for the Responsible Care Codes of Practice by the 2006 financial year. For the Sasol business units who are signatories to Responsible Care the level of PIP at the end of the reporting period was 81% compared with 60% two years ago. Benchmarking against some of our principal industry peers (Dow, DuPont and Shell) revealed that of these three companies, only Dow publicly committed themselves to a target of 100% practice in place, a target it achieved in 2002. As a result of the external verification process undertaken for this sustainable development report, it was identified that there is a need to ensure more consistent understanding and application of the Practice in Place definition throughout the group. This issue is being addressed.

Code of ethics

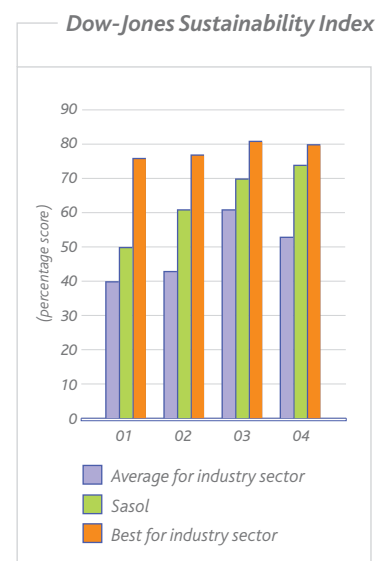
We recently revised our code of ethics and an accompanying Guide to the Application of the Code after consulting extensively with many employees. This new code is one of the main instruments to give effect to Sasol's value of integrity. The code consists of four fundamental ethical principles – responsibility, honesty, fairness and respect – and 15 ethical standards. These cover such issues as bribery and corruption, fraud, insider trading, human rights and discrimination, and include a commitment to conducting our business with due regard to the interests of all our stakeholders and the environment. The code applies uniformly to all wholly owned Sasol businesses, employees and directors globally without exception. Each Sasol employee and director is required to know and understand the code's relevance to their areas of responsibility.

The managing directors of the various Sasol businesses are accountable to their respective boards for the implementation of the Sasol code of ethics in their respective businesses. Each managing director is assisted in this respect by an ethics champion appointed by

the managing director for that business. An Ethics Forum has been established to monitor and report on ethics best practices and compliance requirements, and to recommend amendments to the code and the guide as required. Employee performance against Sasol's values – which incorporate the code of ethics – will be assessed as part of Sasol's performance appraisal system. During our 2002 financial year, external advisors established – and have since been operating – an ethics reporting telephone line. Our ethics hotline provides an independent facility for our stakeholders (including employees) to anonymously report fraud, deviations from the procurement policy and other instances of deviation from ethical behaviour.

Improved rating on the Dow-Jones Sustainability Index

During the year, Sasol's overall score on the Dow-Jones Sustainability Index (DJSI) improved from 70% to 74%. Over the same period, the industry average decreased from 61% to 53%, while the rating for the best-performing company declined from 81% to 80%.



sustainable development management and corporate governance (continued)

missed inclusion in the index, and has been identified as the next company in line for inclusion. The lowest score of the companies in the top 10% of the index was just one percent above our total score. We are committed to gaining and maintaining membership on the index and have therefore implemented a formalised improvement plan. From the 2004 reporting period, we have been assessed as part of the chemicals sector, rather than as part of the oil, gas and coal sector as in the past.

Supporting the UN Global Compact

Since 2001, Sasol has been a signatory of the United Nations Global Compact, an international initiative that addresses human rights, labour, environmental and corruption issues through commitment to 10 principles. During the reporting period, an independent, externally researched case study was commissioned to assess Sasol's implementation of principle seven of the Global Compact, which relates to the 'precautionary approach'. The case study (see box) was shared internationally at a meeting of the Global Compact Learning Forum in Brazil in December 2003. A cross-reference to our implementation of the Global Compact principles is included in the GRI table provided on pages 57-60.

Furthering product stewardship

Sasol's SH&E policy contains an explicit commitment to adopting a cradle-to-grave approach to all the products we develop, manufacture, use, distribute and sell. In mid-2003 a formalised global support structure – with assigned responsibilities in each of the key individual companies – was established with the aim of ensuring a structured response to product stewardship. Product safety groups currently exist in Germany, Italy, South Africa and the USA, with individual experts appointed elsewhere in the business. A community of practice assists in sharing best practice throughout the company, while knowledge sharing with industry peers is largely undertaken through relevant industry associations.

The classification of potential product risks is currently being aligned through a corporate-wide risk exercise, with the development of uniform material safety data sheets (MSDS) being coordinated at a corporate level. Sasol supports the development of the Global Harmonised System for Classification and Labelling of Chemicals and will be adopting this in the coming years. Every Sasol chemical business is required to implement the Responsible Care product stewardship code.

UN Global Compact – Sasol case study on the precautionary approach

In December 2003 we participated in a meeting of the UN Global Compact Learning Forum held in Belo Horizonte, Brazil, where we presented an independently conducted case study, critically examining our implementation of principle seven of the Global Compact relating to the 'precautionary approach'.

The case study reviewed Sasol's activities and experience regarding the phasing out of unleaded fuel in South Africa, focusing in particular on Sasol's decision (and its subsequent activities) regarding the use of methylcyclopentadienyl manganese tricarbonyl (MMT) as an alternative fuel additive to lead with the aim of facilitating a more rapid and widespread transition to unleaded fuel use. The case study examined some of the debates relating to the use of MMT, and assessed the implications of these debates for the implementation of the precautionary approach. The study reviewed the activities that Sasol undertook as part of its commitment to implementing an open and transparent process with its stakeholders on this issue, in the absence of regulatory requirements or guidelines relating to fuel additives. The nature of Sasol's activities was then evaluated against the expectations of the precautionary approach. The underlying aim of the case study was to explore and identify some of the uncertainties associated with the interpretation and application of the precautionary approach, and to identify the potential implications and lessons learnt for traditional decision-making processes in the corporate sector.

A copy of the case study is available from the UN Global Compact website: www.unglobalcompact.org



sustainable development management and corporate governance (continued)



Water monitoring.

These activities have been undertaken in the context of the general global policy shift towards focusing on the risk and impact of products rather than solely on processes, as well as with an appreciation of the marketing and risk management benefits associated with environmentally preferred products. An important policy development in this regard has been the proposed European Union (EU) legislation on the Registration, Evaluation, and Authorisation of Chemicals (REACH). An extensive assessment has been undertaken of the potential implications for Sasol of this REACH proposal.

Monitoring SH&E legal developments

During the last two years we have contributed to the development of legislation and regulations relating to environmental, health and safety issues in each of the jurisdictions in which we operate.

In South Africa, comments were coordinated and submitted by Sasol on numerous legislative developments, including the National Water Resource Strategy, the Waste Discharge Charge System, the draft White Paper on the Promotion of Renewable Energy and Clean Energy, the Protected Areas Bill and the Mineral and Petroleum Resources

Status of ozone-depleting substances in Sasol

During the reporting period a survey was completed of Sasol's activities relating to the procurement, inventories, recycling and disposal of ozone-depleting substances (ODS) regulated in terms of the Montreal Protocol to the Vienna Convention. Based on this survey, following is a brief review of the status of ODS within the Sasol group:

- **Sasol Infrachem:** There is an estimated total inventory of 1,3 tonnes of Halon 1211 in fire extinguishers. Halon 1211 is currently being retrieved and stored, awaiting potential future recovery by the South African Halon Bank. No significant quantities of other regulated ODS were indicated as being present in Sasol Infrachem, Phase-out was completed by November 2003.
- **Sasol Synfuels Secunda:** Only about 1,3 tonnes of Halon remained in use until December 2003, whereafter use was terminated. The only remaining purchase and use relates to laboratory use of carbon tetrachloride, this is being addressed. Halon 1301 is forwarded to the Halon bank for recycling. With regard to Halon 1211, which cannot go to the bank, Sasol Synfuels has reached agreement to donate all Halon 1211 (approximately 750 kg) to the South African Defence Force for re-use.
- **Sasol Polymers:** There is estimated to be approximately 0,1 tonnes of Halon in fire extinguishers and 14 tonnes of HCFC in refrigeration units and air conditioners. Medium-term plans exist for their phase-out.
- **Sasol North America:** The company has less than two tonnes of chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs), and less than one tonne of Halon. The purchase of recycled CFC and newly produced HCFC is permitted according to regulations.
- **Sasol Italy:** It is estimated to have less than seven tonnes of HCFC.
- **Sasol Germany:** The company only has about one tonne of HCFC-22 left; it will keep this until 2015 when it will be phased out in accordance with regulations.

sustainable development management and corporate governance (continued)

Development Act. Legal advocacy has also focused on the proposed Air Quality Bill, the Petroleum Product Amendments Bill, the Petroleum Pipelines Amendment Bill and amendments to the National Environmental Management Act, all of which have significant implications for our South African business units. Sasol is well represented on the official technical working groups developing ambient air standards that feed into the new legal framework on air quality management.

The potential impact of the proposed European Union (EU) legislation on the Registration, Evaluation and Authorisation of Chemicals (REACH) system has been analysed for our European businesses, as well as for our other products, moving through or sold in Europe.

Internationally, Sasol's global status in terms of the Montreal Protocol (on ozone-depleting substances) has been established and quantified. The results indicated broad compliance with the Protocol. See box on page 17.

Sasol representatives have also participated in negotiations and expert group meetings of the Stockholm Convention on Persistent Organic Pollutants, the Rotterdam Convention on Prior Informed Consent and the UN Framework Convention on Climate Change, including, specifically, Working group III on Carbon Dioxide Capture and Storage.

In all the countries in which we operate we are active members of the relevant industry associations, including in particular the South African Chemical and Allied Industries' Association (CAIA), the American Chemistry Council, the German Chemical Association (VCI), the Italian Federazione Nazionale dell'Industria Chimica (FEDERCHIMICA), the Dutch Chemical Association (VNCI) and the European Chemical Industry Council (CEFIC). Through our participation in these industry associations we are able to channel our views into governmental initiatives, as well as working cooperatively on industry initiatives with our peers.

Fines, Penalties and Settlements

Over the last two years, Sasol paid US\$3,18 million in legal fines, penalties and settlements associated with environmental performance issues, most of which was indemnified by RWE-DEA. (See Sasol 2004 Form 20-F for details.)

Concerns relating to water management and permitting of the Sasol Nitro (Phalaborwa, South Africa) site are being addressed, although

litigation relating to alleged property contamination of the site is still pending. (See Sasol 2004 Form 20-F for details).

During the reporting period, closure was reached regarding the fire at the Natref refinery in 2003. The independent incident investigation undertaken by the State Prosecutor was completed, and concluded that the incident was principally a result of the failure of the permit system and human error. Natref has introduced several process safety management procedures as well as statutory developmental training of personnel.

Sustainable development reporting

All of our businesses are required to monitor and record operational data on a range of safety, health, environmental, and broader sustainable development issues and to submit quarterly performance reports to the relevant divisional boards of directors and to the Group Risk and SH&E Committee. These quarterly reports outline each business's major risks and liabilities, identify progress against the group's sustainability targets and report on any major incidents and non-compliances. A standardised reporting template is used to provide directors with concise information on their corporate governance responsibilities in a manner that is consistent, complete and auditable.

The operational data required for group reporting is aggregated into a corporate database that enables group management to assess the company's major risks and our progress towards achieving company objectives. This database serves as the principal basis for the group's sustainable development reporting. The internal procedures for gathering and processing the information have been developed with the goal of delivering accurate, complete and reliable data, and with a view to providing information that is in accordance with the GRI requirements. Our method for compiling, analysing and disclosing our reported data has been regularly evaluated by independent external assessors.

During this reporting period, a project was implemented to improve the efficiency and integrity of our current internal reporting process. Once introduced, the new Intranet-based system will allow registered users to view, insert, correct, submit and approve their performance data online. This system will be fully compatible with the computerised SAP system that is being implemented within the group.



sustainable development management and corporate governance (continued)

This sustainable development report is the fifth in our series of biennial reports on our sustainability performance. In response to feedback on our previous report (see box) we have chosen this year to produce a more concise summary report of our performance, as well as ensuring full integration of the report within our annual financial report. From 2005 we will be reporting annually on our sustainability performance. Further details on the scope of this report and on our basis for reporting are provided on page 2 and page 52.



Stakeholder feedback on our 2002 sustainable development report

One of the aims of Sasol's 2000-2002 sustainable development report 'Share It with Sasol' was to initiate a process of stakeholder engagement on our sustainability performance. Each copy of the report included a questionnaire aimed at encouraging dialogue with our stakeholders. Only a few questionnaires have thus far been returned. While this may indicate that our stakeholders are generally satisfied with the nature of information provided in the report, it also raises a question regarding the limited number of responses received.

In terms of the limited comments received, following are some of the useful general observations:

- *The report was too focused on our South African operations; it is recommended that more information be provided on our non-South African operations to provide balance and a broader international perspective;*
- *More attention should be paid to how the information is presented, and at what level of detail, to ensure all readers understand the major issues and find it easier to digest the information;*
- *In terms of the commitments made in the report, one reader expressed the hope that we will increase the number of goals set and report thereon in future reports; and*
- *The value of communicating positive messages to our stakeholders is one of our most under-utilised resources and continuous dialogue with our stakeholders on sustainable development issues need to be encouraged and addressed in future.*

Responding to these comments, a number of changes have been implemented to the reporting process that was adopted for this report. We have undertaken an independent stakeholder engagement process aimed at identifying the issues of material interest to some of our stakeholder groups. We have chosen this year to publish a summary report, and to ensure more effective integration of our sustainability reporting within the annual financial report. While efforts have also been taken to present a more balanced global perspective of our operations, this has been tempered by the fact that 81% of our employees are based in South Africa, our primary listing is on the JSE Securities Exchange South Africa, and some of our most material sustainability challenges are in Southern Africa. Many of our operations in Europe, the United States and South Africa publish separate, more detailed reports that include performance data relating specifically to those operations.

sustainable development management and corporate governance (continued)



Identifying our stakeholders

Sasol is committed to building sustainable and productive relationships with our stakeholders. We aim to grow the dialogue with our staff, shareholders, market partners, civil society and government through joint reflection, shared understanding and joint action.

- **Employees:** Sasol's heartbeat is provided by our employees. As individual members of staff and through the many trade unions that represent them, all Sasol employees can make a vital contribution to sustainable development. In ongoing dialogue, we will reflect on our path of sustainable development, identify ways to operate that make ecological, social and economic sense, and identify and minimise the risks and liabilities we potentially face.
- **Shareholders:** Sasol's owners, and their advisors, play a vital role in supporting our growth. As a company, our primary commitment is to create and grow value for our shareholders. We aim to meet this objective on a basis that reflects the best in corporate governance behaviour. We will engage with the shareholder community to reflect on our governance practices and to hear their needs in the context of our goal of being a leader in corporate sustainability.
- **Market partners:** Sasol is a vital cog in the complex relationships that make up our marketplace. Our suppliers, customers, consumers of our products and service institutions are essential stakeholders in the chain. We also see the importance of developing constructive relationships with our competitors and in being a leader within industry associations. We shall work with all partners in the marketplace to seek opportunities for sustainable development, to build a mutual awareness of our requirements and responsibilities for sustainability and to identify and minimise risks and liabilities.
- **Civil society:** Sasol is an active corporate citizen in the communities within which we operate. Community groups and organisations, non-governmental organisations and interest groups, as well as individual members of the public, all make up the diverse communities in which we operate. We aim to work closely with civil society to enhance opportunities for communities to benefit from the work of our company, to minimise impacts arising from our operations and to implement, manage and monitor activities that we jointly engage in.
- **Government:** Sasol operates in a context guided by national, regional and local governments, as well as international bodies. We believe there is significant value for the company in building a close and productive relationship with all of these bodies to develop progressive policy and regulations that are beneficial for all of our stakeholders, and to engage in joint partnerships with government in pursuit of sustainable development.

We are committed to building on our existing processes of stakeholder engagement with the aim of encouraging effective dialogue around our sustainability performance.



sustainable development management and corporate governance (continued)

Sasol and sustainable development – listening to our stakeholders

In preparing Sasol's 2002-2004 sustainable development report, we commissioned a series of independently conducted interviews and focus group discussions, with the aim of improving our understanding of the issues of material interest to our stakeholders regarding our sustainability performance and our reporting processes. This was an initial selective engagement process with a predominant focus on our South African stakeholders. It is anticipated that broader processes will be undertaken in future.

Stakeholder consultation process

For the purposes of this report, the following selected stakeholder groups were consulted:

- Sasol thought leaders – comprising a global cross-section of senior Sasol managers;
- Sasol employees – drawn together in five focus groups at the Sasol Synfuels operation at Secunda, South Africa;
- Government – comprising representatives of both national and provincial government in South Africa;
- Community groups – comprising representatives of the stakeholder forums in which the company participates at both Sasolburg and Secunda in South Africa; and
- Investors – comprising fund managers and analysts from the company's major investors located in South Africa, the United States and the United Kingdom.

The method used in undertaking the interviews was common to all interviewees. Each interviewee was sent a background briefing document on the sustainable development report, together with a request for a brief telephone interview. Telephone interviews of between 30 and 60 minutes were conducted with all interviewees, except for the community representatives and employee groups, where focus group discussions were conducted. During these consultations, stakeholders were asked to comment both on strategic issues relating to the company's sustainable development agenda and on the form and content of our sustainable development report.

Strategic issues

The strategic issues were identified in response to the following question posed to all interviewees: "What do you believe are the most important strategic issues that Sasol faces from a sustainable development point of view?" Responses have been organised under four main considerations: governance, economic, social and environmental.

