



sasol



**Sasol's 2016 Communication on Progress
on the United Nations Global Compact**

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The UN Global Compact is an international initiative that addresses human rights, labour, environmental and corruption issues through a commitment to 10 principles derived from the Universal Declaration of Human Rights, the International Labour Organisation's Declaration of the Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. Sasol has been a signatory to the UN Global Compact since 2001.

The table below provides a brief overview of our implementation of the 10 principles. Best practices that meet the 21 Global Compact Advanced Criterion are included throughout this document. More detailed information is available in our [Integrated Report 2016](#) (IR) and online [sustainability reporting 2016](#) (SR).

This submission is intended as a stand-alone document and covers the period 1 July 2015 to 30 June 2016. Although this COP statement itself has not been assured by a credible third party, key aspects of our sustainability reporting have been assured; an independent assurance statement is [included in our online sustainability reporting](#). Our sustainability reporting from which this information is drawn has been informed by the GRI G4 guidelines. The company profile and the context in which we operate can be found on the company's website (www.sasol.com). In our detailed GRI Reference table a response is provided to all the GRI criteria.

Implementing the ten principles into strategies and operations

Sasol's group executive committee (GEC) formally adopted sustainable development as a group-wide strategic business objective in 2000. Since then, we have taken steps towards integrating sustainable development principles into our activities, in the expectation that a commitment to sustainable development yields a competitive advantage.

Governance of sustainable development issues and how we embed activities into our business clusters and functions is covered in detail in the review of our governance framework for sustainable development, provided in our archived [Sustainability Report 2015](#) (**Criterion 1**). We continue to work towards improved performance with respect to our sustainability metrics; we publicly declare targets for safety, transport incidents, energy efficiency and GHG emissions. These targets are described in our [IR](#) and supporting [SR](#).

We recognise that our impacts extend beyond our operations and have thus increased our focus on the entire value chain in recent years. We require all suppliers and contractors to comply with our [Code of Ethics](#) (**Criterion 2**); we have published a significantly revised code of ethics, which includes more detailed specific provision for human rights issues. Additional details on our human rights activities are provided in the [ethical behaviour and human rights](#) section of our SR.

Sasol's sustainable development performance is aligned with mitigating the key risks facing the group. Our [IR](#) outlines the principal risks facing Sasol and shows how these risks have been used to identify our material matters. Inherent in this process is an understanding of our stakeholders' interests and their expectations (**Criterion 21**). A summary of the priority sustainability interests of our stakeholders is provided in our [IR](#). Our performance in managing our [material matters](#) is described in our [IR](#).

Our approach to corporate social investment can be found in our SR review on [delivering social value](#). We focus our efforts primarily in four key areas: education and skills development, environment, community development, and employee volunteerism (**Criterion 16**).

In terms of ensuring fair labour practices, we have policies, procedures and frameworks in place governing grievance mechanisms, and the management of unethical conduct and any transgression of the Sasol [Code of Ethics](#). Management and employees have access to these policies, procedures and frameworks via multiple channels such as Sasol's intranet site. The reporting of unethical conduct and transgression of our [Code of Ethics](#) is enabled through Sasol's EthicsLine, a confidential and independent system through which any employee can anonymously report suspected transgressions of the Code. Sasol maintains its performance management and remuneration frameworks, designed to reward employees for their performance, giving equal emphasis to delivery and behaviour. Our structured performance management and appraisal process is geared to support our values-driven, high performance culture. Every operating model entity's incentive scorecard sets minimum targets for safety performance, financial results and employment equity in our South African operations. The Remuneration Committee of the Board reviews and approves the design principles and group targets for all incentive schemes annually. The organisation also continues to measure levels of employee engagement through our internal Heartbeat survey; actions arising from the survey are implemented.

We engage at all levels of government in order to contribute to the formation of sound public policy. We engage directly with government, as well as through industry bodies such as the South African National Business Initiative (NBI) and Business Unity South Africa (BUSA). Sasol views its contribution to public policy as critical in supporting the UN Sustainable Development Goals (**Criterion 17**). More specifically we have collaborated with government regarding water resource management. We partner with the Vaal River Strategy Steering Committee and the Water Sector Leadership group in order to understand our role within the National Water Resource Strategy. At a local level we partner with various municipalities to increase capacity, repairing household leaks and reducing municipal unaccounted for losses (**Criterion 18**).

The joint [CEOs' letter](#) addressing Sasol's commitment to the UN Global Compact and the 10 principles is provided separately (**Criterion 19**). The Sasol Board assumes ultimate responsibility for sustainability strategy, with three board committees (the Risk and SHE committee, the Nomination, Governance, Social and Ethics Committee, and the Audit Committee) assisting with this undertaking (**Criterion 20**).

