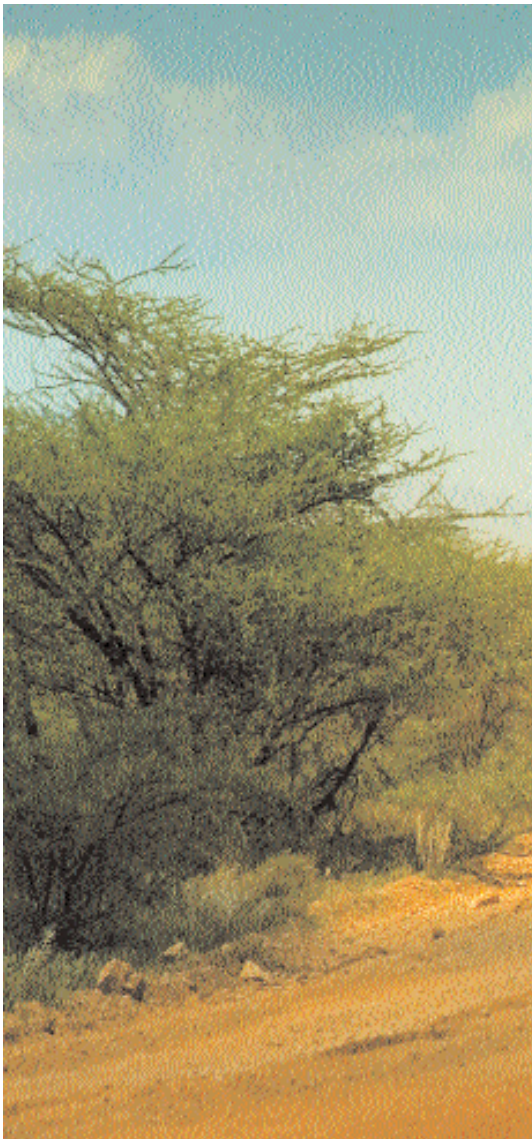
sasol
reaching new frontiers



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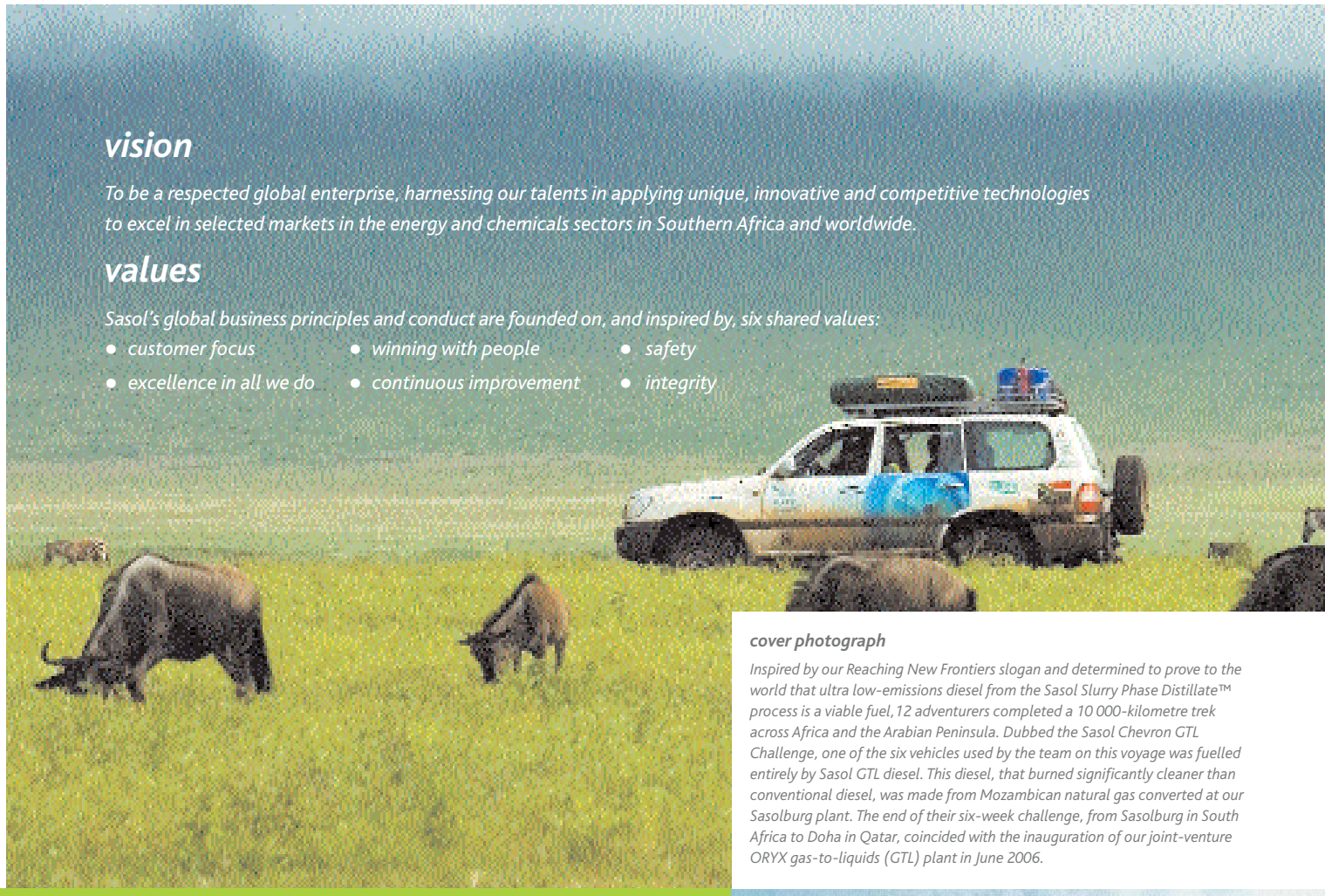
technology for sustainable energy