Governance

A general point made by almost all stakeholders was that they were reassured by good governance practices in large companies such as Sasol, with almost all interviewees assuming that Sasol complied with good practice in corporate governance. The following specific points were raised:

- Global standards – As a global organisation, Sasol faces important challenges on global standards of good governance and a need to harmonise its governance approach across all operations, specifically in moving beyond compliance.
- Accountability and transparency – This was a strong theme articulated by all stakeholders, with a view that the company and its relationship with stakeholders would greatly benefit from stressing these factors.
- Integrating values into decision-making – An appeal was made by a number of stakeholders that the company take decisions based not only on a formal business case, but also with an ethical basis.

Economic Issues

- Economic sustainability – Several interviewees highlighted the need for Sasol to develop an alternative business model that moves beyond carbon-dependency. Sasol's vulnerability in the face of competitive international conditions, exchange rate fluctuations and an inconsistent oil price was also identified.
- Shareholder value – Sasol has generated significant cash flows and cash reserves. Several stakeholders highlighted that this brings a potential conflict between distributing cash to investors on the one hand, and investing in action for sustainable development on the other.
- Economic risk – The financial implications of risks associated with emissions and pollution from Sasol plants mean greater transparency around these risks is required in order to determine whether these are being managed effectively. Sasol needs to openly confront these risks and show competence in managing them.

Environmental Issues

- Air pollution – Many stakeholders highlighted the significant responsibility that Sasol carries for air quality, suggesting that cleaning up the company's performance would require significant capital investment and an integrated approach to the issue. The need for a strategic response for managing greenhouse gas emissions was emphasised, particularly by a number of stakeholders from the investment community.

sustainable development management and corporate governance (continued)

- Raw materials – While Sasol’s shift from coal to natural gas was welcomed, many stakeholders highlighted Sasol’s continuing general dependence on non-renewable resources as a critical concern, with implications for Sasol’s longer term business model.
- Environmental management strategy – A number of stakeholders (particularly internal senior managers) underlined the importance for Sasol to show sensitivity and care for the environment, based on a longer-term implementation plan that provides for an ethical, as well as a financial, basis for business action.
- Water – Several government and senior managers within Sasol raised concerns regarding the longer-term need to reduce water consumption and to improve the quality of water effluent.
- Waste – The benefits of minimising waste were underlined, with some governmental representatives urging for adoption of a zero-waste ethos.

Social Issues

- Black economic empowerment (BEE) – It was felt by stakeholders that there was a considerable amount still to be done in promoting BEE within the company, based on clear timeframes and targets. Some community representatives suggested there may be a need to move away from a perceived culture of unwillingness for transformation historically associated with Sasol.
- Workplace health and safety – Sasol is expected to maintain and improve its standards of workplace safety as well as maintain its current action on addressing HIV/Aids.
- Training and skills development – The need to maintain and develop the company’s programme of developing staff skills was highlighted, as well as the need to recognise and promote experience over formal qualifications.
- Workplace issues – While the company was generally viewed as a good employer, providing numerous positive benefits, the following specific concerns were raised:
 - the new merit system and grading of employees were considered to be inconsistently applied;
 - workloads had increased over the past two years as staff numbers were cut;
 - the concern with job security led to high levels of insecurity and vulnerability; and
 - concerns were raised over the outsourcing of many business functions, with potential implications for the effectiveness of internal management.

(It is important to note that all of these employees who were consulted are based at Secunda, South Africa, where some retrenchments have recently been undertaken. The views expressed

by these employees are thus not necessarily reflective of the group as a whole).

- Management culture – some employees considered that while certain individuals performed well, overall management remained authoritarian, with communication and trust requiring attention.
- Job creation and local economic development – There was a concern by some employees that local populations were not targeted for recruitment and that an overall strategy for reflecting on Sasol’s impact on the local economy and environment was required.
- CSI and social policy framework – While endorsing the value that Sasol brings through its corporate social investment, there was concern that these investments were not always appropriate, did not always involve or divest responsibility to beneficiaries and might not be sustainable without Sasol’s ongoing support.

Sustainability reporting

Form of the report

The following suggestions were made regarding the form of the report:

- the report should be shorter, simple to understand and clearly written;
- it should be integrated with the annual report;
- it should contain its key messages at the front of the report; and
- it should be available in various languages.

Content of the report

In addition to reporting on the issues identified during the discussion on strategic concerns, the following specific elements were raised:

Governance issues

- details on the company’s 15-year vision for sustainability; and
- the company’s performance in relation to both the JSE and Dow-Jones indices.

Economic performance

- company goals in pursuit of economic sustainability;
- the global context for the industrial sector in which the company operates;
- economic implications of emissions;
- potential economic liability and capital expenditure associated with the company’s environmental risks;

sustainable development management and corporate governance (continued)

- a 10 year projection on company emissions; and
- international benchmarks for the above risks.

Environmental performance

- air pollution and emissions records;
- comparison of performance comparing old and new technology;
- implications of air quality legislation;
- company performance in relation to greenhouse gas emissions;
- water quality management approaches;
- company water use records; and
- general performance on waste management.

Social performance:

- company performance on black economic empowerment;
- staff turnover, with details on anticipated job losses, and strategies to respond to job losses;

- nature and impact of the corporate social investment activities; and
- compliance with labour legislation.

The interests and issues identified during this process have informed both the structure and content of this report. An underlying objective of our sustainability reporting process is to focus on issues that are material both to our stakeholders and to our business activities. We have sought as far as possible to address all the issues identified by our stakeholders, while at the same time finding an appropriate balance between being suitably concise, yet sufficiently comprehensive.

As this sustainable development report covers all our global operations, it has not been possible or appropriate to provide a level of detail down to the individual operation. Stakeholders seeking such information are encouraged to contact us directly through our website (www.sasol.com) or by using the contact details provided in this report.



Testing Sasol-developed diesel on a test engine at Sasolburg

sustainable development management and corporate governance (continued)

Corporate governance

This section provides a brief review of Sasol's corporate governance practices, focusing on those issues of particular relevance to our sustainability performance. The following summary is extracted from our 2004 annual financial statements and is not intended to replace that statement. A full copy of the annual financial report is available on the Sasol website at www.sasol.com

Upholding international best practices

Sound corporate governance structures and processes have been in operation at Sasol since its inception. They are constantly reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice. The company's ordinary shares are listed on the JSE Securities Exchange South Africa (JSE) and on the New York Stock Exchange (NYSE) in the form of American Depositary Shares (ADSs). The company is accordingly subject to the ongoing disclosure, corporate governance and other requirements imposed by the JSE, US Securities and Exchange Commission (SEC) and the NYSE.

The company complies with the JSE Listing Requirements and the applicable US governance standards of the SEC, the NYSE and legislation such as the Sarbanes-Oxley Act. Sasol endorses the principles of the South African Code of Corporate Practices and Conduct as recommended in the King II report.

The nomination and governance committee and the board of directors (board) critically review and benchmark the governance structures and processes of the group on an ongoing basis. The board considers the issue of corporate governance as a priority that requires more attention than merely establishing the steps to be taken to demonstrate compliance with new legislation, regulatory or listing requirements. Issues of governance will continue to receive the board and its committees' consideration and attention during the next financial year and thereafter. Sound governance is also one of the top priorities of executive management.

The board of directors and non-executive directors

The company's articles of association provide that the board of the company consists of a maximum of 15 directors of whom a maximum

of five may be executive directors. During the reporting year four directors were executive directors (Messrs P V Cox, L P A Davies, J H Fourie and T S Munday) and 10 of the directors were non-executive directors. Mr J H Fourie retired as an executive director with effect from 28 February 2004 and became a non-executive director.

All the non-executive directors, with the exception of Messrs M S V Gantsho, J H Fourie and S B Pfeiffer, were considered by the board to be independent directors in accordance with King II and the rules of the NYSE. The board was precluded from categorising Mr S B Pfeiffer as an independent director in view of the US legal services provided by him and his firm to the company from time to time. These services constitute less than 1% of the turnover of his firm. Mr Pfeiffer has since resigned as a director with effect from 30 October 2004. The board is of the view that all non-executive directors bring independent judgement to bear on material decisions of the company.

The offices of chairman and chief executive are separated and are filled by a non-executive independent director (Mr P du P Kruger) and an executive director (Mr P V Cox), respectively.

In terms of the company's articles of association, the directors appoint the chief executive. Such an appointment may not exceed a period of five years at a time. Mr P V Cox was reappointed as the chief executive of the company by the board at its meeting held on 3 December 2001. Subject to a reciprocal notice period of one month, Mr Cox's tenure as chief executive expires at the end of September 2005.

The board may from time to time confer upon the chief executive any of their powers as they deem fit, and may confer, recall, revoke, vary or alter these powers.

Appointment of directors

Non-executive directors are chosen for their business skills and acumen. Considerations of gender and racial diversity, as well as diversity in respect of business, geographic and academic backgrounds, are taken into account by the nomination and governance committee and the board when appointments to the board are considered.

Newly appointed directors are inducted in the business of the company, board matters and their duties as directors in accordance with their specific needs. The nomination and governance committee is responsible to annually review the effectiveness and performance of



sustainable development management and corporate governance (continued)

the board, its committees and the individual directors and members of the board and its committees, respectively. All directors have access to the advice and services of the company secretary, whose appointment is in accordance with the provisions of the South African Companies Act, and who is responsible to the board for ensuring the proper administration of board proceedings.

The company secretary also provides guidance to the directors in connection with their legal duties and responsibilities and the manner in which such responsibilities (including not dealing in the company's shares during restricted periods) should be discharged. A report on directors' dealings in the company's shares is tabled at each board meeting and is disclosed in terms of the applicable JSE and NYSE listings requirements.

The directors are entitled to seek independent professional advice at Sasol's expense concerning the affairs of the company and have access to any information they may require in discharging their duties as directors.

In terms of the company's articles of association, one-third of directors are obliged to retire at every annual general meeting and are eligible for re-election. Considerable emphasis is placed on succession planning at the executive and senior management level by the board. Detailed and intensive planning is conducted through the chairman's office in consultation with the nomination and governance committee. The chief executive is required to regularly report to the board on the group's management development and employment equity programmes.

Board committees

Several committees have been established to assist the board in discharging its responsibilities. The committees have an important role in enhancing high standards of performance and achieving increased effectiveness within the group. The terms of reference of the various board committees form part of the board charter and can be viewed on the website of the company (www.sasol.com).

The company's subsidiaries, as well as their operating businesses, have established board and committee structures to ensure the maintenance of high standards and best practice in corporate governance and internal control throughout the group. The business of group subsidiaries and businesses are conducted on a decentralised basis.

The following committees and subcommittees have been established:

- **Group Executive Committee (GEC):** The board has delegated a wide range of matters relating to the management of the Sasol group to the GEC, including financial, strategic, operational, governance, risk and functional issues. The focus of the GEC is on the formulation of the group strategy and policy and the alignment of initiatives and activities within the group. The committee meets weekly and reports directly to the Sasol Limited board. The GEC's functioning is supported by two of its subcommittees, the Southern African Executive Committee (SAEC) and the International Executive Committee (IEC), each of which focuses on issues relating to the management of the Southern African and international businesses, respectively. The meetings of both the SAEC and the IEC are deemed meetings of the GEC, with regard to the powers delegated to the GEC by the board of directors.
- **The Compensation Committee:** Established in 1989, this committee meets at least twice a year to support and advise on the group's remuneration philosophy and policy. All the members of the committee are independent non-executive directors.
- **The Audit Committee:** Established in 1988, this is an important element of the board's system of monitoring and control. The audit committee meets at least three times a year. All its three members are independent non-executive directors.
- **The Risk and Safety, Health and Environment Committee:** This committee, formed in November 2002, comprises three executive and four non-executive directors and meets at least twice a year. The functions of the committee include reviewing and assessing the integrity of the company's risk management processes, including the effective management of those risks relating to safety, health and environmental matters.
- **The Nomination and Governance Committee:** The nomination and governance committee was formed in June 2002 and consists entirely of independent non-executive directors. The functions of the nomination and governance committee include reviewing and making recommendations to the board on the general corporate governance framework of the company, the composition and performance of the board and its committees, legal compliance and the company's ethics policy and programmes.

sustainable development management and corporate governance (continued)

Internal control and auditing

The directors are ultimately responsible for the group's system of internal control, which is designed to provide reasonable assurance against material misstatement and loss. The group maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. Full details on the internal audit function are contained in the annual report.

The group has an internal audit function covering its global operations. Internal audit is responsible for assisting the board and management in monitoring the effectiveness of the company's risk management process, and evaluating and maintaining risk control measures on an ongoing basis. The controls that are subject to evaluation encompass the information management environment, the reliability and integrity of financial and operating information, the safeguarding of assets and the effective and efficient use of the company's resources.

Audit plans are based on an assessment of risk areas, as well as on issues highlighted by the audit committee and management. Audit plans are updated as appropriate to ensure that they are responsive to changes in the business. A comprehensive findings report is presented to the Group Risk and SH&E committee and the audit committee at each of their scheduled meetings. Follow-up audits are conducted in areas where significant internal control weaknesses are found.

Risk management

The board is responsible for governing risk management processes in the Sasol group in accordance with corporate governance best practice. A more formalised enterprise-wide risk management process was initiated during the 2002 financial year with the principal aim of providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels in order to achieve an optimal risk-reward profile. Key features of this process, some of which are still in the process of being fully implemented, include:

- the appointment of a group risk manager and risk management officers for all the major businesses of the company;
- risk management is a line function and is to remain fully embedded in all business processes across all business units;

- the use of a single enterprise-wide risk management framework across the various business units;
- coordinated risk assessment and management across the different risk types facing the group, as well as an integrated risk evaluation across the group's geographical locations, legal entities and business lines;
- the issuing by the chief executive of a risk management policy statement, which was endorsed by the board and which commits the company to effectively managing its business risks and opportunities in the interests of all stakeholders;
- the ongoing monitoring of the process, as well as the risk profiles of business units and major capital projects, by the group risk management forum (established as a subcommittee of the group executive committee) and the board risk and safety, health and environment committee;
- the establishment of risk tolerance levels; and
- the undertaking, at least annually, of a systematic documented assessment of the processes surrounding key risks.

In addition, the company's insurance department, with the assistance of external consultants, undertakes regular risk control audits of all the company's plants and operations using recognised international procedures and standards. The group participates in an international insurance programme that provides, at competitive cost, insurance cover for losses above tolerable deductibles.

Directors' remuneration report

Directors' remuneration is managed by the compensation committee, which is mandated by the Sasol Limited board to support and advise on the group's remuneration philosophy and policy. The committee sets the remuneration and incentive plans for executive directors, members of the group executive committee and group management and is committed to ensuring that reward plays an integral part in supporting and achieving the business strategy.

Recognising that the Sasol group is operating in a global environment, the Sasol remuneration philosophy is designed to motivate and reinforce individual and team performance, integrate financial and non-financial rewards and benefits within a holistic rewards framework; and be equitably, fairly and consistently applied in relation



sustainable development management and corporate governance (continued)

to job responsibility, the employment market and personal performance.

The committee aims to align the directors' total remuneration with shareholders' interest by ensuring that a substantial portion of their package is linked to the achievement of performance targets that take account of measures of shareholders' interest and that each executive director should have a shareholding in the company.

The executive directors' remuneration comprises a cash salary, which is reviewed annually by the committee. Salaries are compared with the upper-quartile pay levels of South African companies to ensure sustainable performance and market competitiveness. Retirement benefits as a percentage of the cash salary are paid to contributory retirement schemes established and/or approved by the group. Subject to the rules of the schemes, the rate of contribution paid is structured to enable executive directors to retire at the age of 60. Other benefits include eligibility to car benefits and cover on the group's medical health care scheme. These elements provide a fixed remuneration package.

During 2003, up to 25% of the approved cash salary was paid offshore on the assessment that up to 25% of the executive directors' time is related to services rendered offshore. This is defined in terms of an employment agreement with Sasol Holdings (Netherlands) BV. These agreements are reviewed and approved annually.

Executive directors (and other members of group management) participate in an annual incentive plan to focus management on sustainable performance. This annual incentive rewards the

achievement of increased group performance and business segment financial performance targets where applicable. Measures within the businesses may vary depending on strategic business drivers and personal objectives as agreed to by the board. A significant portion of the Executive Directors' incentives is linked to improved group business results. Executive directors do not receive directors' fees.

The fees of non-executive directors were approved by the shareholders at the annual general meeting held on 28 November 2003. Fees are approved for an annual period commencing 1 October of each year. The revised fees of the non-executive directors will be submitted to the shareholders for approval at the annual general meeting to be held on 26 November 2004.

Directors participate in the Sasol Share Option Scheme, which is designed to recognise the contributions of senior staff to the growth in the value of the group's financial position and financial performance and to retain key employees. Within the limits imposed by the company's shareholders, options are allocated to the directors and senior staff in proportion to their contribution to the business as reflected by their seniority and the group's performance. The options, which are allocated at the closing market price ruling on the trading day immediately preceding the granting of the option, vest after stipulated periods and are exercisable up to a maximum of nine years from the date of allocation.

Full disclosure on the directors' remuneration, with a breakdown on salaries and bonuses, is contained in the annual financial report.



our economic contribution

Sasol is an integrated oil and gas company with substantial chemical interests, operating on four continents. We are one of South Africa's largest and most successful industrial companies, producing consistently attractive returns for shareholders, as well as providing substantial tax and other revenues to the governments of the countries in which we operate. We contribute significantly to South Africa's energy supply, have a valuable positive impact on the Mozambican economy, and make smaller, positive contributions to the countries in which we operate in Europe, North America, Asia and elsewhere in Africa.