2016 Communication on Progress

Global Compact Principle	Brief COP Statement	Reference on Sasol website
<p>1. Support and respect the protection of international human rights within their sphere of influence.</p>	<p>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 our guide to our Code of Ethics. Our policy on respecting human rights is included in our recently revised Code of Ethics. Human rights principles are incorporated in Sasol’s labour relations policies, our safety, health and environment (SHE) policies, and our corporate social responsibility policies (Criterion 3).</p> <p>Our internal due diligence process requires that country risk assessments are performed before entering any given country. These assessments include screening for potential human rights non-compliance or violations. All investment agreements go through this screening process.</p> <p>We plan to roll out a practical and effective company-wide human rights management system aimed at enhancing compliance, training and awareness, and further integrating human rights issues into our compliance and ethics systems across the company. We recognise that further work is required to strengthen our compliance and risk management practices on human rights issues within the company (Criterion 4).</p>	<p>A general review of our human rights approach is provided in our Sustainability Reporting (SR) review of Ethical behaviour and human rights.</p>
<p>2. Make sure their own corporations are not complicit in human rights abuses.</p>	<p>We adhere to this principle through our compliance with all applicable legislation and our One Sasol SHE Excellence approach requirements (whichever is more stringent) 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 in human rights abuses. To manage these risks, we are committed to providing human rights awareness and training programmes, integrating human rights issues more formally in our project and country risk assessment, and developing mechanisms for human rights awareness-raising, communication, monitoring and assurance. Sasol contracts include compliance to ethics and code of conduct as a key requirement for doing business with Sasol and, where required, we encourage suppliers to implement their own code of conduct. A recently conducted external study concluded that Sasol was not directly complicit in any human rights abuses (Criterion 5).</p>	<p>A general review of our human rights approach is provided in our SR review of Ethical behaviour and human rights.</p>
<p>3. Freedom of association and the effective recognition of the right to collective bargaining.</p>	<p>We recognise the right of employees to collective bargaining and freedom of association in accordance with all relevant local labour legislation. This commitment is clearly communicated to all employees. We regularly review and update our employee relations’ policies in line with business and legislative requirements to promote healthy employee relations. We have ensured that our human resource policies and procedures are consistent across all our operations globally. This includes provision for consultation with unions, works councils and employees in accordance with relevant local labour legislation. We have a committee, with participation of employee-elected representatives, which is responsible for hearing, processing, and settling disciplinary cases and employee grievances. (Criterion 6).</p>	<p>Details on our labour relations activities, and the percentage of employees who are members of trade unions, is provided in our SR review of Developing and empowering values driven, high-performing people.</p>

Global Compact Principle	Brief COP Statement	Reference on Sasol website
<p>4. The elimination of all forms of forced and compulsory labour.</p>	<p>All labour is sourced from the open labour market; employees are provided with labour contracts in accordance with relevant labour legislation, and are free to resign at any time. We do not withhold wages or bonuses and we pay employees in a timely and regular manner. All workers are allowed to leave company premises during breaks and at the end of their shifts, and workers in company housing may freely enter and exit their accommodation at any time. Our risk management and stakeholder engagement processes expose our levels of risk with respect to labour principles (Criterion 7). Through the implementation of our supplier engagement plan we review the practices of suppliers and contractors. We also conduct due diligence investigations in respect of prospective transactions, contracting parties and business partners. We have not detected any significant issues relating to incidents of forced or compulsory labour.</p>	<p>A general review of our human rights approach is provided in our SR sections on Ethical behaviour and human rights and Preferential procurement and supply chain management.</p>
<p>5. The effective abolition of child labour.</p>	<p>Sasol does not make use of child labour in any of its operations. We ensure that we do not employ workers under 15 years of age for full-time work, 13 years of age for light work and 18 years of age for hazardous work. We recognise that there could be a trade-off in some developing countries where a policy of not allowing child labour deprives families of access to an income and food. We do not support child labour, but should we invest in these regions we would focus on developing programmes that assist with educating children and also look after their families. We monitor and ensure our compliance with the labour legislation in each of the countries within which we operate. Through the implementation of our supplier engagement plan, we review the practices of suppliers and contractors (Criterion 8). We also conduct due diligence investigations in respect of prospective transactions, contracting parties and business partners. We have not detected any significant risks of child labour being used. We train and provide opportunities for school leavers, who are all people of age within ILO requirements.</p>	<p>A general review of our human rights approach is provided in our SR review of Ethical behaviour and human rights and Preferential procurement and supply chain management.</p>
<p>6. The elimination of discrimination in respect of employment and occupation.</p>	<p>We are committed to embracing a culture of inclusion and to driving employment equity goals and enhancing diversity across the group. In our South African operations we have set clear targets to address past inequalities. In our organisation, diversity signifies all aspects of peoples' differences including race, religion, gender, disability, culture, sexual orientation, nationality, thinking and skills. We continue to implement our Diversity 10-Point Plan, which provides a set of qualitative measures designed to enable the achievement of our diversity objectives, including the recruitment, development and retention of candidates from under-represented groups, as well as measures to enhance gender equity. Our focus on empowering women and improving their representation at all levels of the organisation continues to be realised through our women empowerment strategy and Sasol Women's Network. The group's recruitment process provides for people with disabilities, both in terms of employment opportunities and appropriate facilities (Criterion 6, 7 and 8).</p>	<p>A review of our employment equity performance is provided in our SR.</p>