sasol sustainable development report 2006



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.

values

Sasol's global business principles and conduct are founded on, and inspired by, six shared values:

- *customer focus*
- *excellence in all we do*
- *winning with people*
- *continuous improvement*
- *safety*
- *integrity*

cover photograph

Inspired by our Reaching New Frontiers slogan and determined to prove to the world that ultra low-emissions diesel from the Sasol Slurry Phase Distillate™ process is a viable fuel, 12 adventurers completed a 10 000-kilometre trek across Africa and the Arabian Peninsula. Dubbed the Sasol Chevron GTL Challenge, one of the six vehicles used by the team on this voyage was fuelled entirely by Sasol GTL diesel. This diesel, that burned significantly cleaner than conventional diesel, was made from Mozambican natural gas converted at our Sasolburg plant. The end of their six-week challenge, from Sasolburg in South Africa to Doha in Qatar, coincided with the inauguration of our joint-venture ORYX gas-to-liquids (GTL) plant in June 2006.

contents

2 About our sustainable development report
4 Our sustainability performance
6 Material SH&E-related risks at Sasol
8 Chief executive's report
10 Global operations
12 Our group of companies
14 Sasol's integrated business model
16 Addressing our previously identified challenges
18 Addressing material sustainability challenges
Contributing to the global and national energy mix
Working to improve Sasol's safety performance
Ensuring sustainable growth through skills development
Supporting black economic empowerment
34 Our management framework for sustainable development
45 Engaging our stakeholders
54 Our economic contribution
57 Our social performance
65 Our environmental performance
79 Our performance data
83 GRI index
92 UN global compact

Sasol is bringing to the world innovative and viable energy solutions based on our proven Fischer-Tropsch conversion technology, developed over the last 50 years. Available as gas-to-liquids and coal-to-liquids technology, our solutions come at a time when more and more countries are seeking greater security of energy supply and the opportunity to add value to underutilised gas and coal reserves.

our company 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 our world-renowned, proprietary Fischer-Tropsch technology.

We have chemical manufacturing and marketing operations in South Africa, Europe, Asia and the Americas. Our larger chemical portfolio includes monomers, polymers, solvents, olefins, surfactants, surfactant intermediates, waxes, phenolics, ammonia, fertilisers and commercial explosives. Once we have completed the divestiture of Sasol Olefins & Surfactants, we shall no longer produce and market surfactants and surfactant intermediates.

We produce oil in Gabon and intend to increase our oil and gas production in future. In South Africa, we refine imported oil into liquid fuels and retail our liquid fuels and lubricants through Sasol convenience centres and Exel service stations. We also sell fuels to other distributors in South Africa and export fuels to sub-Saharan Africa.