Summary of performance data for 2004 financial year

- Operating profit of R9 314 million was 22% below the comparable result of previous year.
- Attributable earnings per share of 974 cents was 24% lower than the 2003 financial year.
- Principal reasons for the drop in attributable earnings include the substantial appreciation of the rand against the US dollar and the dramatic impact of the stronger rand which was partly offset by higher average international oil prices and the benefit of cost reductions and productivity improvements.
- Capital expenditure for the 2004 financial year amounted to R10,9 billion.
- Provisions relating to environmental expenditure and likely retrenchment costs amounting to R138 million were made in Sasol Nitro.
- Wealth creation amounted to more than R23 billion – see value added statement below.
- Key financial achievements during the reporting period include Sasol's improved credit rating by international agency Standard and Poor's and the successful secondary listing of Sasol on the New York Stock Exchange.

A more detailed account of the company's financial performance is available in the Sasol annual report, available at www.sasol.com.

Global company, patriotically South African

Following our increasingly successful strategy of globalisation, we now market an expanding range of products to customers in more than 100 countries. While we shall continue to pursue opportunities to increase our activities in Europe, the Americas, Asia and Australasia,

we remain loyal to our corporate domicile in South Africa, where we are the largest company (by market capitalisation) listed on the JSE Securities Exchange South Africa (JSE). This commitment has many positive economic benefits for the South African economy, to which Sasol is a meaningful contributor.

Value added statement (IFRS) for year ended 30 June 2003	2004 Rm	2003 Rm	Restated 2002 Rm
Turnover	60 151	64 555	59 590
Purchased materials and services	(37 085)	(39 066)	(32 820)
Value added	23 066	25 489	26 770
Investment income	307	227	261
Wealth created	23 373	25 716	27 031
Employees	8 731	9 055	7 921
Providers of equity capital	2 812	2 924	2 363
Providers of loan capital	439	225	284
Government	3 421	3 651	4 669
Reinvested in the group	7 970	9 861	11 794
Wealth distribution	23 373	25 716	27 031

our economic contribution (continued)



Capital expenditure projects

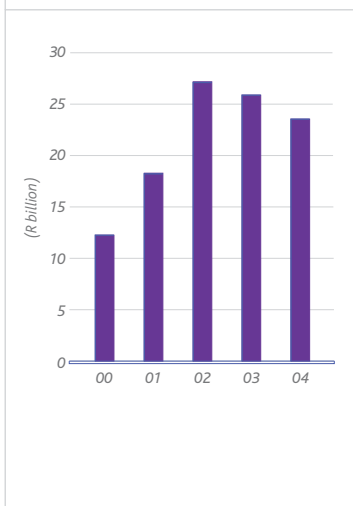
Capital expenditure over the last three years amounted to R21 billion. The most significant projects were:

- the Mozambique Natural Gas Project (MNGP) – gas reached Secunda and Sasolburg through the 865 kilometre pipeline from Mozambique, in February and June 2004, respectively;
- Project Turbo – the fuels enhancement and polymers expansion project which is scheduled for commissioning as from the last quarter of 2005;
- the GTL fuels projects – in Qatar, which is scheduled for start-up during the first quarter of 2006, and in Nigeria where the engineering bids are presently being evaluated;
- the Sasol Arya polymers joint venture to build a world-scale ethane cracker and polyethylene plants in Iran, which are scheduled for commissioning from the first quarter of 2006; and
- the acrylic acid project at Sasolburg which was commissioned during the first quarter of 2004.

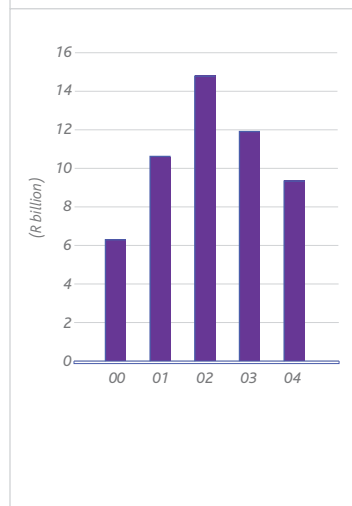
During the 2004 financial year, Sasol created wealth of R23 billion, of which 37% or R8,7 billion was distributed to employees, and 15% or R3,4 billion to the State in the form of taxes and related revenue. Through our integrated energy and chemical operations, we provide direct and indirect employment for about 170 000 people and make a significant direct contribution to South Africa's annual gross domestic product, as well as making small but positive contributions to the other economies in which we operate.

We are strongly committed to the New Partnership for Africa's Development (Nepad) and to investing in Southern Africa to achieve further growth, primarily by commercialising Mozambican natural gas, constructing new chemical plants and expanding or optimising existing production facilities in South Africa. Through the MNGP we have begun to make a valuable contribution to the economy of Mozambique and we have also made progress with projects in a number of other countries; the potential for developing GTL plants in gas-rich regions is being investigated and a coal-to-liquids (CTL) pre-feasibility study in China is about to commence.

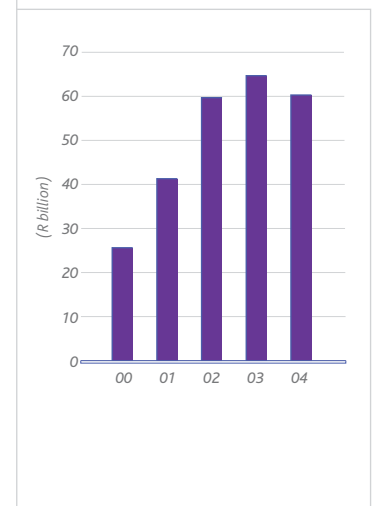
Wealth created



Operating profit



Turnover



our economic contribution (continued)

Advancing black economic empowerment in our South African operations

One of the key challenges facing South Africa is the need to transform the South African economy so that it reflects the country's cultural and racial diversity. We recognise that Sasol has an important role to play in this respect. We believe that there is a sound moral motivation and deep economic rationale for advancing black economic empowerment (BEE) in the company. We are therefore committed to doing so in a manner that extends beyond the parameters of empowerment-related charters, legislation and regulations.

Our commitment to promoting empowerment is implemented through the following core activities:

- introducing into our South African businesses equity ownership by historically disadvantaged South Africans;
 - procuring goods and services, on a preferential basis, from historically disadvantaged South Africans;
 - facilitating the development of small, micro and medium-sized enterprises;
 - progressing employment equity in our South African businesses; and
 - integrating empowerment goals within our corporate social investment programme.
- we are progressing plans to establish an initial 15% BEE ownership of our South African mining business in accordance with the Mining Charter;
 - people from designated groups form two-thirds of our South African employee complement (16 000 out of 24 000 people);
 - people from designated groups hold 37% of our South African management and professional positions and we intend to increase this percentage to 40% in the medium term;
 - our Secunda mining, synfuels and chemical operations host Africa's highest geographic concentration of black graduate engineers;
 - we award at least 70% of our university bursaries to students from historically disadvantaged groups;
 - we commit more than R80 million a year to social investment programmes aimed at empowering historically disadvantaged South Africans through education, skills development, capacity building and other empowerment initiatives; and
 - we more than doubled our group controllable expenditure with BEE suppliers, year-on-year, from R640 million to R1 495 million during our 2004 financial year.

Our ongoing BEE activities are coordinated from our Sasol BEE office in Johannesburg. Our chief executive, executive directors and executive committee members are all routinely involved in reviewing and championing our BEE strategies and programmes.

Achieving encouraging progress in BEE

While we acknowledge that Sasol still has some way to go in advancing BEE, our progress in recent years has been encouraging, as these highlights testify:

- Sasol was the catalyst in establishing one of South Africa's most successful BEE fuel retailers, Exel Petroleum (Pty) Ltd, in 1997;
- Sasol established South Africa's first BEE-led joint venture for marketing and selling pipeline gas, Spring Lights Gas of Durban, in 2002;
- the formation of our new liquid fuels business to facilitate the biggest BEE venture in the South African fuel industry with full value-chain participation;

Empowering our key businesses in Southern Africa

Further progress was achieved during the year in advancing our plans for introducing empowerment partnerships into our future mining and liquid fuel operations. In May 2004, Sasol Mining signed a memorandum of understanding (MOU) with Eyesizwe Coal, South Africa's largest coal-mining company owned and operated by people from historically disadvantaged groups.

In addition, we are progressing with discussions with potential BEE partners in a programme to create a broad-based partnership in our liquid fuels business (LFB). Sasol recently appointed Dr Penuell Maduna, a veteran politician and a former member of the South African cabinet, as an empowerment consultant to facilitate and structure the BEE consortium associated with Sasol's LFB that will participate in the proposed joint venture between Engen and Sasol. We are also evaluating another BEE transaction in our chemicals portfolio and have relaunched our ChemCity concept with the aim of establishing serious entrepreneur-based BEE ventures.

our social performance

Sasol strives to maintain a safe, productive and equitable workplace, while at the same time making a positive contribution to the wider community. In addition to improving performance in occupational health and safety, we seek to nurture the intellectual capital of our employees and to foster a culture of equal opportunity. Due to the nature of our operations, we recognise the importance and benefits of being responsive to the expectations of the wider community, both directly in terms of how we manage our operations and employment expectations, as well as through our corporate social investment programmes.

Human resource management

Employee demographics

At the end of the 2004 financial year, Sasol had 30 531 employees, of whom 24 888 were based in South Africa. A geographic breakdown of our non-South African workforce is presented in the attached table. More than 94% of our South African employees (23 459) are fulltime employees.

Turnover was within normal ranges of between 4% and 6%. This included the termination of 423 employment contracts as a result of retrenchments. These retrenchments were predominantly due to the need to streamline and rationalise businesses to ensure their sustainability and achieve targeted levels of profitability.

Composition of workforce – outside SA	
Germany	2 737
United Kingdom	73
The Netherlands	534
USA	841
Italy	1 083
Australia	7
Malaysia	12
Mozambique	7
Belgium	11
China	145
Dubai	46
Venezuela	6
Japan	9
Singapore & Hong Kong	23
Rest of the world	109
Total	5 643

Employee separation – South African operations 2004 financial year

Reason	Permanent staff	Non-permanent staff	Total staff
Retirement	176	–	176
Retrenchment	277	–	277
Termination of contract	30	529	559
Voluntary	689	91	780
Death	171	1	172
Dismissal	124	10	134
Total	1467	631	2098

Social performance at a glance for the 2002-2004 reporting period

- 15 fatalities – compared with 18 during 2000-2002
- Significant improvement in the recordable case rate (RCR) for the group, reduced from 2,18 in July 2002 to 1,03 in July 2004
- Board approval and successful initial implementation of five-point policy programme for addressing HIV/Aids
- New management structure implemented for employment equity, BEE and HIV/Aids
- Reduction in number of significant fires, explosions and releases – 50 between 2002-2004 compared with 103 in 2000-2002
- Decrease in the number of leaks, breaks and spills – 260 in 2002-2004 down from 480 in 2000-2002
- Increase in transport incidents – 191* in 2002-2004 compared with 96 in 2000-2002
- Over R100 million provided for corporate social investment projects in education, health, job creation, environmental, and arts and culture initiatives globally

* Note: Correction since publication of sustainable development summary report 2002-2004.

our social performance (continued)

Developing our workforce

Our vision to become a respected global enterprise and our rapid growth over the last few years necessitates the application of an accelerated development programme for all of our employees, including our complement of 5 643 employees outside South Africa. Over the last financial year, we have invested about R172 million on development and training initiatives throughout the group's operations. This investment includes in-house technical training, building leadership capacity and a stronger commitment to our undergraduate scholarship programme. Training and development interventions are strictly based on detailed skill-gap analysis and are planned accordingly.

We do not, in general, measure the effectiveness and investment of our learning, retraining and development activities by monitoring the number of training hours per employee (as provided for in terms of the GRI guidelines). Instead, we monitor training, learning and development through measures such as training costs as a percentage of total payroll and training costs per employee. These measures are updated quarterly. Although these ratios differ between business units and regions, benchmarking indicates we are adequately investing in our people on an ongoing basis.

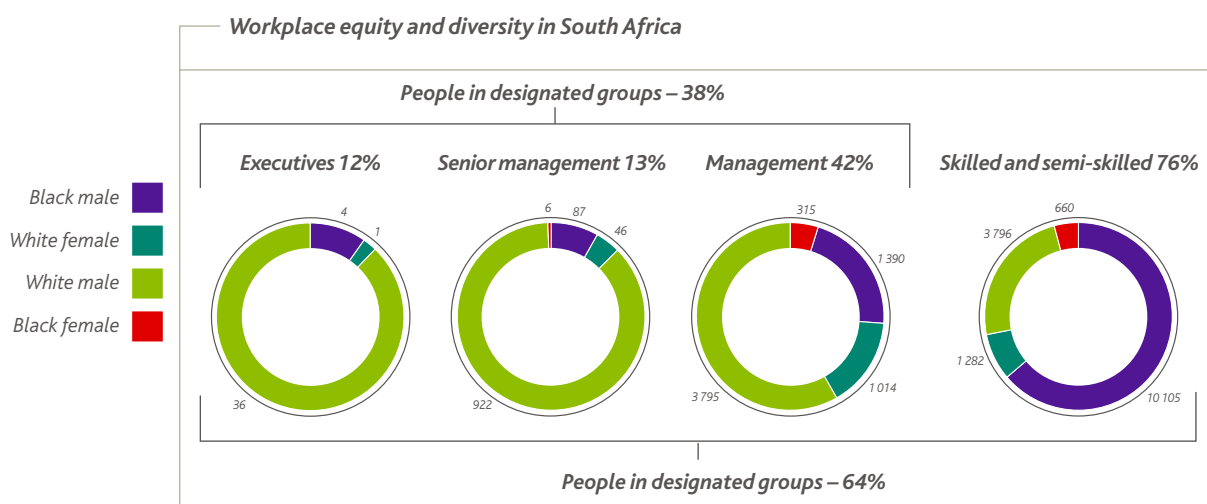
Although numerous initiatives are in place for developing our workforce globally, we have a particular commitment to developing the workforce in South Africa. We sponsor more than 400 undergraduate bursaries in South Africa each year, with an emphasis on developing scientific, engineering and technological skills. We committed R22,5 million for undergraduate bursaries in 2004 and have budgeted a similar amount for the 2005 academic year. We are now at

the fourth intake of employees participating in our Accelerated Leadership Development Programme (ALDP), where 22 high-potential, professionally qualified and historically disadvantaged South Africans are receiving training.

Promoting equity and diversity in the South African workplace

We have made continuing progress over the last two years in promoting diversity in the workplace, with the aim of ensuring that each of our operations are representative of the communities within which we operate. Our commitment to equity and diversity is particularly important in our South African operations, where we are determined to increase the percentage of employees drawn from historically disadvantaged groups. All our South African businesses have set medium-and-long term employment equity targets and forums have been established to ensure we stay focused on achieving these targets. Specific focus is given to becoming progressively more represented on specialist and more senior job levels. We are confident of achieving our medium-term target of having 40% of all our South African leadership and professional positions held by people from designated groups (including women) by 2005.

Although we do not report on our employee racial composition in the USA, our businesses there do comply with US federal government guidelines and laws regarding discrimination. This is monitored by a federal agency, the Equal Opportunity Commission. In our European operations, no formal legislation enforces equal opportunity measures through internal policies and/or programmes. We are, however, conscious of drives towards greater gender equality in the workplace and are monitoring our status in this regard.





our social performance (continued)

Worker participation and trade union relations

We maintain constructive relationships with all representative unions throughout the company, most notably in South Africa where about 60% of our permanent employees belong to unions. In Germany, it is legally not allowable to track figures relating to union membership. In Italy, all our employees are included in collective bargaining agreements. In the USA, 33% of employees are currently members of an independent trade union organisation.

Unions enjoy consultative or negotiating powers on issues of mutual interest. Organisational changes are mainly manifesting in downsizing/retranchments. In all operations strict legal procedures that prescribe consultation with unions, works councils and employees in general are complied with. Joint forums have been established between unions and management to address various issues, including health and safety, and community care. All representative unions and their pensioners are represented on our Medical Scheme Board and senior employees serve on the boards of union funds.

We believe we have made valuable progress in encouraging employee participation in our business. In conjunction with developing our set of values, we have held many workshops to solicit the views of employees at all levels. Regular, open meetings are held at the various businesses to inform and consult employees. Joint forums on diversity, employment equity and training are designed to further enhance employee input.

Human rights

We are committed to complying with all legal requirements within the countries in which we operate. This commitment is further upheld by our formal commitment to the principles of the UN Global Compact, including in particular the requirements relating to the elimination of all forms of forced and compulsory labour, the recognition of the right to collective bargaining, the effective abolition of child labour and the elimination of discrimination in employment.

As we extend our operations into countries that have been regarded as having human rights concerns, we recognise the importance of exercising extra diligence to ensure, as a minimum, that our activities comply with internationally accepted standards of behaviour. Although we currently have no separate policies that specifically address human rights issues, a number of human rights-related issues are addressed in our policies and procedures relating, for example, to labour rights, worker health and safety, and environmental management.

