



SASOL

UNITED NATIONS GLOBAL COMPACT

Communication on progress including
CEO Water Mandate
2017

The United Nations Global Compact is an international initiative that addresses human rights, labour, environmental and corruption issues through a commitment to ten 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 ten 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 2017** and our **Sustainability Reporting website**.

This submission is intended as a stand-alone document and covers the period 1 July 2016 to 30 June 2017. Where appropriate, the UNGC Communication on Progress (COP) contains references to actions and policies to Human Rights, Labour, Anti-Corruption and the Environment. Where we have targets in certain areas, these have also been included. The COP is available on **www.sasol.com** in the downloads section.

Although this COP statement itself has not been assured by a credible third party, key aspects of our sustainability report have been assured; an independent assurance statement is available in our sustainability report. Our sustainability report from which this information is drawn, adheres to the GRI standards. The group profile and the context in which we operate can be found on our website (**www.sasol.com**).

Incorporating the Sustainability Development Group(SDG) into the COP (Criterion 15)

Opportunities arising from the SDGs align to our operating model and strategy. As an integrated chemicals and energy company the SDGs most relevant include:

- SDG 3: Ensure healthy lives and promote wellbeing for all at all ages
- SDG 6: Ensure availability and sustainable management of water and sanitation for all
- SDG 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 10: Reduce inequality within and among countries
- SDG 12: Ensure sustainable consumption and production patterns
- SDG 13: Take urgent action to combat climate change and its impacts
- SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
- SDG 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Opportunities stemming from the SDGs include many of the issues we report in our sustainability and integrated reports. We have opportunities to forge stronger partnerships with governments at all levels (particularly in South Africa and Mozambique), as well as with local communities, to reduce our environmental impacts and improve wellbeing for our stakeholders.

Sasol understands where we have large leverage to make a positive impact on the SDGs.

Our current business strategy has embedded targets and goals, some of which link to certain SDGs. These can be found throughout the COP. Sasol will communicate in future against determined plans for the SDGs.

The expected outcomes of our activities will be determined once we have completed the SDG strategy alignment and embedding process. We have already made progress, particularly with respect to SDG 6 and SDG 17, as demonstrated by our Joint CEO's endorsing the UN Global Compact CEO Water Mandate and being members of the Strategic Water Partners Network (SWPN). The SWPN uses collective action to drive water stewardship initiatives within river basins and municipalities.

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 Operating Model Entities (OMEs) and functions is covered in detail in the review of **our governance framework. (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, water use and Greenhouse Gas (GHG) emissions. These targets are described in our **Integrated Report 2017**, our response to the CEO Water Mandate and throughout our **sustainability report**.

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. Additionally, we have published a supplier code of ethics, which has been communicated to all suppliers and which they are expected to comply with **(Criterion 2)**.

Sasol's sustainable development performance is aligned with mitigating the key risks facing the Group. Our **Integrated Report 2017** (pages 40 – 43) outlines the principal risks facing Sasol and shows how these risks have been used to identify our **material focus areas with a sustainability context** in our **sustainability report**. Inherent in this process is an understanding of our stakeholders' interests and their expectations. Sasol has a robust stakeholder engagement process, which is outlined in the Integrated Report 2017 (pages 36 – 39). Additional detail on our approach can be found in the **GRI Standards content index**, disclosure numbers 102 – 42, 102 – 43 and 102 – 44 (**Criterion 21**).

Our commitment to communities is captured in our **Integrated Report** (page 35). A more detailed review of our social investments can be found in our review on **delivering social value**. We focus our efforts primarily in four key areas: education and skills development, environmental education, community development, and enabling small businesses (**Criterion 16**).

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 their commitment to the ten principles of the UN Global Compact is available on **www.sasol.com**, under the downloads tab (**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**).

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 group’s values and the code of ethics. Our policy on respecting human rights is included in the 2015 revision of the code of ethics. Human rights principles are incorporated in Sasol’s labour relations policies, SHE policies and 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>During 2015 a new Sasol Supplier Code of Ethics, which governs the conduct of Sasol and all of our subsidiaries, sub-contractors, consultants, distributors and suppliers, was approved. The code outlines our commitments to human rights, labour rights, environmental protection and anti-corruption practices and describes our ‘expectations regarding suppliers’ performance on these issues. Verification of compliance with the code is subject to audits by Sasol or a designated third party. This management system is being implemented, and we continue with the roll-out.</p> <p>Calls to Sasol’s EthicsLine are monitored and the group ethics office ensures remedial action is taken where appropriate. (Criterion 4).</p>	<p>A general review of our human rights approach is provided in the sustainability report on page 14, additional information can be found in the 2017 review on delivering social value.</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, (whichever is the 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. Compliance is managed through joint venture Memorandum of Understandings and through contracts with suppliers and service providers. 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 complicit in any Human Rights abuses. (Criterion 5).</p>	<p>A general review of our human rights approach is provided in our sustainability reporting on page 14. Further information can be found in the 2017 review on delivering social value. A high level overview can be found in the Human Rights section of our sustainability report.</p>