We produce gas in Mozambique for supply to customers and as feedstock for some of our South African fuel and chemical production. We inaugurated our first international joint-venture gas-to-liquids (GTL) plant in Qatar in June 2006. A second GTL plant, under construction in Nigeria, is scheduled to be commissioned in 2009. These plants will use the Sasol Slurry Phase Distillate™ process.

Formed in 1950, we commenced Fischer-Tropsch-based production in 1955. We employ more than 30 000 people and remain one of South Africa's largest investors in capital projects and skills training. Sasol is listed on the JSE Limited (JSE) in South Africa and the New York Stock Exchange (NYSE).

about our sustainable development report

Scope of our report

This is our seventh external report on Sasol's sustainability performance – and the second we are producing annually rather than biennially. This report, published in accordance with the 2002 sustainability reporting guidelines of the Global Reporting Initiative (GRI), reviews Sasol's economic, social and environmental performance for the period between 1 July 2005 and 30 June 2006.

The report covers the activities of all the Sasol operations globally in which Sasol holds a minimum of 50% shareholding, and/or has operational control. Data is reported on a 100% basis even where the Sasol shareholding is less than 100%. Data from companies acquired or disposed of during any reporting period is included with effect from the date of acquisition if such data is available, or excluded with effect from the date of disposal. Private organisations operating within our boundaries (rented or leased property) are excluded for the purposes of reporting. Although excluded, Sasol seeks to influence their performance – particularly on safety issues – through training and sharing best practice.

As 81% of our workforce is based in South Africa, which is also the site of our head office and our most significant operations, this report has a predominant (though not exclusive) focus on our activities in South Africa. A map and a brief description of our global operations is provided on pages 10 – 11. An index of the Sustainability Reporting Guidelines of the GRI is included on pages 83 – 88.

Objective of reporting

This report is based on data generated by our business units. This data has been centrally collated and analysed, and is publicly disseminated with the objective of:

- *assisting in the timely identification of major risks and opportunities – informing management actions and strategy;*
- *assessing the company's progress against set targets and objectives;*
- *facilitating benchmarking of performance;*
- *communicating on our performance with stakeholders, thereby enabling them to hold us to account;*
- *meeting legislative and corporate governance requirements; and*
- *maintaining the company's freedom to operate.*

Transparent reporting on our sustainability performance forms an important part of our strategic commitment to sustainable development. It is also fully aligned with our goal of being a globally respected, world-class company characterised by values-driven leadership.

Ensuring materiality

While we appreciate the value of initiatives such as the GRI in encouraging improved reporting practices and facilitating benchmarking, we are committed to reporting on those issues that are most material to our business and of specific interest to the majority of stakeholders, rather than adopting a tick-box approach. Although this report has been written with all of our stakeholders in mind, this group-level report is targeted primarily at our employees, investors, civil society bodies and regulators. A stakeholder process has been undertaken specifically for this report with the aim of identifying those interests that are material to these different stakeholders (see pages 47 – 53).

We have identified our most material safety, health and environment (SH&E)-related risks on the basis of internal risk assessment procedures undertaken in consultation with our operations (see table on pages 6 – 7). In addition to providing a comprehensive report on our performance – as far as possible on a quantitative basis – we have chosen in this report to focus on four issues considered to be material at a group level, and that have particular implications for our corporate reputation:

- *our role in meeting global energy demands (page 18);*
- *safety management (page 25);*
- *skills development (page 29); and*
- *black economic empowerment in South Africa (page 31).*

The report does not replace individual site and company-specific reports that have been developed for some of our facilities, primarily for our employees and neighbouring communities.

Assurance

As outlined in the assurance statement on page 76, selected data in this report has been independently assured by KPMG. This includes a formal assessment of the extent to which the Sasol report has been published "in accordance with" the 2002 sustainability reporting guidelines of the GRI. To facilitate comparability with our previous reports, we have endeavoured to be consistent in the

A view of the Sasol Secunda site, where we continue to focus efforts on improving safety and environmental performance against the backdrop of business expansion.

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 globalised company, as well as to implement world best practice. All changes in the reporting parameters are explained in relevant sections of the report.