Employee well-being

Sasol has contracted with an independent service provider for employee assistance programme (EAP) services, which are also available for immediate family members. The EAP provides confidential, professional, in-person consultation on any personal problem at no cost to employees. Employee satisfaction is tracked every two years through an independent external attitude survey of employees and management. The results of the survey are benchmarked against similar global companies.

Tackling the challenges of HIV/Aids

HIV/Aids and tuberculosis, an illness exacerbated in the presence of HIV/Aids, are the major healthcare challenges faced by our South African and other sub-Saharan operations. In South Africa, it is estimated that nearly five million people are currently infected. HIV infection among women in post-natal clinics around the country has risen from 1% in 1990 to nearly 25% in 2000. Under South African law, we may not run tests to accurately establish the number of our employees who are infected with, or die from, Aids-related illnesses without the express consent of the people to be tested. However, based on the preliminary results of our voluntary counseling and testing programme, we estimate that between 10% – 15% of our South African workforce may be currently infected, with the highest concentration of infections in our mining operations. On the basis of an actuarial study, which excludes the positive impact of any prevention and management intervention program, we estimate that, while the percentage of infected employees may not rise significantly in the forthcoming years, there will be a significant increase in the number of Aids-related fatalities.

Recognising the significant challenge of managing South Africa's HIV/Aids pandemic, we launched the Sasol HIV/Aids Response Programme (SHARP) in September 2002. This initiative – which involved input from business, trade unions and community representatives, as well as from a diverse task team of experts – is an integrated approach focused on reducing the rate of infection throughout the group and extending the quality of life of infected employees through the provision of managed healthcare. Through this initiative we are facilitating access to counselling, HIV testing, HIV/Aids education, treatment of opportunistic illnesses such as tuberculosis and malaria, treatment of sexually transmitted infections and the provision of managed health-care (including antiretroviral treatment) for our employees.

our social performance (continued)

A principal focus of the initiative over the last year has been on the provision of voluntary counselling and testing (VCT), an essential first step in providing appropriate access to healthcare options and a critical component of promoting behavioural change. Sasol Mining, our most labour-intensive business, has had particular success in promoting a high level of uptake for VCT. By the end of July 2004, Sasol Mining had reached out to 5 293 employees who had attended the SHARP day programme. This included 4 557 (86%) employees who took the opportunity to know their status and 662 (15%) that tested positive. The percentage of workers choosing to be tested (86%) compares well with a rate of 50-60% that is typical among most corporate programmes. There are 359 (54%) uninsured employees that registered with the wellness programme and 68 who started with antiretroviral treatment.

This success has been attributed to the high level of management responsibility for the initiative, the active participation of trade union representatives on the SHARP team and a commitment to providing free antiretroviral treatment for all employees. The successful programme is now being extended beyond Sasol Mining into other Sasol businesses, as well as into the communities in which our operations are based through partnership with identified community stakeholders, government and other companies.

The impact of the HIV/Aids pandemic in our South African operations has major financial implications. We incur costs relating to the medical treatment and loss of infected personnel, as well as the related loss of productivity. We also incur costs relating to the recruitment and training of new personnel. Based on our actuarial models, we estimate that the impact of HIV/Aids on our payroll expenses should be less than 1% of our current payroll for our South African employees by the year 2007, when we expect prevalence rates to peak. This calculation is based on the estimated financial impact on production resulting from the projected prevalence of HIV/Aids among our workforce, but does not take into account indirect costs of productivity losses. During 2003, the group committed about R13 million to fund the SHARP initiative. We expect to increase this funding to about R20 million a year for our 2004 and 2005 financial years. While we are pleased that our estimated HIV/Aids prevalence rate of 11% (of the 86% voluntarily tested) is well below the South African estimate of 25%, we face a major challenge in encouraging all HIV-positive employees to participate in voluntary treatment programmes. To date, more than 700 South African employees have voluntarily registered for treatment. We shall endeavour to encourage other affected employees to join our confidential treatment programme in the year ahead.

Managing HIV/Aids at Sasol: Sasol executive director, Trevor Munday, being tested for HIV/Aids. Over the last year we have made significant progress in implementing Sasol's HIV/Aids Response Programme in our South African operations. Almost 8 000 employees have received HIV/Aids education. About 86% of these employees have been voluntarily tested. The prevalence rate of those tested is 11%.



our social performance (continued)

Health and safety

Fatalities

It is with deep regret and concern we report that 15 employees and contractors were fatally injured in workplace incidents in the global operations of Sasol during the two-year reporting period. This compares with ten employee and seven contractor fatalities during the 2000-2002 reporting period. Third-party logistics service providers reported four fatalities in 2004. Any fatality is unacceptable, and this high figure is of particular concern to us. Our goal remains to have zero fatalities.

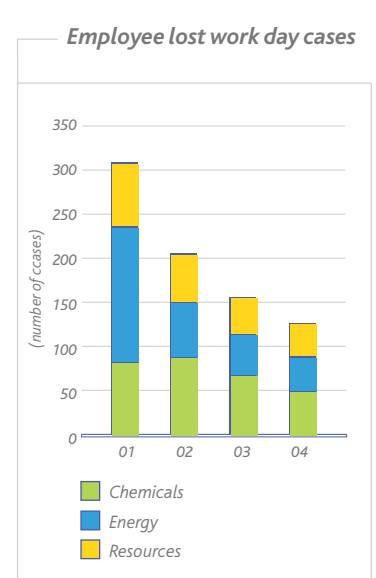
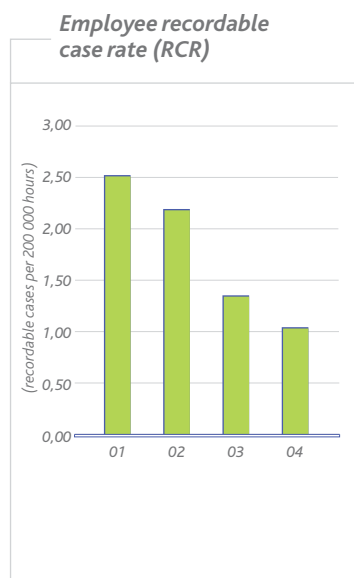
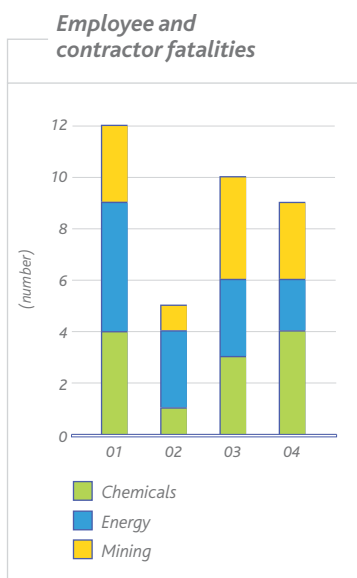
Each fatality is carefully investigated, with the involvement of senior management members with the aim of finding the root causes. Specialists from outside the organisation are also brought in to assist Sasol. In most cases, safe operating procedures exist for the activities being undertaken at the time of the incident and investigations often show deviations from these procedures.

Critical safety systems have been identified and a 'zero tolerance' approach is being applied to ensure full compliance to these systems. Furthermore, behaviour based safety training is being expanded

throughout the company, with many of our operations currently undertaking a process of employee engagement to identify safer ways to do things without discipline being attached. Our aim is to create a culture that strives towards zero injuries by focusing on those behaviours that are critical to avoid exposure to risk, thereby avoiding all injuries.

We are committed to eliminating all levels of injuries, not just fatalities, and it is a requirement to investigate even those incidents that did not result in personal injury. As many fatalities result from process safety incidents, our focus on the management of process safety issues has increased dramatically. Guidelines have been developed and operations are currently in the process of implementing and measuring their progress against these guidelines.

As a result of our continuing high-level focus on safety issues, and in particular our commitment to behaviour based safety, there has been a significant reduction year-on-year in the number of lost workdays and in the group's recordable case rate, as is outlined in more detail on page 36. Regrettably this important improvement in the group's safety performance has not been reflected by a reduction in the number of fatalities. This is an issue of profound concern to the group, and every effort is being taken towards our goal of zero fatalities.



our social performance (continued)

Challenge in meeting recordable case rate target

The group recordable injury rate for the period reflects a general trend of improvement, with a decline in the numbers of minor injuries, lost workday cases and the recordable cases for most of the business groups. The recordable case rate for the group at financial year end was 1,03 compared with 1,34 in our 2003 financial year, and 2,18 in our 2002 financial year. The recordable case rate is calculated as the number of fatalities, lost workdays, medical treatment beyond first aid and job transfer cases for every 200 000 man-hours worked.

As outlined in the graph on page 35, there has been a similar significant reduction in the number of lost workday cases. This refers to the number of workdays (consecutive or not) beyond the day of injury, that the employee was away from work because of an occupational injury. In 2004, there were 99 lost workdays, compared with 151 in 2003, 205 in 2002 and 305 in 2001.

During the reporting period some important milestones were achieved:

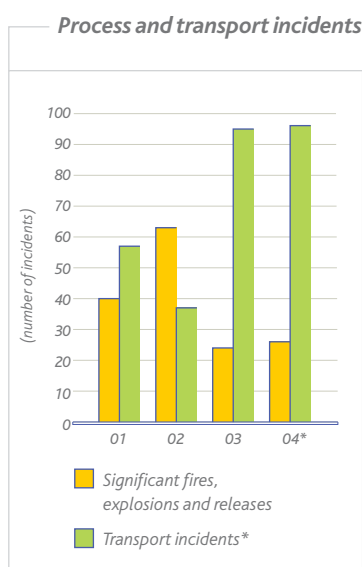
- Sasol Mining achieved more than five million lost workday case (LWDC) accident free hours for the first time.
- In April 2004, the Lake Charles Chemical Complex achieved one year without a recordable injury. Sasol North America has driven safety improvements using incentive initiatives, safety management systems and behaviour-based safety programmes.
- Following an active safety awareness programme at all of its sites, Sasol Germany reached a recordable case rate of 0,49.

While the year's RCR is a pleasing improvement, it is evident that significant additional efforts are required if we are to meet the group target of 0,5 by the end of the 2006 financial year. Despite the positive overall decline in injuries and recordable cases, an unacceptable number of significant safety incidents have continued to occur. In our drive to reduce these, particular emphasis is being placed on the implementation of behaviour based safety programmes throughout our operations.

Progressing process safety management

Petrochemical manufacturing involves using high volumes of flammable substances, often under high pressure and at high temperatures. Ensuring the effective management of the risk of fires, explosions and releases of hazardous substances is a critical part of our business. Over the last year we have made further progress in implementing the recently approved process safety management system throughout Sasol's operations, with the aim of minimising the risks of accidents and releases of hazardous substances.

During the two-year reporting period, there were 50 significant fires, explosions and releases throughout the group. This compares with 103 such incidents reported during the previous two-year period. In accordance with the Sasol definition, an incident is registered as 'significant' where it involves a fatality or lost workday, results in damages of more than US\$25 000, or causes a release in excess of the relevant substance's threshold quantity as defined by the US Occupational, Safety and Health Administration regulations.



*Note: Correction since publication of sustainable development summary report 2002-2004.

Sasol North America Emergency Response Team

The Emergency Response Team (ERT) at Sasol's Lake Charles Chemical Complex recently celebrated its 10th anniversary. The team of approximately 30 Sasol employees who volunteer to serve on the ERT has been recognised nationally, being the first full team in the US to receive an industry exterior fire fighting certification.





our social performance (continued)

Process safety management

A number of developments relating to process safety management were undertaken during the reporting period. A key initiative was the finalisation and approval by Sasol SH&E Corporate Governance Committee of a Process Safety Management Guideline for Sasol businesses. The guideline is based closely on the US OSHA 14 elements. A 15th element relating to capital project execution was added with the aim of ensuring compliance with relevant statutory requirements, integrity of design through the application of appropriate Sasol specifications, that all elements of the Process Safety Management Programme are addressed, and that systematic reviews are performed to identify, reduce and manage hazards and to apply the principles of inherently safer design.

A South African Responsible Care Management Practice Standard for process safety management was drafted during the reporting period, with significant input by Sasol. Related to this initiative is the development of a Sasol process safety internal Responsible Care audit protocol that will evaluate the various codes, guidelines and requirements in the company.

In 2004, there were 24 significant fires, explosions and releases reported, thereby improving to within close range of our 2006 group target of less than 20 such incidents.

Transportation safety management

Regrettably there was an increase during the reporting period in the overall number of transportation incidents, from 96 in the 2000-2002 period to 191* during the current period. In accordance with the Sasol definition, a transportation-related event is registered for internal reporting purposes when it meets at least one of the following five criteria: death or injury leading to more than three days' absence from work; a spill or leak of more than 200 kg (hazardous) or 1 000 kg (non-hazardous) material; property damage of more than €40 000 (including environmental clean-up); public disruption (evacuation, road closure or other precautionary measure) lasting more than one hour; or national media coverage. These include incidents with in-transit transport of substances between the site of a supplying company and the final customer, but exclude transport and loading and offloading activities at the premises of the supplying chemical company and the final customer.

Inherent safety, health and environmental practices

The underlying goal of inherent SH&E practices is to offer a more sustainable and cost-effective approach to improved SH&E performance. A plant that is inherently safe does not impact on people's health and is environmentally sound, requires less costly add-on safety systems, less waste treatment facilities, less management attention, fewer operational procedures and less effort to run it.

Furthermore, it imposes less risk to those who live or work near it, as well as to the environment around it.

With the aim of promoting inherent SH&E practices throughout Sasol, a high-level guideline was approved in April 2003 on the topic of Inherent Safety and Cleaner Production.

Occupational health activities

Our principal potential occupational health risks throughout the Sasol group relate to handling chemicals, the potential exposure to non-methane hydrocarbons, exposure to dust in our mining operations and the potential for noise-induced hearing loss. All potential risks in the workplace are identified and, where they cannot be eliminated, all of our operational staff – comprising about 90% of our workforce – are subject to annual medical evaluations. All affected staff are provided with necessary personal protective equipment and receive appropriate training, with a growing focus throughout the group on behaviour-based safety practices.

During the year occupational health policy and guidelines were developed and approved. An internationally accepted, standardised occupational hygiene risk assessment process has also recently been finalised for Sasol-wide implementation. Occupational health audits have been undertaken at a number of operations throughout Sasol, using an audit protocol developed by the South African Society for Occupational Medicine. A community of practice has been established to identify and share best practice activities on occupational health throughout the group.

*Note: Correction since publication of sustainable development summary report 2002-2004.

our social performance (continued)

Sasol in the community

Community outreach and stakeholder engagement

During the two-year reporting period several key initiatives were taken in fulfilment of our commitment to appropriate stakeholder engagement and community outreach and involvement. In addition to the various public participation initiatives implemented as part of new projects – including most notably the extensive consultation processes associated with the Mozambique Natural Gas Project (MNGP) – we continued to undertake community outreach initiatives at most of our existing operations.

These initiatives included holding public meetings, hosting explanatory tours of our operations and implementing structured systems for responding effectively to any community complaints. This constructive approach towards community outreach has provided our management teams with a deeper understanding of the nature of community concerns and interests.

In developing our 2002-2004 sustainable development report, we commissioned an independent consultant team to engage a sample of Sasol's stakeholders by e-mail, telephone, personal interviews and small focus groups. The process focused on a selection of Sasol employees internationally, a sample of regulatory authorities in South Africa, investors (globally) and civil society bodies (in South Africa).

During this process, stakeholders were asked to identify key issues to be addressed within Sasol's sustainability strategy, to highlight specific issues of interest for reporting in the sustainability report and to provide input regarding Sasol's future sustainability reporting and stakeholder engagement processes. A summary of the main findings arising from this exercise is provided on page 21.

Sustaining a strong social investment programme

Over the last two years, Sasol granted more than R150 million to support a diverse spectrum of socio-economic development projects, mostly in the Sasolburg and Secunda communities and in central Mozambique where we have developed the natural gas project. The bulk of Sasol's corporate social investments are made in Southern Africa, where they are channelled primarily into the following five priority areas:

- education, with particular focus on empowering and developing people in science and technology;
- job creation, by investing in initiatives that promote the sustainable creation of employment;
- health and welfare, with a priority emphasis on HIV/Aids prevention;



As part of the MNGP, Sasol has approved US\$5 million for a social development fund (SDF), earmarked for community development projects in Mozambique.

To date, 68 community projects to the value of US\$2 million have been implemented, most of which have been for improving community access to drinking water.



Participatory pollution prevention initiative in Lake Charles: Following a series of meetings with Community Advisory Panel members and neighbours, Sasol's Lake Charles plant learnt that the residents' biggest pollution concern from the complex was noise – specifically, noise during ethylene unit upsets when the flare was being used. To address the noise and light pollution that resulted from the flaring, the complex invested in a totally enclosed ground flare. The new flare was installed in 2002 at a cost of US\$4.3 million. It has reduced about 85% of the noise and light pollution associated with upsets and is the largest of its kind in the world.

our social performance (continued)

- environmental education and conservation by supporting specific conservation projects, as well as various education and capacity building initiatives; and
- arts and culture, with particular emphasis on identifying opportunities for uplifting the quality of life of communities.

As part of the MNGP, Sasol is advancing a social development action plan in Mozambique. To date, 68 community development projects to the value of US\$2 million have been implemented in Mozambique.

A more detailed review of our social investment activities is available separately from our corporate social investment department.