Global Compact Principle	Brief COP Statement	Reference on Sasol website
<p>7. Support a precautionary approach to environmental challenges.</p>	<p>A precautionary approach to environmental management informs our SHE policy and is evidenced, for example, by our implementation of environmental impact assessments and management plans, due diligence reviews, product stewardship initiatives and risk assessments, and the application of the One Sasol SHE Excellence approach Requirements. The SHE centre is responsible and accountable for implementation of the SHE policy and co-ordination of activities across the company. A specific example of our approach is the strategic decision to scale back the rollout of our proprietary coal to liquids (CTL) technology. CTL is a very carbon intensive process and we believe our energies are better focused on our lower impact gas to liquid technology. Our sustainable development report includes targets relating to greenhouse gas emissions, water, Responsible Care® and volatile organic compounds (Criterion 9).</p>	<p>The principles underlying the precautionary approach inform many of our activities. Our activities in implementing these principles are described throughout our online SR, with specific examples provided in the environmental sections.</p>
<p>8. Undertake initiatives to promote greater environmental responsibility.</p>	<p>Our commitment to this all-encompassing principle is evidenced in the nature of our SHE 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 reported in this report. Our business units have approved management plans outlining how they propose to meet our globally applicable One Sasol SHE Excellence approach requirements (Criterion 9, 10 and 11). We have audited systems in place to measure, monitor and report annually against our own performance targets and indicators of performance, and we report annually against each of the GRI environmental indicators.</p>	<p>A review of our environmentally related material issues is presented in our SR.</p>
<p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Our company has been built on the basis of pioneering research and development into innovative technologies. Recognising the challenges of operating plants 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.</p>	<p>A review of some of our activities in this area is provided in our IR section on Research, Technology and Mega Projects.</p>
<p>10. Work against corruption in all its forms, including extortion and bribery.</p>	<p>Our commitment to combating corruption is embodied in our Code of Ethics (Criterion 12). Enforcement of the code is facilitated through the establishment of an ethics forum and ethics reporting telephone lines, and the inclusion of the code within employee performance appraisal. Our sustained investment in fostering ethical and fair business practices includes the involvement of a number of appointed ethics officers and champions, and engaging with suppliers on our Code of Ethics and good procurement processes (Criterion 13). In our annual sustainable development reporting we report on the outcomes of our internal ethics line, as well as on progress in our ethics governance practices (Criterion 14). In our detailed online GRI Reference table a response is provided to all the GRI criteria.</p>	<p>A general review of our approach to promoting ethical behaviour is provided in our SR review of Ethical behaviour and human rights.</p>

United Nations Global Compact

CEO Water Mandate: 2016 Communication on Progress

Sasol adopted the UN Global Compact CEO Water Mandate as the framework for directing and reporting on our water stewardship performance. The mandate comprises six key focus areas in which companies commit to improvements over time and where appropriate. Feedback against each of the focus areas is provided on the following pages.