Global Compact Principle	Brief COP Statement	Reference on Sasol website
<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 as specified in our code of ethics. We regularly review and update our employee relations' policies, in line with business and legislative requirements, to promote healthy employee relations. We have reviewed and revised our human resource policies and procedures to ensure consistency across all our operations globally. This includes provision for consultation with unions, works councils and employees in accordance with relevant local labour legislation (Criterion 6). Suppliers are required as per the supplier code of conduct to honour freedom of association and collective bargaining (where country legislation permits).</p>	<p>Details on our labour relations activities, and the percentage of employees who are members of trade unions, is provided in our 2017 review on human capital management booklet, as well as highlighted throughout our Integrated Report.</p>
<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. Our risk management and stakeholder engagement processes expose our levels of risk with respect to labour principles (Criterion 7). We have forged strong relationships with trade unions and we regularly engage and discuss our progress in addressing labour standards. 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. The ethics line is available to all employees (and other stakeholders) to report any transgressions.</p>	<p>A general review of our human rights approach is provided in our 2017 review on delivering social value. Further information can be found in our code of ethics, as well as our sustainability report and the building trust-based relationships to enable growth and engaging with our stakeholders sections of our Integrated Report.</p>
<p>5. The effective abolition of child labour.</p>	<p>Sasol does not make use of child labour in any of its operations. However 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 all 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 International Labour Organization (ILO) requirements.</p>	<p>A general review of our human rights approach is provided in the human rights section of our sustainability report (page 14), our review on delivering social value and also in the human capital management booklet.</p>

Global Compact Principle	Brief COP Statement	Reference on Sasol website
<p>6. The elimination of discrimination in respect of employment and occupation.</p>	<p>We are committed to embracing a culture of inclusion, 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. These initiatives form the backbone of our strategy for promoting broad-based black economic empowerment (B-BBEE) in South Africa. Our Diversity 10-Point Plan provides a set of qualitative measures for diversity, including the recruitment, development and retention of candidates from under-represented groups, as well as measures to enhance gender equity. We are sharpening our focus on empowering women and improving their representation at all levels of the organisation. This is being realised through our women empowerment strategy and Sasol Women’s Network, launched in 2012. The group’s recruitment process was revised in 2013 to provide 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 and our initiatives on this issue is provided in our human capital management booklet.</p>
<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, The SHE centre is responsible and accountable for implementation of the One Sasol SHE Excellence Approach and co-ordination of activities across the group. 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 focussed on our lower Impact Gas to Liquid (GTL) technology. Our sustainable development report includes targets relating to greenhouse gas emissions, water, health and safety, Responsible Care® and volatile organic compounds (Criterion 9). We recognise the need to improve supplier monitoring with respect to environmental standards.</p>	<p>The principles underlying the precautionary approach inform many of our activities. Our activities in implementing these principles are described throughout our sustainability report. Specific examples are provided in our sustainability report on environmental sustainability.</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 our sustainability report. Our operations are ISO14001 certified and the recent implementation of SAP has widened the scope of data we are able to collect. Our Operating Model Entities (OMEs) have approved management plans outlining how they propose to meet our globally applicable Sasol SHE One Excellence Approach (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. We have a grievance declaration process available through the Sasol ethics line and we have incident response plans in place to deal with environmental incidents.</p>	<p>A review of our environmentally related material issues is presented in our sustainability report, environmental sustainability.</p>

Global Compact Principle	Brief COP Statement	Reference on Sasol website
<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 of 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 developments 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 sustainability report, environmental sustainability.</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 appraisals. The code of ethics was revised in 2015, and we have invested significant effort in fostering ethical and fair business practices. This has included maintaining the number of ethics officers and champions, and engaging with suppliers on our code of ethics, rolling out the supplier code of ethics and good procurement processes (Criterion 13). In our sustainability report 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 GRI content index a response is provided to all the GRI indicators.</p>	<p>A general review of our approach to promoting ethical behaviour is provided in our review on delivering social value.</p>