The US and European corporate social investment (CSI) initiatives

While the bulk of our CSI investments are undertaken in Southern Africa, important community-based initiatives are also regularly undertaken by our US and European operations. During the past two years, contributions from Sasol North America and employees totalled more than US\$600 000. Following is a brief summary of some of the initiatives undertaken during the reporting period:

- Through Sasol North America's company-wide Community Volunteer Support Programme, employees provide service to their favourite charitable organisation, and the company makes cash donations to the organisation based on the number of volunteer hours. Sasol North America also contributes to education institutions by matching contributions made by employees up to US\$3 000.
- In Austin, USA, Sasol employees mentored elementary school students in need of help with academic concepts or role models, assisted in repainting a housing complex for HIV-positive individuals and promoted interest in science by conducting chemistry demonstrations at middle and high school campuses.
- Baltimore contributed to several organisations, including United Way of Central Maryland and the John Hopkins Bayview Medical Centre.

In Sasol operations in Germany, Sasol employees and the company raised over €25 000 to provide relief for victims of the 2002 floods in Europe, while Sasol Italy provided financial support to local arts, culture, and sporting initiatives.



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Sasol has committed R15 million towards the development of integrated energy centres (IECs) in under-resourced rural areas of South Africa. It is envisaged that 10 initial IECs will be developed and implemented as part of the South African Government's Integrated Sustainable Rural Development Plan.

our social performance (continued)

Sasol's corporate social investment programme in South Africa

Following is a brief summary of some of Sasol's key CSI initiatives in South Africa over the two years:

Education

- In June 2003, the Sasol Ltd board approved funding of R1.2-million over three years (subject to agreement on objectives between Sasol and Wits), for the Sasol Centre for Innovative Environmental Management.
- Supported the award-winning community educational resources centres of Boitjhorisong at Sasolburg and Osizweni near Secunda.
- Continued support for the Sasol SciFest at Grahamstown and the Sasol Techno X Science and Technology Exhibition at Sasolburg during August 2002. These events attract more than 150 000 visitors a year.
- 442 bursary holders were sponsored for the 2003 academic year and 436 bursaries for 2004. Most of the Sasol bursaries are for BSc degrees in chemistry and in chemical, mechanical, electrical, electronic, mining and industrial engineering.

Job creation and capacity building

- Continued to support The Business Trust as part of our five-year, R20 million commitment towards this initiative aimed at promoting the creation of new job opportunities.
- Undertook to grant R15 million towards the development of integrated energy centres (IECs) in underresourced rural areas of South Africa. It is envisaged that 10 initial IECs will be developed and implemented as part of the South African Government's Integrated Sustainable Rural Development Plan.
- Formed the Sasol group BEE Trust Fund with an initial grant of R5 million. This fund will be used to help establish new South African BEE ventures. Through Sasol Infrachem and Natref, we donated a further R2,5 million to fund specialised skills training courses for unemployed people in the Sasolburg region.
- Through Sasol Oil, we have been actively involved since 1990 in helping to finance, design, construct and maintain community taxi-ranks for the benefit of thousands of commuters who routinely use urban minibus taxis. We have invested about R48 million over the last 13 years to develop and maintain 148 taxi ranks.

Health and welfare

- Provided ongoing support for community health and welfare programmes focusing primarily on HIV/Aids education and

support programmes, including the Centre for the Study of HIV/Aids at the University of Pretoria, the South African Business Council on HIV/Aids and the home-based caregiving programme of the South African National Council for Child Welfare for Aids orphans and people living with Aids.

Environment and nature conservation

- Sponsored educational publications and related media on flora and fauna, including the popular Sasol First Field Guide series, birdcall recordings and the new Internet-based online birding guide for BirdLife South Africa.
- Continued to sponsor community birdwatching and environmental education facilities and, through the ongoing and successful Sasol schools cleanup project at Sasolburg and Secunda, promote the value of living in a clean and healthy environment.
- Provided sponsorships and donations to the Sasolburg environmental week, the Endangered Wildlife Trust, the Sasol Vulture Monitoring Project, the De Wildt Wild Dog Rehabilitation Project near Brits and the Sasol Sensory Trail for disabled people at Johannesburg's Delta Environmental Centre, as well as the development of a real-time database for monitoring air pollution in South Africa's Eastern Highveld.

Arts and culture

- Continued support for Ochrim School of Music for young musicians from historically disadvantaged communities.
- Commenced sponsorship of the Black Tie Ensemble, a community-based initiative aimed at developing and training classical singers from historically disadvantaged groups.
- Donated R500 000 towards rejuvenating the Etienne Rousseau Theatre at Sasolburg in addition to annual grants.
- Sponsored numerous cultural events including: the 2002 Sasolburg Wax, Arts and Music Festival, the 18th Sasol Sowetan Annual National Choral Festival, the Sasol ProMusica Orchestra, the Sasol National Youth Orchestra and the Sasol Schools Festival, as well as the visual arts category of the Klein Karoo Nasionale Kunstefees at Oudtshoorn and the music category of the Aardklop Kunstefees at Potchefstroom.



our environmental performance

Due to the nature of Sasol's activities as a global petrochemical company, we recognise that we have the potential to impact significantly on the natural environment. The group is committed to minimising its environmental footprint by implementing measures aimed at reducing waste, atmospheric emissions and water and energy consumption, by minimising the negative impacts of our products through their lifecycle, and by managing our impacts on land and biodiversity.

Environmental performance at a glance

- 17% reduction in emissions of CO₂ equivalent per ton of production in 2004 compared with 2002
- VOC emissions reduced by 29% and H₂S emissions by 37%, as measured per ton of production in 2004 compared with 2002
- Reductions achieved in water consumption (20%) and energy consumption (23%) in 2004 compared with 2002, as measured per ton of production
- 28% reduction in the total levels of hazardous and non-hazardous waste generated per ton of production in 2004 compared with 2002
- New group-wide targets for greenhouse gas (GHG) emissions and volatile organic compound (VOC) emissions currently under evaluation
- Significant progress in the rehabilitation of contaminated sites

Greenhouse gas emissions

One of our principal environmental challenges relates to the management of greenhouse gas (GHG) emissions. Recognising the significant potential benefits of proactive action, we have been active in assessing the risks and opportunities associated with managing greenhouse gases. Following an extensive process of internal review and external benchmarking, we are finalising group-wide targets on GHG emissions with the aim of reducing Sasol's GHG emission-intensity, while pursuing opportunities to trade in carbon credits.

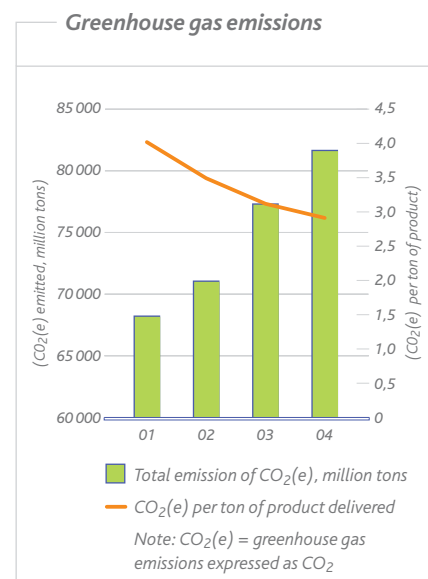
In our Southern African operations we are identifying the potential for Clean Development Mechanism (CDM) projects. The Sasolburg natural gas project is in the process of being registered as a CDM project, but may have a problem with the financial 'additionality' clause, which stipulates that to be eligible the project should be dependent upon the CDM credits for its financial viability. In July 2003, all 14 projects

submitted to the UN CDM Executive Board were rejected or had to be resubmitted, with financial 'additionality' being a major reason given. We are an active contributor to the working group of the Intergovernmental Panel on Climate Change (IPCC) that is responsible for identifying possibilities for the sequestration of carbon dioxide.

Our European operations are preparing to participate in the European emissions trading initiative. Four of our sites in Germany, which emit about 400 thousand tons of carbon dioxide (CO₂) per year, will be affected by the first period of the European Emission Trading System from 2005-2008. European emission trading will be coordinated between Sasol Italy, Sasol Wax and Sasol Germany by Sasol Limited.

Our inventory of GHG emissions has been developed using the international recognised reporting protocol of the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and has been externally verified by independent consultants. During the last year a 17% reduction was achieved in our overall emission of carbon dioxide and methane, as measured in terms of carbon dioxide equivalent per tonne of production compared with 2002 levels.

It is estimated that our US\$1,2 billion MNGP project in Mozambique and South Africa will result in a further reduction in excess of three million tonnes of CO₂ equivalent by the end of 2004, equating to approximately 8% of the group's total GHG emissions over the previous year. Significant further improvements in carbon efficiency are anticipated as a result of our new gas-to-liquids (GTL) ventures.



our environmental performance (continued)

Sasol's greenhouse gas emissions (GHG) – questions and answers

One of the principal areas of interest identified during the stakeholder engagement process for the sustainable development report relates to Sasol emissions of greenhouse gases. Following are answers to some of the key questions raised by stakeholders during this process.

Question: How does Sasol's GHG emissions compare with its peers?

The bulk of Sasol's GHG emissions comes from our operations in South Africa where we are directly responsible for approximately 15% of the South African GHG inventory from all sources and 26% from industrial sources. Of the industrial sources alone, Sasol and Eskom (South Africa's electricity supply utility) emit about 80%. Sasol's Secunda complex is large by global standards, producing seven million tonnes of fuels and two million tonnes of chemicals. As outlined further below, the fact that these emissions are highly concentrated may be seen to result in an important potential opportunity.

Question: What is the financial value of Sasol's GHG emissions?

It is difficult at this stage to place an exact value on our emissions. As a developing country we have the potential to monetize reductions that we make in GHG emissions (for example by introducing cleaner technologies) by trading in Certified Emission Reductions (CERs) in terms of the Clean Development Mechanism (CDM) of the Kyoto Protocol. Subject to ratification of the protocol and to compliance with various CDM requirements, and depending on the trading price for carbon credits (which is currently in the region of US\$5 per ton of CO₂), there is valuable scope for realising opportunities from our emissions. We have been working hard at developing CDM projects, and are also learning fast from the experience of our European operations as we prepare for the European Trading Scheme.

Question: What will it cost Sasol to meet Kyoto targets?

Most of Sasol's GHG emissions come from our South African operations. No emission reduction targets have been agreed for developing countries like South Africa, and none are anticipated until at least after 2012. Existing targets for developing countries are on average an 8% reduction by 2008-2012 on a 1990 baseline. We believe that such targets would be attainable for Sasol.

For example over the past year we have reduced CO₂ emissions at our Sasolburg operation by 4,5 million tonnes per annum. At the end of the 2004 financial year the group's overall emission of carbon dioxide and methane, as measured in terms of carbon dioxide equivalent per tonne of production, was 17% less than the emissions at the end of the 2002 reporting period. We believe that our unique processes may in fact pose significant opportunities that are not associated with the power, steel or oil refining industries. As our streams of CO₂ emissions tend to be more concentrated, CO₂ capture and storage becomes more cost effective.

Question: Does Sasol have GHG targets?

Although South Africa, as a developing country, does not have binding emission reduction targets, we are setting internal GHG targets for existing and new operations. For our European operations we will be subject to country requirements for reducing GHG from January 2005, and are satisfied that these targets can be met. We are currently finalising GHG emission targets at a group-wide level.

Question: Do concerns relating to GHG emissions pose a material risk to Sasol?

As outlined above, with most of our emissions emanating from South Africa, we do not foresee binding targets being imposed on our South African operations for the short to medium term. Nevertheless we realise the importance of improving on our GHG performance and are thus implementing various research and development and capital expenditure projects aimed at improving our performance. As indicated above, we also believe that due to the nature of our processes, valuable commercial opportunities may be realised through associated projects that reduce and/or sequester our existing GHG emissions to manage the risk.



our environmental performance (continued)

Greenhouse gas position statement for the Sasol Group

Emissions of greenhouse gases (GHG) from the use of fossil fuels are contributing to increased global atmospheric GHG concentrations. Sasol recognises public concern about this increase and believes that GHG emissions from its activities require a responsible and comprehensive approach in accordance with the Sasol SH&E policy.

We will therefore strive to:

- Reduce the GHG emissions per unit output of existing extraction, production and distribution processes. We will focus these efforts on:
 - Improving the energy and carbon efficiency of the technologies we develop and products we supply; and
 - Reducing emissions of methane and nitrous oxides in the extractive and fertiliser industries; and
- Implement renewable energy and raw material sources to replace or supplement existing sources. We will focus these efforts on the use of renewables in our synthetic fuels business and fatty acids derivatives.

We will do this by:

1. Setting an appropriate and measurable corporate target for the reduction of GHG emissions and tracking progress against this target;
2. Using improved carbon and energy efficiency in the design and selection of new facilities;
3. Using GHG-related financial instruments to ensure economically effective reduction activities; and
4. Developing and maintaining intelligence and partnerships in the alternative energy, carbon sequestration and other emerging fields, and directing research and development activities in areas of specific interest.

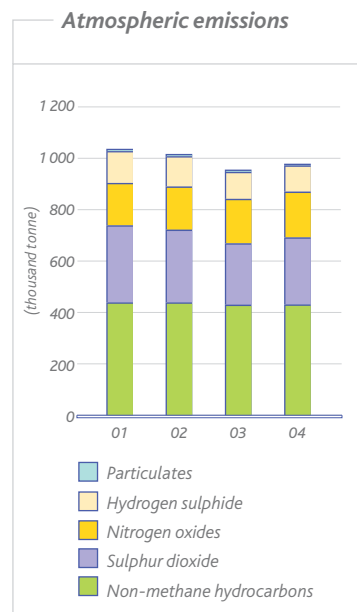
Targeting other atmospheric pollutants

During the review period some notable milestones were achieved in reducing atmospheric emissions throughout the group, most notably in South Africa where the management of air pollution is an important regulatory and community concern. Significant reductions have been achieved, in particular in hydrogen sulphide emissions (the source of many odour-related complaints), as well as in the emission of non-methane hydrocarbons (VOCs).

Total hydrogen sulphide emissions for the two-year period amounted to 208 kilotonnes, representing a 14% reduction on the previous reporting period. At our Secunda operation, more than R400 million has been invested in reducing hydrogen sulphide emissions and we have made a commitment to the regulatory authorities to achieve further reductions by 2007. At our Sasolburg operation significant additional reductions in hydrogen sulphide emissions will be achieved following the conversion from coal to natural gas feedstock.

Projects have been implemented at our Natref refinery in South Africa to reduce the emission of low-altitude non-methane hydrocarbons (VOCs). Additional capital expenditure has been approved to achieve further VOC reductions in our Secunda plant. A group-wide target relating to the reduction of emission of VOCs is currently being finalised.

During the two-year reporting period, there was a 14% reduction in total sulphur dioxide emissions compared with the previous reporting period, with total emissions reduced from 584 kilotonnes in 2000-2002 to 500 kilotonnes during 2002-2004. An important contributing factor has been the process improvements at the Natref refinery in South Africa where there was an absolute decrease in



our environmental performance (continued)

emissions despite a significant increase in crude oil throughput. At our Sasol Synfuels operation, the agreed hydrogen sulphide permit emission level of 10,5 tonne sulphur per hour on a 30 day average, as well as the 13,5 tonne sulphur emission on a daily basis are being met consistently. A final response is being awaited from government regarding recent application for a permanent sulphur emission permit.

Modelling of air emissions indicates that the conversion to natural gas in Sasolburg will reduce the Sasol footprint substantially. However there will not be a drastic difference in ambient concentrations of species such as sulphur dioxide (SO₂) and particulates because of other major sources in the area.

During the reporting period extensive work has been undertaken to assess the implications of the proposed new air quality regulations in

South Africa and to ensure that appropriate measures are in place for compliance with these regulations. We have continued to actively monitor ambient air quality within those regions potentially affected by our operations. Our most significant air quality monitoring programmes are in our Sasolburg and Secunda operations in South Africa, where we have commissioned monitoring stations in community areas as well as undertaking continuing research and analysis of atmospheric chemistry.

Energy use

The identification and implementation of energy-efficiency initiatives remains a priority throughout the group, particularly in light of our imminent internal commitments relating to greenhouse gas emissions.

Identifying opportunities for alternative energy

Ongoing consultation on alternative energy and related issues is being undertaken with various Sasol business units, as well as with relevant external stakeholders. Following is a brief summary of some of the activities relating to alternative energy within Sasol.

Biodiesel

- Studies are continuing for the possible development of a bio-diesel plant in Secunda. If approved, start-up is envisaged for the first quarter for 2006.

Bio-ethanol

- Improving quality of Bio-ethanol at German Herne site to deliver it into the fuel market.
- Consideration is being given to the possible development of a competitive bio-hub comprising about 80 megalitres per year of ethanol together with bagasse co-generation. While sugar cane juice appears the most competitive feed, the use of molasses, animal feed maize and emerging crops such as tropical beet and sweet sorghum is also being investigated.
- The possible future commercialisation of (waste) cellulose ethanol is also being monitored.

Biofuels

Three possible options relating to biofuels are being developed:

- Several low-cost new generation biofuels gasifier technologies are being evaluated.
- The feasibility of off-site rapid pyrolysis of waste biofuels (such as sawdust) is being reviewed.
- Technical and financial feasibility assessments are being considered for possibly co-firing biofuels in Secunda.