Format

In response to feedback on our previous reports, we have chosen this year not to produce two separate sustainability reports (a printed summary report and an online detailed report). We have printed 6 000 copies of our full report, and have distributed these by post to representatives from each of the stakeholder groups, as well as on request and through our website. A summary of this report has been made available for our employees.

Feedback

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

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our sustainability performance

the report at a glance

Principal achievements

- *Significant improvement in safety performance with valuable initial progress in promoting a culture of safety.*
- *Continuing strong financial performance.*
- *Advancement of our black economic empowerment (BEE) initiatives in South Africa.*
- *Agreement reached with two trade unions on the establishment of an independent trust to assist those affected by the Secunda explosion in September 2004.*
- *New group-wide targets approved for recordable injury case rates; fires, explosions and releases; and Responsible Care implementation.*
- *Sustained success of our HIV/Aids response programme in South Africa.*
- *Reductions in emissions of atmospheric pollutants at some of our operations.*
- *Approval of globally applicable SH&E minimum requirements for all existing and new Sasol projects and all joint ventures under Sasol's operational control.*
- *Well-recognised social investment programme maintained.*
- *Inauguration of our first international gas-to-liquids joint venture – the ORYX GTL plant in Qatar – and the commencement of construction of the Escravos GTL plant in Nigeria.*

Principal disappointments

- *Four work-related fatalities.*
- *Inconsistent rollout of SH&E performance improvements across the group.*
- *Reputational concerns persist among some of our stakeholders in South Africa.*
- *Failed to qualify among the top 10% in the oil and gas producers cluster on the Dow-Jones Sustainability Index (DJSI).*

Principal challenges

- *Eliminating all workplace fatalities.*
- *Embedding an effective safety culture at all management and employee levels, and among our service providers, throughout all our activities.*
- *Achieving safety performance at all our business units that is in the first quartile of benchmarked companies in the US National Petrochemical and Refiners' Association.*
- *Embedding a values-driven leadership style and culture throughout the group.*
- *Improving our internal and external communication on sustainability issues as part of our wider efforts to rebuild and maintain trust with some of our stakeholders.*
- *Meeting demands for an appropriately skilled workforce as the company grows globally.*
- *Continuing to reduce the environmental footprint of our activities; specific challenges include reducing our greenhouse gas (GHG) emission intensity, promoting greater water and energy efficiency and meeting revised air pollution legislation in South Africa.*
- *Meeting changing legislative and policy requirements relating to products and product safety.*
- *Qualifying among the top 10% in the oil and gas producers cluster on the DJSI.*

Our first international GTL venture, the ORYX GTL plant in Qatar, is nearing completion. It will start supplying high-quality GTL diesel and GTL naphtha to the world market in 2007.

progress against our group targets

2006 targets

To achieve an annual average recordable case rate (RCR) of not more than 0,5

The RCR for the group at financial year end was 0,68 compared with 1,23 in 2005, and 1,08 in 2004. While this represents a significant improvement on the previous year's performance, it is disappointing that we failed to meet the group target.

A new group-wide target has been agreed of an annual RCR of not more than 0,4 by July 2011 and 0,3 by July 2015 for all employees and hired labour, and 0,3 by July 2015 for service providers under their own supervision.

To reduce the number of significant process safety incidents (fires, explosions and releases, (FER)) by at least 50% on the 2001 baseline of 48 incidents

It is pleasing to report that we met this target. During 2006, there were 15 significant process safety incidents throughout the group, compared with 25 incidents in 2005 and 32 incidents in 2004. While this represents a significant improvement on our historic performance, our ultimate goal is zero harm.

A new group-wide target has been agreed of not more than three significant FERs per quarter by July 2011, and a 50% reduction in minor fires, explosions and releases on the 2006 baseline by July 2011, with the ultimate goal of zero incidents.

To achieve at least a 90% overall Practice in Place for Responsible Care

For the 2006 reporting period we achieved a rate of 91% Responsible Care Practice in Place for the Sasol group, thereby achieving our target. This rating is determined on the basis of internal self-assessment questionnaires. As from March 2006, third-party evaluation audits are being undertaken of our implementation of Responsible Care.

A new group-wide target has been agreed of at least a 90% Practice in Place overall average for Responsible Care, and 90% specifically for product stewardship, by July 2011, as determined by external verification.