Focus Area	Brief COP Statement	Reference on Sasol website
1. Direct Operations	<ul style="list-style-type: none"> ■ Our South African operations are highly dependent on the Integrated Vaal River System (IVRS) for water. ■ While our current allocation is secure, longer term water security risks persist. ■ Our total water use during 2016 was 138,6 million m³, which is higher but within acceptable fluctuation in demand than our water consumption of 135,5 million m³ in 2015. ■ Sasol's largest water users have set the following new voluntary water targets applicable for a five-year period up to 2020: <ul style="list-style-type: none"> – Sasolburg Operations: maintain the 2015 baseline of 9,6 tons of water use per ton of saleable production, and reported a 10% deterioration against the baseline during 2016; – Secunda Synfuels Operations: achieve a 2,5% improvement in water intensity against actual consumption in 2014 of 11,58 tons of water use per ton of saleable production, but reported a 1% deterioration against the baseline during 2016; and – Mining, restricted the increase in potable water use to a maximum of 10%, and reported a 10% improvement against baseline during 2016. ■ In addition to the specific targets all businesses have committed to manage water responsibly and to ensure that the water footprint of Sasol will not fundamentally increase (without defensible reasons) over the next five years. 	<ul style="list-style-type: none"> ■ A general review of our Direct Operations approach is provided in our 2016 Sustainability Reporting, page 14, 2016 at a Glance, on www.sasol.com.
2. Watershed Management	<ul style="list-style-type: none"> ■ The Department of Water and Sanitation (DWS) in South Africa continues to experience challenges in complying with operating rules for the IVRS due to infrastructure challenges, exacerbated by the current drought situation. ■ Given these challenges, we developed a water security risk indicator to provide an early indication of the water security risks facing our South African operations, which enables us to take appropriate controls to minimise the risk of production losses. ■ We work closely with the Planning and Operations divisions of the DWS on understanding and responding to infrastructure risks, which have the potential to impact on the reliability of water supply to our operations. 	<ul style="list-style-type: none"> ■ A general review of our Watershed Management is provided in our 2016 Sustainability Reporting, page 14, 2016 at a Glance, on www.sasol.com.
3. Collective action	<ul style="list-style-type: none"> ■ Given the scale of water-related challenges, we recognise the need to work collaboratively with a range of partners. ■ In addition to our existing and proposed partnerships with municipalities to pursue water conservation opportunities, we have continued to contribute to the activities of the South African Strategic Water Partners Network (SWPN). ■ As a member of SWPN, we have contributed to initiatives relating to water offsetting, skills development and capacity building. ■ Sasol has entered into a new memorandum of understanding with the German Agency for International Cooperation (GIZ) to identify opportunities for collective action. 	<ul style="list-style-type: none"> ■ A general review of our Collective Action is provided in our 2016 Sustainability Reporting, page 14, Our Water Footprint, on www.sasol.com.

Focus Area	Brief COP Statement	Reference on Sasol website
4. Community engagement	<ul style="list-style-type: none"> ■ Sasol is involved in a water conservation/water demand management baseline-setting project for the Metsimaholo Local Municipality (MLM) in Sasolburg, in collaboration with Rand Water (as implementing agent), GiZ and the DWS. The DWS contributed R7 million, Sasol R2.9 million and GiZ 60,000 Euros. Once the baseline work has been completed it will provide for focused attention on areas experiencing high leaks. ■ Secunda CSR has partnered with Cobra Watertech (Pty) Ltd to assess the feasibility of an innovative approach in dealing with high water leaks at six identified schools within Govan Mbeki Municipality (GMM). The approach involved installing a device called Aquatrip that trips the water supply during non-operational periods. Plumbers have also been trained to fix visible leaks. On average, savings of more than 60% of losses have been realised in the first month of implementation. 	<ul style="list-style-type: none"> ■ A general review of our Community Engagement is provided in our 2016 Sustainability Reporting, page 14, Our Water Footprint, on www.sasol.com
5. Public Policy	<ul style="list-style-type: none"> ■ In 2016, our engagement with the DWS included addressing challenges with some of our water use licence applications and provided formal input into proposed water quality objectives for the Vaal River System, as well as proposed amendments to the water pricing strategy. ■ We also developed a case study that demonstrates the business value of beyond fence-line water conservation partnerships using the data obtained from our water conservation partnership with the Emfuleni Municipality. The lessons learnt from this case study will be used to further inform the development of government policy on incentivising such initiatives. ■ In 2016 our Sasolburg Operations received a new water use licence following a protracted application process. As the new licence contains ambitious timeframes to meet challenging discharge limits, engagement with the authorities on this matter is underway. The DWS approved the Secunda Synfuels integrated water and waste management plan. 	<ul style="list-style-type: none"> ■ A general review of our Public Policy is provided in our 2016 Sustainability Reporting, page 14, Our Water Footprint, on www.sasol.com
6. Transparency	<ul style="list-style-type: none"> ■ Sasol again responded to the annual CDP Water Disclosure initiative. For the 2015 CDP Water Disclosure response Sasol achieved a commendable B score, scoring well on disclosure on direct risk and exposure, governance, strategy and context but falling short on the information supplied on water risks in the supply chain. 	<ul style="list-style-type: none"> ■ A general review of our Transparency is provided in our 2016 Sustainability Reporting, page 14, Our Water Footprint, on www.sasol.com.

SUMMARY

Water is a critical feedstock for our primary processes, used primarily for steam generation, process cooling and the production of hydrogen. Water is also a significant consideration across much of our value chain, which extends into urban settlements, agriculture and mining. As many of our larger facilities, suppliers and surrounding communities are located in water-stressed areas, we have a heightened responsibility for ensuring good water stewardship.