Fuel cells and hydrogen

There are two main thrusts:

- The opportunity to commercialise GTL-liquid fuel cells with Intelligent Energy (IE). A pilot programme has been proposed to develop a prototype 25kW GTL-fuelled reformer with Proton Exchange Membrane (PEM) fuel cell for Sasol participation.
- Supporting the possible development of industrial hydrogen customers; a proposed study will compare different options for supplying hydrogen (pipeline, road tanker, liquefied petroleum gas (LPG) reforming and electrolysis) to a platinum processor.

our environmental performance (continued)

Although our total energy use for the two-year reporting period increased by 4% compared with the previous two-year period, there was an overall improvement in energy-efficiency relative to our increase in production. Our reported energy usage for 2004 represents a 23% improvement on the levels of energy used per ton of product in 2002. Our success with some of our energy-efficiency measures has been recognised externally, with Sasol North America receiving two awards from the American Chemistry Council for its energy-efficiency improvements in the ethylene plant at Lake Charles.

The accompanying graph of our energy usage provides a general indication of key trends relating to energy usage (electricity purchased, electricity self-generated, coal, fuel oil and gas) throughout the Sasol group over the last four years. More detailed information is provided in the performance tables on pages 52-54. During the process of preparing and verifying this report some methodological errors were identified in our previously reported data. These errors have since been remedied, and the accompanying graphs and data tables have been updated to reflect the corrected data.

The large increase in gas usage between 2001 and 2003 is primarily a result of the addition of the process facilities from our Condea acquisition.

Working to minimise waste

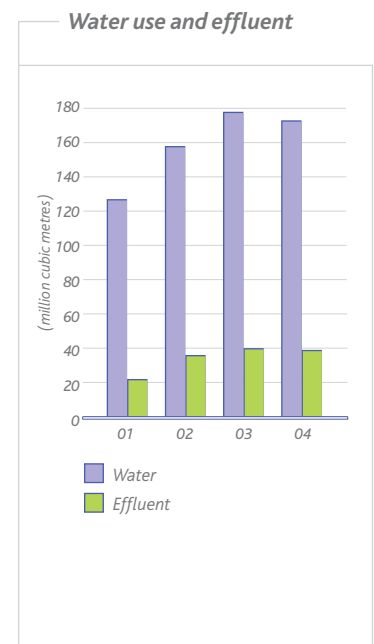
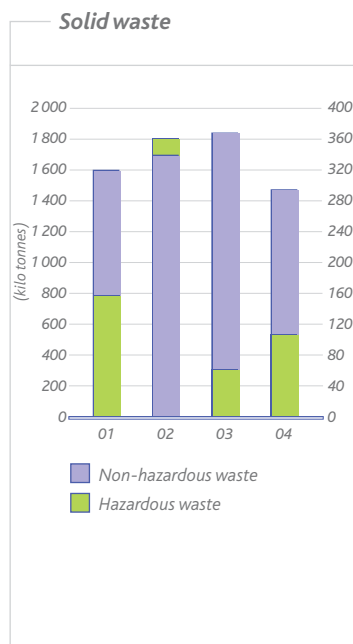
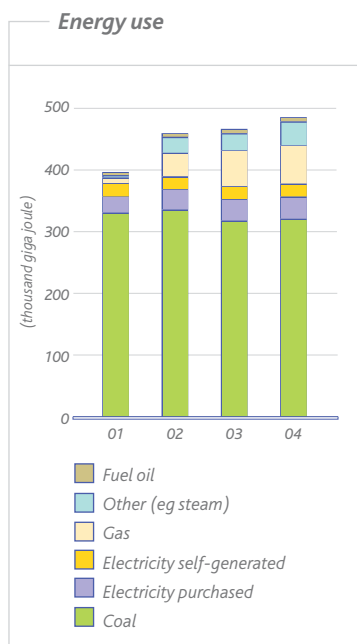
We are committed to implementing waste minimisation and cleaner production measures throughout the group. During the two-year

reporting period we generated 3 300 kilotonnes of non-hazardous waste, representing almost no change in absolute levels reported over the previous period, despite the significant increase in production levels. (This figure excludes ash, recycled waste and mining rock discard). During 2004 there was a significant reversal in the previous trend of declining levels of hazardous waste. This increase was attributable largely to extensive site remediation activities in some of our South African chemical operations. The increase thus does not represent the fresh generation of hazardous waste associated with our production activities, but rather is a reflection of our efforts in effectively addressing historical legacies.

Water use and liquid effluent

Water is increasingly becoming a source of concern in many of our operations, most notably in South Africa, which is an arid country. Over the last two years, there have been significant efficiency gains in the volume of water used and effluent generated per ton of product. Between 2002 and 2004 the volume of liquid effluent per tonne of product decreased by 22%, while there was a 20% reduction in water use per tonne of product over the same period. These improvements are a consequence both of our new, less water-intensive business acquisitions, as well as the successful implementation of efficiency measures at some of our larger operations.

Our project team of internal and external experts in mining, geohydrology, geochemistry, water and waste treatment is currently



our environmental performance (continued)



New catalysts reduce emissions at Sasol Nitro in Sasolburg: Following investment in new technology at the Sasol Nitro plant in Sasolburg, South Africa, there has been a 30% decrease in the emissions of nitrous oxide (N₂O) a significant greenhouse gas and a contributing factor to damage of the ozone layer.

committed to researching innovative and cost-effective solutions to further reduce our impact on the environment. Particular progress has been made in our research and development activities into managing the water-related impacts of our mining activities. In June 2003, an evaporator crystallizer was commissioned at a cost of R235 million to treat a concentrated brine stream (wastewater) from our desalination plants. The evaporator crystallizer will recover water and salt from the waste stream for sale to specific markets in the steel manufacturing and agricultural industries.

In light of the recent drought situation in South Africa, our Synfuels operation has been assessing the implication of a 10% reduction in raw water use. Urgent attention is being given to this challenge and its associated operational impacts.

An area of concern regarding water use relates to the daily water intake permit requirements at the Sasol Nitro operation in Phalaborwa, which specify the amount of river/industrial, potable/drinking and total water that can be used per day. During February 2002, sand filters were installed at the cooling towers that enable greater use of industrial water in place of potable water, thereby changing the ratios of use. Although the overall permit conditions for total water intake are still adhered to, the changed ratios of use need to be reflected by means of a new permit, a process which is currently under way.

Capital investment into cleaner technologies

We recognise and take on the challenges of operating plant and equipment which are subject to increasingly demanding environmental requirements. Our drive towards international best practice is therefore unrelenting, both with respect to continual research and development and upgrades of equipment, to prevent and minimise the potential environmental, health and safety impact of our operations. Substantial capital investment has been committed in the last few years to various projects with significant environmental benefits. These include:

- the introduction of natural gas to Sasolburg, South Africa (US\$1,2 billion);

- closing down the carbide and acetylene plants at Sasolburg, South Africa, and replacing these with the environmentally efficient VCM-oxy plant (R560 million);
- closing down the chlorine plant at Umbogintwini, South Africa, for replacement by an upgraded facility at Sasolburg (R100 million);
- replacing the chlorine process at our plant in Baltimore, United States, with a more environmentally benign process (US\$100 million);
- upgrading the sulphur recovery plants in Secunda, South Africa, to reduce hydrogen sulphide emissions (R400 million);
- installing a tubular reverse osmosis plant to treat water in Secunda (R120 million);
- installing an evaporator crystallizer plant to recover salts from effluent in Secunda (R235 million);
- rehabilitating the black products site in Secunda (R130 million); and
- installing a waste recycling facility in Secunda (R500 million).

Land use and biodiversity

At the end of the 2004 financial year, a total of 7 170 hectares was currently owned or leased by Sasol operations specifically for production activities or extractive purposes. In addition, Sasol occupies 35 406 hectares of underground mining area and 1 274 hectares of land for surface mining. The total area of land dedicated for conservation and biodiversity purposes at the end of the reporting period amounted to 3 061 hectares.

While Sasol does not own any land in areas that have been formally classified as environmentally sensitive or rich in biodiversity, we are nevertheless involved in projects in areas of potential environmental sensitivity, most notably as part of the Mozambique Natural Gas Project. While procedures are in place to minimise the impact of new projects on biodiversity, we recognise that this is an issue that may require a more structured approach, particularly as we embark on new ventures in potentially sensitive areas.

our environmental performance (continued)

To minimise biodiversity impacts during the Mozambique Natural Gas Project, independent specialists were employed to advise on potential impacts and to monitor subsequent activities, relating to the construction of the central processing facility in the Temane gas field, as well as the laying of the 865 km cross-border pipeline. Activities included realigning the pipeline route to avoid sensitive sites, implementing measures to minimise impacts when crossing rivers, rehabilitating flow lines and controlling access to the right-of-way so as to avoid increased extraction of hard woods. Detailed reports on the environmental and social impact measures are available at w3.sasol.com/natural_gas



Land remediation and rehabilitation

As a result of our chemicals and fuels processes, we have several areas where soil or groundwater has been polluted in the past. We have recently approved the establishment of a group-wide approach to identify and manage potential liabilities associated with land remediation and rehabilitation. The potential environmental liability for our European and North American operations was quantified as part of the due diligence process when Condea was purchased and is managed according to an agreed process.

On 30 June 2004, we had a provision of R404 million, of which R210 million was invested in a trust fund for future mine closure and

rehabilitation. This figure is reviewed annually to ensure that adequate provision is made at all times, taking into account all relevant circumstances.

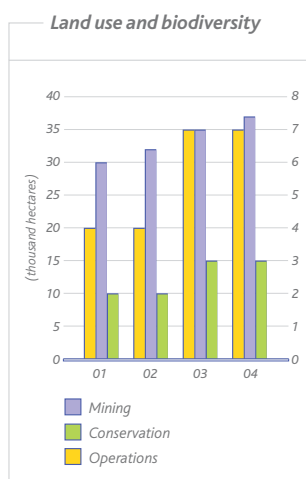
A brief review of some of our principal site remediation activities over the last two years is provided below.

Site remediation activities in the South African operations

Following is a brief review of the status of some of the key remediation activities within Sasol's South African operations. The main remediation-related liabilities in the European and US sites were characterised as part of the due diligence process and are being managed according to an agreed process.

Management of service station underground storage tanks

Sasol Oil completed the removal of approximately 158 underground tanks and pipelines from the forecourts of fuel retail companies with which it had supply agreements. Any required remediation is being conducted in collaboration with the relevant companies and authorities. The Liquid Fuels Business of Sasol Oil has performed equipment integrity inspections on all service stations and commercial sites to ensure that any existing and potential risks, liabilities and non-conformances are identified. Required action plans to address non-conformances are being implemented. The potential soil and groundwater pollution from leaking underground tanks at service stations and commercial installations is being reduced by pro-actively testing tanks in high risk areas.



our environmental performance (continued)



The completion of a remediation project to clean up and restore Upper Bayou Verdine near the Lake Charles Chemical Complex was achieved during August 2003. Conoco Phillips and Sasol hosted a ceremony to recognise the cooperative effort that made the clean-up such a success.

Remediation of Klipspruit cyanide factory site

The Klipspruit cyanide factory, near Johannesburg, has been out of operation for a number of years, apart from one storage tank that is currently used for storing cyanide products. The site and adjacent sludge drying beds (located on land belonging to the City of Johannesburg) were in the past polluted by cyanide compounds. The remediation work at the site has proceeded very smoothly, and all the cyanide contaminated sludge external to the factory premises has been removed to a registered hazardous waste facility in accordance with an environmental management plan approved by the relevant provincial authorities. The project, which was completed on time and within budget, involved close cooperation with relevant authorities, as well as support from local community members.

Characterisation / Remediation of Midland site, Sasolburg

Following extensive external investigation and characterisation of soil and groundwater contamination at Midland, South Africa, an overall site remediation plan is being implemented. The targeted completion date is 2010. Total project cost is currently estimated at R50 million.

Characterisation of calcium cyanide factory, Witbank

Decommissioning of the Sasol Polymers cyanide factory was completed late in 2003. Following a soil and groundwater investigation, remediation options were identified and are being implemented. The cost of remediation is estimated at approximately R4 million.

Site investigations at Sasol Secunda

Land remediation projects have been initiated to determine the financial liability attached to some of the sites at Secunda. Areas being focused on include the Sasol Synfuels factory, the waste ash site, the process and salty water dams and the Sasol Nitro fertiliser facility. It is estimated that the remediation project will cost in the region of R25 million.

Remediation options for Umbogintwini, Durban

Demolition of the old Sasol Polymers plant neared completion and remediation options were quantified.

Managing environmental impacts of our new global activities

Sasol is currently making new investments in countries such as Mozambique, Qatar, Nigeria and Gabon where we are involved in – or are about to become involved in – exploration, extraction, processing and transportation activities relating to natural gas, petroleum and chemical substances. Our operations in these jurisdictions are subject to numerous regulations relating to exploration and mining rights and to the protection of safety, health and the environment. In addition, securing external funding for projects of this nature generally requires that we comply with the social and environmental requirements of the World Bank Group, particularly following the adoption by many major commercial banks of the Equator Principles.

With regard to new projects, the research, development, engineering, construction and operation process goes through a stage-gate business development and implementation model, which has several sequential decision-gate criteria, including safety, health and environmental considerations aimed at ensuring that we comply as a minimum with the regulations of the countries in which we operate. In some of the new countries in which we are investing, detailed technical and emission standards are not available. The group is in the process of developing and applying a minimum set of standard requirements for facilities, equipment and emissions for those regions where existing standards are not deemed sufficient. These will take into account the World Bank guidelines, as well as our commitments in terms of the UN Global Compact.



KPMG independent assurance report

Independent assurance report to Sasol Limited on its sustainable development report 2002-2004

Introduction

We were engaged by Sasol Limited to provide assurance on its 2002-2004 sustainable development report (the report) with respect to selected safety, health and environmental (SH&E) performance indicators for the 2002/2003 and 2003/2004 financial years and the management assertion regarding the report being 'in accordance with' the 2002 Global Reporting Initiative (GRI) Sustainability Reporting guidelines (the guidelines) as reported in the report.

This report is made solely to Sasol in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Sasol those matters we have been engaged to state in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Sasol, for our work, for this report, or for the conclusions we have reached.

Respective responsibilities of executive directors and reviewer

Sasol's executive directors are responsible for the preparation of the report and the information and assessments contained within it, for determining the group's objectives in respect of sustainable development performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our responsibility is to express our conclusions on the selected Sasol SH&E performance indicators for the two financial years ended 30 June 2004 and the reliability of the management assertion regarding the report being 'in accordance with' the 2002 GRI guidelines. We also report if, in our opinion, any disclosures in the report relating to selected SH&E performance indicators are misrepresented or inconsistent with our findings, if we have not received all information and explanations we required to conduct our work, or if we became aware of additional information, the omission of which may result in selected Sasol SH&E performance indicators for the two years ended 30 June 2004 together with the associated statements being materially misstated or misleading.

Basis of our work

There are no generally accepted standards for reporting SH&E performance indicators. Sasol applies its own internal Sustainable Development Reporting guidelines, based on emerging best practice for reporting sustainability performance indicators.

We conducted our examination having regard to emerging best practice and principles within international assurance engagements and in particular our approach draws from International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Information issued by the International Auditing and Assurance Standards Board. Our approach is risk-based, drawing on an understanding of risks associated with reporting SH&E performance indicators and systems and processes in place to mitigate these risks.

Selected 2003 SH&E performance indicators

Scope of review

We selected the SH&E performance indicators for review by considering Sasol and its business units' (the group) key SH&E risks, identifying those SH&E indicators most relevant to management and stakeholder decision-making processes and our experience of the associated SH&E reporting systems and processes. The SH&E performance indicators subject to our review were: **employee fatalities, employee recordable case rate, fires, explosions and releases, energy use, direct carbon dioxide emissions (from processes and fossil fuels) and indirect carbon dioxide emissions (from electricity purchased), sulphur dioxide emissions, SH&E legal compliance and Responsible Care Practice in Place** (collectively referred to as the selected 2002-2004 SH&E performance indicators). We selected sites for review based on a range of risks and issues that may influence reporting in a geographically and operationally diverse organisation such as Sasol.

Work performed

We planned and performed our work to obtain all the information and explanations that we considered necessary to provide sufficient evidence for us to provide reasonable assurance that employee fatalities, employee recordable case rate, direct and indirect carbon dioxide emissions and sulphur dioxide emissions for the two financial years ended 30 June 2004 are fairly stated. For certain other selected

KPMG independent assurance report (continued)

SH&E performance indicators where there are limitations in the nature, timing, and extent of the evidence-gathering procedures, we planned and performed our work to obtain sufficient evidence for us to provide limited assurance that nothing has come to our attention that causes us to believe that the following SH&E performance indicators: fires, explosions and releases, SH&E legal compliance, Responsible Care Practice in Place, and energy use for the year ended 31 December 2003, are not fairly stated.

Our work performed consisted of:

- obtaining an understanding of systems used to generate, aggregate and report the selected 2002-2004 SH&E performance indicators at site level and at the Sasol SH&E Centre;
- conducting eight site visits to review the selected 2002-2004 SH&E performance indicator management systems and the associated reliability of the selected 2002-2004 SH&E performance indicators submitted for central consolidation. Our site visits included assessing the systems and processes the sites have in place to meet the requirements of Sasol's Sustainable Development Reporting guidelines for the selected 2002-2004 SH&E performance indicators;
- conducting discussions with management at the six sites visited in the previous two years to obtain an understanding of the consistency of the reporting processes compared with the prior year and to obtain explanations for SH&E performance trends;
- performing a desk-top review of the selected 2002-2004 SH&E performance indicators submitted for central aggregation by the group's reporting units and obtaining explanations for SH&E performance trends;
- testing the accuracy of the aggregation process for the selected 2002-2004 SH&E performance indicators at group level;
- reviewing the presentation of the selected 2002-2004 SH&E performance indicators and associated statements in the report in light of the findings from the site visits and the desktop reviews and our cumulative knowledge of the industry and the group's operations.