United Nations Global Compact

CEO Water Mandate 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
<p>1. Direct Operations</p>	<p>Our South African operations are highly dependent on the Integrated Vaal River System (IVRS) for water.</p> <p>While our current allocation is secure, longer term water security risks persist.</p> <p>Our total water use during 2017 was 137,1 million m³, which is lower than our water consumption of 138,6 million m³ in 2016.</p> <p>Sasol’s largest water users have set the following new voluntary water targets applicable for a five-year period up to 2020:</p> <ul style="list-style-type: none"> ■ Sasolburg Operations (SO): The Sasolburg FY 15 baseline has been amended from 9.6 to 9.8 due to the inclusion of an additional operations potable water use for process requirements. SO achieved a 2.0% improvement against the baseline. ■ Our Secunda Synfuels Operations’ target is to achieve a 2,5% improvement in water intensity against actual consumption in 2014 of 11,6 tons of water per ton of saleable production; this year we reported a 2,1% deterioration against the baseline. The deterioration can be attributed to key water-generating equipment being down for maintenance and therefore not being available to offset some raw water intake. ■ Our mining operations reported a 17% improvement during 2017 against the 2015 baseline, meeting their target of restricting the increase in potable water use to a maximum of 10%. <p>Our Operating Model Entities (OMEs) are committed to managing water responsibly and ensuring that our water footprint for current operations will not fundamentally increase over the next five years. Our two most water-intensive facilities, Sasolburg and Secunda Synfuels Operations, achieved reductions in potable water use of 29% and 19% respectively, compared with the previous year.</p> <p>This was achieved by implementation of the following measures:</p> <ul style="list-style-type: none"> ■ Stopping the watering of gardens and lawns with potable water ■ Stopping the washing of cars and paving with potable water ■ Testing and installing water saving devices ■ Repairing pipe leaks ■ Enhancing the reuse and recycling of effluent ■ Implementing a communication and awareness drive to all employees 	<p>A general review of our Direct Operations approach is provided in our sustainability report, page 20, water stewardship.</p>
<p>2. Watershed Management</p>	<p>The Department of Water and Sanitation (DWS) in South Africa continue to experience infrastructure challenges for the water supply to Sasol Operations.</p> <p>Sasol has provided technical support as well as advice on critical water supply pump stations.</p> <p>We hosted a risk review workshop involving Eskom and the DWS to align and frame the water supply risks to our Secunda Regional Operating Hub.</p> <p>Sasol has committed to provide ad-hoc support services to DWS to help in resolving infrastructure challenges on the IVRS.</p>	<p>A general review of our Watershed Management is provided in our sustainability report, page 20, water stewardship.</p>

Focus Area	Brief COP Statement	Reference on Sasol website
3. Collective Action	<p>Given the scale of water-related challenges, we recognise the need to work collaboratively with a range of partners.</p> <p>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).</p> <p>As a member of SWPN, we have contributed to initiatives relating to water partnership projects with municipalities, skills development and capacity building.</p> <p>Sasol continues to work with the German Agency for International Cooperation (GIZ) in implementing water partnership projects.</p>	<p>A general review of our Collective Action is provided in our sustainability report, page 20, water stewardship.</p>
4. Community Engagement	<p>Sasol is involved in a water conservation/water demand management project for the Metsimaholo Local Municipality (MLM) in Sasolburg, in collaboration with Rand Water (as implementing agent), GIZ and the DWS. The DWS contributed R4 million, Sasol R2,9 million and GIZ 60,000 Euros. MLM has achieved a 23% reduction in demand in the zone of Zamdela due to implementation of pressure reduction. The project team is in the process of implementing an awareness campaign.</p> <p>Our Secunda Social Investment team have partnered with Cobra Watertech (Pty) Ltd and Rand Water Foundation leading from the war on leaks project in 2015 to implement a war on leaks programme involving the training of 60 plumbers to be potentially used in Govan Mbeki Municipality (GMM) to reduce leaks. The funding contributions from Sasol, Rand Water Foundation and Cobra are R1,1 million, R1 million and R200,000, respectively.</p> <p>An Memorandum of understanding has been entered between Secunda Social Investment team and GMM to implement a revenue enhancement project for the municipality. Secunda Social Investment team contributed R3,5 million and GMM R3,5 million. The project team is busy establishing a water demand/losses baseline.</p>	<p>A general review of our Community Engagement is provided in our sustainability report, page 20, water stewardship.</p>
5. Public Policy	<p>In 2017, our engagement with the DWS included addressing challenges with some of our water use licences (WUL) where an amendment to our Sasolburg Operations WUL was granted.</p> <p>We continue to demonstrate that there is business value in beyond fence-line water conservation partnerships with host municipalities. The lessons learnt from these partnerships will be used to further inform the development of government policy on incentivising such initiatives.</p>	<p>A general review of our Public Policy is provided in our sustainability report, page 20, water stewardship.</p>
6. Transparency	<p>Sasol once again responded to the annual CDP Water Disclosure initiative.</p> <p>For the 2016 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.</p>	<p>A general review of our Transparency is provided in our sustainability report, page 20, water stewardship.</p>

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.

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