Comparatives for the selected 2002-2004 SH&E performance indicators included in the report were prepared on the same basis as

for the two financial years ended 30 June 2002, except for energy use with the effects explained in the 'Basis of Reporting' on page 54.

We believe our work performed provides an appropriate basis for our conclusion.

Considerations

The 'Basis of Reporting' on page 52 of the report highlights key issues raised in relation to limitations in the nature, timing and extent of the reported SH&E performance information. It is important to understand the reported SH&E performance indicators and associated statements in the context of these limitations and restatements of information, and the qualifications relating to Responsible Care Practice in Place (page 15) and energy use (page 54). The reliability of SD performance indicators is subject to inherent limitations given their nature and methods for determining, calculating or estimating such data.

Conclusions

Based on the worked described above, in our opinion, the group's employee fatalities, employee recordable case rate, direct and indirect carbon dioxide emissions and sulphur dioxide emissions for the two years ended 30 June 2004 reported on pages 52 and 53, based on Sasol's internal Sustainable Development Reporting guidelines, is fairly stated.

Based on our work described above, nothing has come to our attention that causes us to believe that the information reported about the group's fires, explosions and releases and energy use for the two years ended 30 June 2004 reported on pages 53 and 54 (respectively), based on Sasol's internal Sustainable Development Reporting guidelines, is not fairly stated. In addition, nothing has come to our attention to indicate that Sasol does not have adequate systems in place to report SH&E legal compliance and Responsible Care Practice in Place.

Compliance with the 2002 GRI guidelines

Scope of review

Sasol engaged us to review the report's compliance with the 'in accordance with' requirements of the 2002 GRI guidelines.



KPMG independent assurance report (continued)

Work performed

Our work performed with respect to compliance with the 'in accordance with' requirements of the 2002 GRI guidelines consisted of:

- *Conducting a desktop review of the report; and*
- *Testing whether Sasol sufficiently met the requirements for stating that the report was 'in accordance' with the 2002 GRI guidelines, including whether:*
 - *Sasol adequately reports on the 44 numbered elements in Sections 1 to 3 of Part C of the guidelines;*
 - *The report includes a GRI Content Index;*
 - *A response has been given to each core indicator in Section 5 of Part C of the guidelines;*
 - *The report is consistent with the principles in Part B of the guidelines; and*
 - *The report includes a GRI 'in accordance with' statement signed by either the board or CE.*

We believe that our work performed provides an appropriate basis for our conclusion.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that Sasol has not sufficiently complied with the 'in accordance with' requirements of the 2002 GRI guidelines in the report.



KPMG

KPMG Services

Johannesburg

December 2004

our performance data

Basis of reporting

The performance data reported in the following tables has been aggregated from all companies and operations globally that are under Sasol's operational control. All data is collected by the individual operations and reported on a quarterly basis to the Sasol group SH&E centre using a common database, and in accordance with group guidelines and procedures. The years referred to relate to Sasol's financial reporting period (for example 2001 relates to the period from July 2000 to June 2001).


To facilitate more appropriate comparison of our operations' performance with that of relevant industry peers, we have grouped our companies into four categories – energy, mining, chemicals (South Africa) and chemicals (outside South Africa). We have distinguished between the South African and recently acquired foreign chemical


operations to facilitate meaningful comparison with our previous performance levels.

Over the last two years there has been greater clarification and consistency in understanding and applying some of the definitions for the reporting parameters. In certain instances, changes have been made to the reporting methodology for determining certain data – these changes are identified in the tables below. Some of the data reported in the 2000-2002 report have been restated to provide for errors that were subsequently identified – each of these restatements is indicated below.

Although every effort has been taken to ensure the accuracy of the data, we recognise that some data may be subject to uncertainty relating, for example, to different interpretations of the internal reporting guidelines, and possible human error in recording and submitting the data.

Key










 Indicates a value that differs from the value reported in the 2000-2002 sustainable development report. These values have been updated to provide for previous methodological errors that have been identified through internal and/or external assurance processes.

 Indicates a data parameter that has been externally verified by KPMG, in accordance with the statement on page 49.











Social performance data

Employee numbers	2001	2002	2003	2004
Chemical operations (South Africa)	7 885	8 378	7 529	6 351
Chemical operations (outside South Africa)	2 042	4 407	5 121	5 077
Energy-related operations	7 643	8 567	10 653	10 844
Mining operations	11 189	10 917	10 687	10 874
Sasol group	28 759	32 269	33 990	33 146

Note: The numbers reflected above include some non-permanent employees. These have been included for the purpose of safety reporting requirements. The totals reflected above are thus higher than those reported on in the section on employee demographics, in which reference is made only to permanent employees.

Employee and contractor fatalities	2001	2002	2003	2004
Chemical operations (South Africa)	4	1	2 	0 
Chemical operations (outside South Africa)	na	0	1 	0 
Energy-related operations	3	1	4 	3 
Mining operations	5	3	3 	2 
Sasol group	12	5	10 	5 
Third-party logistics service providers				4 

Note: These figures include all work-related deaths, whether instantaneous or resulting from an occupational injury regardless of the time between the injury and death. The numbers include Sasol employees (full-time or part-time, including contractors working under Sasol's supervision), as well as external contractors. Contractors are persons not working under Sasol's supervision, but under their own supervision from site-established or outside contractor services. The fatalities reported for 2004 include four off-site transport-related fatalities of non-Sasol contractors.

Employee recordable case rate (cases per 200 000 hours)	2001	2002	2003	2004
Chemical operations (South Africa)	1,43	1,67	0,98 	1,06 
Chemical operations (outside South Africa)			1,44 	0,56 
Energy-related operations	3,18	2,49	1,42 	1,28 
Mining operations	2,94	2,52	1,54 	1,14 
Sasol Technology	0,70	0,73	0,29	0,53
Sasol group (target for 2006 = 0,50)	2,51	2,18	1,34 	1,03 

Note: The recordable case rate (RCR) is as defined by the US Occupational Safety and Health Administration (OSHA) Rules. The RCR is calculated as the number of fatalities, lost workdays, medical treatment beyond first aid, and job transfer cases for every 200 000 man-hours worked. The RCR is reported on a 12 month rolling average basis. The RCR values for the Sasol group include Sasol Technology.

our performance data (continued)

Fires, explosions and releases (number)	2001	2002	2003	2004
Chemical operations (South Africa)	3	7	0 ✓	4 ✓
Chemical operations (outside South Africa)	1	3	3 ✓	3 ✓
Energy-related operations	36	52	21 ✓	17 ✓
Mining operations	0	1	0 ✓	2 ✓
Sasol group (target for 2006 = 24)	40	63	24 ✓	26 ✓

Note: A fire, explosion or release incident is registered as "significant" (and thus reported externally) 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 substance's US OSHA threshold quantity (as defined in OSHA 40 CFR 355.40).

Transport incidents	2001	2002	2003	2004
Chemical operations (South Africa)	11	9	28 ✓	30 ✓
Chemical operations (outside South Africa)	2	1	4 ✓	9 ✓
Energy-related operations	46	26	63 ✓	57*
Mining operations	0	1	0 ✓	0 ✓
Sasol group	59	37	95 ✓	96*

Note: Figures refer to all transport-related events that meet at least one of the following criteria: (i) death or injury leading to more than three days' absence from work; (ii) spill or leak of more than 200 kg (hazardous) or 1 000 kg (non-hazardous) material; (iii) property damage of more than €40 000 (including environmental clean-up); (iv) public disruption (evacuation, road closure or other precautionary measure) lasting more than one hour; or (v) national media coverage. These include incidents with in-transit transport of substances between the site of a supplying company and the final customer, but exclude transport and loading and offloading activities at the premises of the supplying chemical company and the final customer.

*Note: Correction since publication of sustainable development summary report 2002-2004.

Leaks, Breaks and Spills	2001	2002	2003	2004
Chemical operations (South Africa)	1	96	57	81
Chemical operations (outside South Africa)	–	46	33	53
Energy-related operations	108	337	214	47†
Mining operations	0	0	0	0
Sasol group	109	479	304	181

†Note: Change in definition.

Environmental performance data – Sasol group

Total production (kilotonnes)	2001	2002	2003	2004
Sasol group	16 993 Ⓢ	20 365 Ⓢ	24 762	28 015

Note: On the basis of improvements that have been made to the consistency of the internal monitoring and reporting processes – based on the observations and recommendations of external auditors – corrections have been made to the production values reported in the previous report.

























Greenhouse gas emissions (kilotonnes)	2001	2002	2003	2004
Direct methane (CH ₄)	223	231	215	233
Direct carbon dioxide (CO ₂)	56 847	57 476	62 873	66 838
Indirect carbon dioxide (CO ₂)	6 771	8 763	9 408 ✓	9 565 ✓
Total greenhouse gas (CO₂ equivalent)	68 298	71 132	77 253 ✓	81 593 ✓

Note: Greenhouse gas emissions have been calculated and reported in accordance with the GHG Protocol (www.ghgprotocol.org). Indirect emissions refer to emissions that are a consequence of the activities of the reporting entity, but occur from sources owned or controlled by another entity. These include all sources of imported electricity, heat and steam, which typically are supplied by external power and electricity generating utilities. For Sasol sites based in Europe and North America, CO₂ emissions from electricity purchased is calculated based on country average emission factors. Total CO₂ equivalence is calculated by multiplying the tonnes released per year with its Global Warming Potential (GWP) relative to carbon dioxide, as published by the Intergovernmental Panel on Climate Change (IPCC).

Air pollutants (kilotonnes)	2001	2002	2003	2004
Hydrogen sulphide (H ₂ S)	124	118	105	102
Nitrogen oxides (NO _x)	165	168	173	178
Sulphur dioxide (SO ₂)	300	283	227	238
Non-methane hydrocarbons (VOC)	439	439	430 ✓	431 ✓
Particulates - fly ash	9.34	8.52	8.80	7.38
Solid waste generation (kilotonnes)	2001	2002	2003	2004
Hazardous waste	213 Ⓢ	118 Ⓢ	112	343
Non-hazardous waste	1 596 Ⓢ	1 700	1 833	1 467





Note: The definitions of 'waste' vary widely around the world. For reporting purposes, Sasol uses the applicable definitions of the local regulatory authorities. All material classified as hazardous waste is reported if it is (i) removed from the premises for disposal and/or treatment, or (ii) disposed of on-site (eg, by landfill). These figures exclude coarse ash from gasification and fly ash from boilers. During this reporting process a methodological error was identified with the previously reported data. This table reflects the corrected data.

our performance data (continued)

Energy use (thousand giga joules)	2001	2002	2003	2004
Electricity (purchased)	25 579 	33 103 	35 498 	36 172 
Electricity (self-generated)	21 862 	20 629 	20 568 	20 993 
Coal (used for energy generation)	330 737 	336 422 	318 076 	320 508 
Fuel oil	5 117 	5 715 	7 492 	6 880 
Gas	9 463 	37 776 	57 714 	62 186 
Other (eg steam)	3 753	26 363	28 256 	38 692 
Total	396 511	460 010	467 602 	485 432 

Note: Energy use is the sum of all energy inputs (eg, own resources, self-generated and purchased) minus all energy outputs (eg, energy delivery, and products). Resources that are primarily raw material inputs for manufacturing processes (eg, crude oil for refining) are not considered energy uses, even though energy transformations are involved in the reactions and production processes (eg, coal used in Sasol power stations is reported as energy usage, while coal used in the gasification process is reported as material use). In the process of preparing this report, errors were identified in some of the data reported in the previous sustainability report. Values previously reported by some operations included coal used for material production that was also reported under raw materials. The updated figures in this table only report coal that has been used for energy generation purposes. The increase in gas emissions is attributable largely to the acquisitions of the Condea operations. The changes reported in electricity purchased in 2001 and 2002 arose from internal methodological reporting and calculation errors.

Material use (kilotonnes ³)	2001	2002	2003	2004
Coal	19 673	20 085	19 506	20 700
Crude oil processed	3 784	2 775	3 683	4 442
Nitrogen from air	2 098	1 951	1 723	1 571
Oxygen from air	13 559	12 890	24 046	20 080
Other (eg chemicals, feedstock)	6 638	24 667	30 514	24 948
Total	45 752	62 368	79 470	71 740

Water use (1000m ³)	2001	2002	2003	2004
River water	113 084 	113 722 	124 179	131 309
Potable water	13 616 	15 126 	10 552	10 176
Other water use (eg wells)	0	28 768	43 707	31 834
Total	126 701	157 617	178 439	173 319



Note: Water use is the demand exerted on the overall external water resource through the intake of water for all forms of uses. It is not the water consumption, which is defined as the net difference between the water intakes and outputs.

Liquid effluent (1000 m ³)	2001	2002	2003	2004
Sasol group	22 123	36 201	40 393	38 744

Note: The increase in 2002 reflects the growth of the company and in particular the acquisition of Condea. The improvement reported in 2004 results mainly from efficiency improvements implemented in our Sasol Mining and Sasol Synfuels operations.

Land and biodiversity (hectare)	2001	2002	2003	2004
Area utilised by operations	3 553	3 781	6 558	7 170
Area dedicated to conservation	1 828	1 828	2 918	3 061

Note: Figures refer to the size of land (hectares) owned, leased or managed for production activities or extractive use, and conservation, respectively.

Land use and mining (hectare)	2001	2002	2003	2004
Surface mining area	1 123	1 206	1 263	1 274
Underground mining area	28 779	30 425	34 120	35 406
Total area disturbed	29 902	31 631	35 383	36 680
Area rehabilitated	551	612	813	786
Legal compliance	2001	2002	2003	2004
Fines, penalties and settlements (number)	10 	5	5	30
Fines, penalties and settlements (US\$m)	0,01 	0,48	0,15	3,03

Note: The figures refer to all incidents of and fines 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.

Note on measurement

Besides applying barrels (bbl) and cubic feet (cf) for reporting on oil and gas reserves and production, Sasol applies Système International (SI) metric measures for all global operations. A tonne denotes one metric ton equivalent to 1 000 kilograms (kg) or about 2 200 imperial pounds. Sasol's reference to a metric tonne should not be confused with an imperial ton equivalent to 2 240 pounds (or about 1 016 kg). A hard space is used to distinguish thousands in numeric figures (eg 2 500) instead of a comma (eg 2,500).

UN Global Compact – communication on progress

The United Nations Global Compact is an international initiative that addresses human rights, labour, environmental and corruption issues through commitment to 10 principles. These principles are based on internationally agreed principles based on the Universal Declaration of Human Rights, the International Labour Organisation’s Declaration of the Fundamental Principles and Rights at Work, and the Rio Declaration on Environment and Development. We have been a signatory to the UN Global Compact since 2001, and have participated in various meetings and related initiatives.

In December 2003 we submitted a case study – undertaken by an independent external expert – investigating the extent of our implementation of principle 7 (the precautionary approach) in our actions relating to the phasing out of leaded fuel in South Africa. This case study is available from www.unglobalcompact.org.

The following table provides an overview of our implementation of the nine principles. More detailed information is available throughout the report. Relevant sections of the report may be identified by cross-referencing to the relevant section of our index to the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI), on page 57.

Global Compact principle	Reference in Sasol report	GRI indicator
1. Support and respect the protection of international human rights within their sphere of influence.	Although we do not have a formal policy statement on human rights, we believe that the underlying principles of the Universal Declaration on Human Rights inform our business practices and procedures, and are embodied in our company values and code of ethics. No detailed monitoring is currently undertaken into the potential impact of our activities on human rights throughout our sphere of influence.	HR1, HR2, HR3, HR4
2. Make sure their own corporations are not complicit in human rights abuses.	We adhere to this principle through our compliance with all applicable legislation in the regions in which we operate. As we expand our business activities into new regions, we recognise that further monitoring may be required to provide full assurance that there is no potential for complicity – perceived or real – in human rights abuses.	HR2, HR3
3. Freedom of association and the effective recognition of the right to collective bargaining.	We recognise the right of employees to collective bargaining and freedom of association in accordance with all relevant local labour legislation. We maintain constructive relationships with all representative unions, who enjoy consultative or negotiating powers on issues of mutual interest. In all operations strict legal procedures that prescribe consultation with unions, works councils and employees in general are complied with.	HR5, LA3, LA4
4. The elimination of all forms of forced and compulsory labour.	All labour is sourced from the open labour market; employees are provided with labour contracts in accordance with relevant labour legislation. All employees are free to resign at any time.	HR7
5. The effective abolition of child labour.	We monitor and ensure our compliance with the labour legislation in each of the countries within which we operate. We train and provide opportunities for school leavers, who are all people of age within ILO requirements.	HR6

UN Global Compact – communication on progress (continued)

Global Compact principle	Reference in Sasol report	GRI indicator
6. The elimination of discrimination in respect of employment and occupation.	We are committed to promoting employment equity in the workplace. In our South African operations we committed to meeting targets to address past inequalities. Measures are in place to identify and redress any instances of discrimination.	HR4, LA10, LA11
7. Support a precautionary approach to environmental challenges.	A precautionary approach to environmental management informs our SH&E policy and guidelines, and is evidenced, for example, by our implementation of environmental impact assessments and management plans, due diligence reviews, product stewardship initiatives and risk assessments. During 2003 an independent case study was undertaken highlighting the extent to which we adopted a precautionary approach in our response to phasing out leaded fuel in South Africa.	3.13
8. Undertake initiatives to promote greater environmental responsibility.	Our commitment to this all-encompassing principle is evidenced in the nature of our SH&E policies, programmes and targets, our commitment to implementing initiatives such as Responsible Care, and in the continuing improvements we have made in our environmental performance, as outlined in this report.	EN1-16 1.1
9. Encourage the development and diffusion of environmentally friendly technologies.	Our company has been built on the basis of pioneering research and development into innovative technologies. Recognising the challenges of operating plant and equipment that are subject to increasing demands for improved resource efficiency and reduced emission intensity, we continue to invest in research and development and new equipment and practices aimed at minimising our environmental footprint. In addition to recent significant capital investment into cleaner technologies, we have implemented various cleaner production projects and are assessing opportunities associated with alternative energy sources.	EN17
10. Work against corruption in all its forms, including extortion and bribery	Our commitment to combating corruption is embodied in our recently revised code of ethics. Enforcement of the code is facilitated through the establishment of an ethics forum and an ethics reporting telephone line, and the inclusion of the code within employee performance appraisal. As we increase our activities in emerging markets we recognise the increased importance of promoting good governance, for example by supporting initiatives such as the Extractive Industries' Transparency Initiative, aimed at promoting greater disclosure on payments to governments.	SO2

GRI index

This report has been published in accordance with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). The guidelines, revised in 2002, provide a comprehensive and widely accepted set of indicators relating to the main elements of sustainable development. In this index, we indicate the extent to which we have reported against each element of the GRI report content.

Key to reporting status

- ✓ Fully reported – either in this report or in another identified document readily available on the company website
- ~ Partially reported – an explanatory comment is provided outlining why this is the case
- ✗ Not reported – an explanatory comment is provided outlining why this is the case

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (Explanatory comment)
Vision and strategy			
1.1	Group's vision and strategy regarding sustainable development	✓	Chief executive's statement Strategic commitment to sustainable development
1.2	CE Statement describing key elements of the report	✓	Chief executive's statement
Profile			
2.1	Name of reporting organisation	✓	Sasol at a glance
2.2	Major products and services	✓	Our global activities Financial report
2.3	Operational structure	✓	Our global activities Financial report
2.4	Major divisions, operating companies, subsidiaries, and joint ventures	~	Our global activities (Further details provided in financial report)
2.5	Countries in which the organisation's operations are located	✓	Our global activities
2.6	Nature of ownership; legal form	✓	Our global activities Financial report
2.7	Nature of markets served	✓	Our global activities Financial report
2.8	Scale of the organisation	✓	Sasol at a glance
2.9	List of stakeholders	✓	Identifying our stakeholders
2.10	Contact person	✓	About our sustainable development report
2.11	Reporting period	✓	About our sustainable development report
2.12	Date of most recent previous report	✓	About our sustainable development report
2.13	Boundaries of report	✓	About our sustainable development report
2.14	Significant changes in size, structure, ownership, or products/services since previous report	✓	Financial report
2.15	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, and outsourced operations	✓	About our sustainable development report
2.16	Explanation regarding re-statement of information in earlier reports	✓	Performance tables – basis of reporting
2.17	Decisions not to apply GRI principles or protocols	✓	This GRI Index Application of the GRI principles
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	✓	Performance tables – Footnotes to tables
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information	✓	Performance tables – Footnotes to tables
2.20	Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability reporting	✓	Application of the GRI principles Auditor's assurance statement
2.21	Policy and current practice with regard to providing independent assurance for the full report	✓	Application of the GRI principles Auditor's assurance statement
2.22	Availability of additional information and reports	✓	About our sustainable development report

GRI index (continued)

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (Explanatory comment)
Governance structure and management systems			
3.1	Governance structure, including major board committees	✓	Corporate governance Financial report
3.2	Percentage of the board of directors that are independent, non-executive directors	✓	Corporate governance Financial report
3.3	Process for determining the board members expertise	✓	Corporate governance Financial report
3.4	Board-level processes for overseeing economic, environmental and social risks and opportunities	✓	Corporate governance Financial report
3.5	Linkage between executive compensation and achievement of goals	✓	Corporate governance Financial report
3.6	Organisational structure and key responsibilities	✓	Sustainability governance structure
3.7	Mission and values statements and codes of conduct	✓	Strategic commitment to sustainable development
3.8	Mechanisms for shareholders to provide recommendations to the board	✓	Financial report
3.9	Major stakeholders	✓	Identifying our stakeholders
3.10	Approaches to stakeholder consultation	✓	Sustainable development reporting
3.11	Type of information generated by stakeholder consultations	✓	Sustainable development reporting
3.12	Use of information resulting from stakeholder engagements	✓	Sustainable development reporting
3.13	Implementation of the precautionary approach	✓	Environmental performance UN Global Compact case study UN Global Compact communication on progress
3.14	Externally developed, economic, environmental, and social charters	✓	Strategic commitment to sustainable development
3.15	Memberships in industry and business associations	✓	Strategic commitment to sustainable development
3.16	Policies and/or systems for managing upstream and	✓	Strategic commitment to sustainable development
3.17	Approach to managing indirect economic, environmental, and social impacts	✓	Strategic commitment to sustainable development
3.18	Decisions regarding the location of, or changes in, operations	✓	Financial report
3.19	Programmes and procedures pertaining to economic, environmental, and social performance	✓	Strategic commitment to sustainable development
3.20	Status of certification pertaining to economic, environmental, and social management	✓	Strategic commitment to sustainable development
Economic performance indicators			
EC1	Net sales	✓	Economic contribution/Financial report
EC2	Geographic breakdown of markets	~	Partially reported in financial report
EC3	Cost of all goods, material, and services purchased	✓	Economic contribution/Financial report
EC4	Percentage of contracts paid in accordance with agreed terms	✗	This is not reported – due to the size of the company, it is not seen to be practical (nor sufficiently material) to record and report such information
EC5	Total payroll and benefits broken down by country or region	~	Economic contribution/Financial report (This is reported only at a general group level)
EC6	Distributions to providers of capital broken down by interest on debt and borrowings, and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed	~	Economic contribution/Financial report (This is reported at a generic level only)
EC7	Increase/decrease in retained earnings at end of period	✓	Economic contribution/Financial report
EC8	Total sum of taxes of all types paid broken down by country	~	Economic contribution/Financial report (Due to the many countries in which we operate, this data is presented only at a group level rather than by country)
EC9	Subsidies received broken down by country or region	✗	This is not reported – We are not a significant recipient of subsidies and do not deem it material to obtain and report on such data
E10	Donations to community, civil society, and other groups	✓	Our corporate social investment programme

GRI index (continued)

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (Explanatory comment)
Environmental performance indicators			
EN1	Total materials use other than water, by type	✓	Environmental performance data
EN2	Percentage of materials used that are wastes (processed or unprocessed) from sources external to the reporting organisation	✗	This is not reported – due to the size and nature of the company, it is not seen to be practical (nor sufficiently material) to record and report such information
EN3	Direct energy use segmented by primary source	✓	Environmental performance – Energy use Environmental performance data table
EN4	Indirect energy use	✓	Environmental performance – Energy use Environmental performance data table
EN5	Total water use	✓	Environmental performance – Water use and liquid effluent Environmental performance data table
EN6	Land owned, leased, or managed in biodiversity-rich habitats	~	Environmental performance data (This is partially reported. There is no formal procedure in place to assess the extent of biodiversity of the habitat in land owned, leased or managed throughout the group as a whole)
EN7	Major impacts on biodiversity	~	Environmental performance – Land use and biodiversity Environmental performance data (This is partially reported. There is no formal procedure in place to assess the extent of biodiversity of the habitat in land owned, leased or managed throughout the group as a whole)
EN8	Greenhouse gas emissions	✓	Environmental performance – Greenhouse gas emission Environmental performance data table
EN9	Use and emissions of ozone-depleting substances	✓	Sustainable development management and corporate governance – Furthering product stewardship
EN10	NO _x , SO _x , and other significant air emissions by type	✓	Environmental performance – Atmospheric pollutants Environmental performance data table
EN11	Total amount of waste by type and destination	✓	Environmental performance – Water use and liquid effluent Environmental performance data table
EN12	Significant discharges to water by type	~	Environmental performance – Water use and liquid effluent Environmental performance data table (Reported at a general level only – more detailed information on water discharges by types available on request).
EN13	Significant spills of chemicals, oils, and fuels	✓	Social performance – Progressing process safety management Social performance data table
EN14	Significant environmental impacts of principal products and services	~	Sustainable development management and corporate governance – Furthering product stewardship (This is only reported at a general level – due to the nature and volume of the different product types, it is not seen to be practical (nor sufficiently material) to record and report such information at a detailed level)
EN15	Percentage of the weight of products sold that is reclaimable	✗	This is not reported – due to the nature and volume of the different product types, it is not seen to be practical (nor sufficiently material) to record and report such information
EN16	Incidents of and fines for legal non-compliance	✓	Sustainable development management and corporate governance – Fines, penalties and settlements
EN17	Initiatives to use renewable energy sources and to increase energy efficiency	✓	Environmental performance – Identifying opportunities for alternative energy

GRI index (continued)

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (Explanatory comment)
Social performance indicators			
<i>Labour practices and decent work</i>			
LA1	Breakdown of workforce	✓	Social performance – Employee demographics Social performance data table
LA2	Net employment creation and average turnover segmented by region/country	✓	Social performance – Employee demographics
LA3	Percentage of employees represented by independent trade unions	✓	Social performance – Worker participation and trade union relations
LA4	Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organisation's operations	✓	Social performance – Worker participation and trade union relations
LA5	Occupational accidents and diseases	✓	Social performance – Occupational safety and health Social performance data table
LA6	Joint health and safety committees	✓	Social performance – Occupational safety and health
LA7	Standard injury, lost day, and absentee rates and number of work-related fatalities	✓	Social performance – Occupational safety and health Social performance data table
LA8	Description of policies or programmes on HIV/Aids.	✓	Social performance – Tackling the challenge of HIV/Aids
LA9	Average hours of training per year per employee by category of employee	✗	We do not, in general, measure the effectiveness and investment of our learning, retraining and development activities by monitoring the number of training hours per employee, choosing instead to monitor training, learning and development through measures such as training costs as a percentage of total payroll and training costs per employee; these measures are updated quarterly.
LA10	Equal opportunity policies or programmes	✓	Social performance – Promoting equity and diversity
LA11	Composition of senior management and corporate governance bodies	✓	Social performance – Promoting equity and diversity Corporate governance / Financial report
<i>Human rights</i>			
HR1	Policies, guidelines, corporate structure, and procedures to deal with all aspects of human rights	✓	Social performance – Human rights Strategic commitment to sustainable development – Code of ethics
HR2	Consideration of human rights impacts as part of investment and procurement	✓	Social performance – Human rights
HR3	Policies and procedures to address human rights performance in the supply chain	~	Social performance – Human rights (This is reported only in terms of our general policy – no formal procedures are currently in place to address human rights on a structured basis in the supply chain)
HR4	Policy and procedures/programmes preventing all forms of discrimination	✓	Social performance – Promoting equity and diversity Strategic commitment to sustainable development – Code of ethics
HR5	Freedom of association policy	✓	Social performance – Worker participation and trade union relations
HR6	Policy excluding child labour	✓	Strategic commitment to sustainable development – Code of ethics
HR7	Policy to prevent forced and compulsory labour	✓	Strategic commitment to sustainable development – Code of ethics
<i>Society</i>			
SO1	Policies to manage impacts on communities in areas affected by activities	✓	Social performance – Sasol in the community
SO2	Policy and procedures addressing bribery and corruption	✓	Strategic commitment to sustainable development – Code of ethics
SO3	Policy and procedures for managing political lobbying and contributions	✓	Strategic commitment to sustainable development – Code of ethics
<i>Product responsibility</i>			
PR1	Policy for preserving customer health and safety during use of products and services	✓	Sustainable development management and corporate governance – Furthering product stewardship
PR2	Policy and procedures related to product information and labelling	✓	Sustainable development management and corporate governance – Furthering product stewardship
PR3	Policy and procedures for consumer privacy	✗	This parameter is not deemed material to Sasol's business activities



Application of the GRI Reporting Principles

We believe that the process that we adopted in preparing this report is consistent with the stated reporting principles of the GRI's 2002 Sustainability Reporting Guidelines.

• **Transparency:** The processes and procedures that we used in collecting the information for this report are summarised in the subsection entitled "sustainable development reporting." With the aim of enhancing the credibility of the report, we employed the services of KPMG to provide an objective assessment of our data gathering and reporting processes, as well as to give us guidance on opportunities for further improving on these processes. We recognise the challenges associated with fully meeting the growing expectations for greater transparency in reporting on payments to governments, and are committed to improving our activities in this field as part of a broader industry initiative.

• **Inclusiveness:** We currently consult with a range of different stakeholder groups on a wide array of issues, using a variety of different means. While these consultation processes have generally not been undertaken with the specific objective of soliciting input into the nature and content of our sustainability reporting practices, they have nevertheless proved invaluable in terms of identifying key issues of concern. As outlined on page 49, we commissioned independent consultants to undertake a focused stakeholder engagement process aimed at understanding and responding to stakeholder interests relating to our sustainability performance.

• **Auditability:** The performance information on which this report is based is derived from our structured internal information gathering system that has been developed with the goal of delivering accurate, complete and reliable data. External assurance providers have assessed our methodology for compiling, analysing and disclosing our reported data. Internal and external audits are undertaken from selected samples of the performance data.

• **Completeness:** In finalising the content of this report we have sought to find the right balance between completeness and clarity. In doing so we have sought as far as possible to include all of the relevant GRI parameters. These have been summarised for the group as whole. A detailed quantitative summary of our performance data is included in the performance tables at the end of the report. More detailed company- and site-specific information is available on our web-site.

• **Relevance:** In choosing the case-studies to supplement our group-wide performance reporting, we have been guided by the key concerns of our principal target stakeholders as identified during our various stakeholder consultation processes and on the basis of benchmarking and strategic review exercises (see note above on inclusiveness).

• **Sustainability context:** We believe that this report demonstrates what sustainability means for our company, building on identified stakeholder interests, and highlights how this has been integrated within company strategy.

• **Accuracy:** With the aim of reducing possible misunderstandings, and enhancing levels of exactness, we have sought wherever possible to provide quantitative information, based on generally accepted methods of sampling, monitoring and/or calculation. Where qualitative information is more appropriate, efforts have been taken to minimise vague and/or potentially ambiguous language.

• **Neutrality:** This report has endeavoured to provide an unbiased and honest account of our performance over the last two years. The report focuses on providing quantitative data, and – where necessary – qualitative accounts, of the disappointments and achievements throughout the group during the reporting period. Efforts have been taken to avoid undue use of subjective adjectives.

• **Comparability:** To facilitate comparability we have sought to be consistent in the parameters that we report against, year on year. In some instances, however, we have chosen to include new or amended parameters, so as to ensure greater integration of reporting practices throughout our increasingly globalising company. With regard to the performance data tables and the associated graphs, we have divided our companies into four categories – energy, mining, chemicals (South Africa) and chemicals (outside South Africa) – thereby facilitating more appropriate comparison with relevant industry peers and with our previous performance levels.

• **Clarity:** Unlike financial reporting – where the key target audience has a sound understanding of the reporting language – sustainability reporting covers a range of subject matter of interest to diverse stakeholder groups with different levels of knowledge and experience. We have sought as far as possible to use non-technical language, an easily readable reporting format, and a concise reporting style, without compromising on comprehensiveness.

• **Timeliness:** Since the publication of our first environmental report in 1996, we have been producing external sustainability-related reports on a biennial basis (every two years). The initial focus on environmental issues has expanded to include health and safety concerns, and more recently to reflect broader sustainability issues. These biennial reports complement additional existing internal and external reporting structures. From next year we will be reporting on an annual basis.

credits and contacts

Sasol sustainable development report 2002-2004

Sasol's 2002-2004 Sustainable Development Report has been produced and published by the Sasol Safety, Health and Environment 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.

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Forward-looking statement

In this report we make certain statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable, relating, among other things, to volume growth, increases in market share, total shareholder return and cost reductions. These are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. 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. Forward-looking statements involve inherent risks and uncertainties and, if one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from such forward-looking statements are discussed more fully in our registration statement under the Securities Exchange Act of 1934 on form 20-F filed on October 29, 2004 and in other filings with the United States Securities and Exchange Commission.

Production

Project manager: Pierre Loots (text) and Marsja Hall-Green (production and design)
 Strategic advice and editorial: Jon Hanks
 Design and reprographics: Studio Five
 Independent auditors: KPMG, Johannesburg

Sasol's 2002-2004 sustainable development report feedback form

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Please let us know what you think about the Sasol 2002-2004 sustainable development report or our sustainability performance in general.

Does the Sasol 2002-2004 sustainable development report address the issues that are of greatest interest to you?

Comprehensively Partially Not at all

Please identify any additional issues that you would like to see included in future reports:

How do you rate the Sasol 2002-2004 sustainable development report in terms of:

1 Content and scope Excellent Good Fair Poor
2 Design and layout Excellent Good Fair Poor

Do you have any additional comments on the report – or on Sasol's performance in general?

Please tick here if we may include your comments in any future reports

Your name and address (optional): _____

Would you like to be consulted when we prepare our next sustainability report? Yes No

Which stakeholder group do you belong to?

Employee Shareholder Customer Supplier Community
 NGO Public authority Other _____

Approximately how much time did you spend reading the report?

Less than 10 minutes 10 - 30 minutes 30 - 60 minutes Cover-to-cover

For further information please contact:

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