2015 targets

To achieve at least a 10% reduction in greenhouse gas emissions per tonne of product, on the 2005 baseline, by July 2015

Our emission of carbon dioxide (CO_2) and methane, measured as CO_2 equivalent per tonne of production (intensity), was 3,04 compared with 3,09 in the previous year, thereby achieving our target of 3,10. This represents a reduction of 3,8 percentage points of the 10 percentage points reduction target. We have identified opportunities aimed at improving our emissions intensity in line with our stated target.

To achieve at least a 50% reduction in the emission of defined volatile organic compounds (VOCs), on the 2005 baseline, by July 2015

Our emission of defined VOCs was 5,4 kilotonnes (kt) compared with 6,2 kt in 2005. A significant reduction in the emissions of low-level VOCs has been achieved at the Natref refinery at Sasolburg. Capital expenditure has been approved to achieve similar VOC reductions at Secunda. It is pleasing to report that we emitted less than the target of 5,8 kt.

To achieve at least a 50% reduction in significant transportation incidents per 100 000 tonne of product transported, on the 2004 baseline, by July 2009

There were 35 significant transportation incidents, compared with 31 such incidents during 2005 and 44 in 2004, therefore not meeting our group target of 33 for the year. Valuable progress was made during the year in improving the safety, quality and environmental performance of all logistical services providers involved in transporting, handling and storing Sasol products, and ensuring the availability of effective emergency response measures.

Some concerns remain in South Africa where, due to current constraints with the capacity of the national rail network, there is an increased dependency on road transport, which is placing a heavy burden on the existing road infrastructure.

material SH&E-related risks at sasol

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

Risk	Summary of measures taken to address the risk
Major fire or explosion at any site with large hydrocarbon inventory.	All Sasol sites have identified and quantified their major risks in these categories. Risks have been quantified using the insurance estimated maximum loss approach and a quantitative risk assessment (using the industry standard DNV's PHAST). Specific mitigation measures and contingency plans have been drawn up and, where required, agreed with relevant authorities. Site risks, as well as mitigation and contingency plans, are reviewed as part of SH&E corporate governance audits. A comprehensive safety improvement plan is being implemented.
Major release of hazardous gas or vapour.	
Major shipping or transport incident (fire, explosion, emission, spillage or gas pipeline rupture).	In most cases, responsibility to manage these emergencies lies with third parties. Where Sasol uses third-party logistics service providers, we assess compliance with specific requirements. In addition, we provide first-line advice using emergency call centres. A group-wide target has been set of achieving at least a 50% reduction in the number of significant logistics incidents per tonne of product transported, on the 2004 baseline, by July 2009.
Insufficient awareness and experience, or poor attitude of employees or service providers, on SH&E issues.	Broad technical competence, as well as SH&E professional competence, is at risk. Critical safety elements include commitment, safety culture, service provider performance and process safety management. Sasol is implementing globally accepted minimum standards, systems and procedures to reduce the duplication of effort and to ensure acceptable levels of performance globally. A strong focus is placed on the promotion of behavioural-based safety practices.
Climate change poses a challenge for business. Carbon taxes could affect CTL and GTL plants. Carbon credit trading is an opportunity.	We have a position statement on greenhouse gas (GHG) emissions. A group-wide target has recently been set with the aim of achieving at least a 10% reduction in GHG emissions per tonne of product, on the 2005 baseline, by July 2015. This reduction will be facilitated by switching feedstock at new and existing facilities, reducing emissions at our nitric acid facilities, and implementing and promoting energy efficiency. New CTL and GTL plants will be designed for significant reductions in CO_2 emissions and allow for CO_2 sequestration. We have the opportunity to make significant savings by energy-efficiency improvement and to use carbon credits.
Changes in environmental laws (especially air, water and waste), resulting in higher compliance costs.	In South Africa, a new Air Quality Act has been promulgated, bringing South Africa in line with international requirements for air emissions. China, Mozambique and some Middle Eastern countries have also strengthened their legislation. Minimum requirements based on World Bank standards or local legislation (whichever is the more stringent) are being adopted for all new projects. A number of capital projects have been approved for our South African operations to reduce emissions. We maintain a working relationship with government departments in all the major regions in which we operate.

Risk	Summary of measures taken to address the risk
Impact of long-term exposure to harmful materials (eg, asbestos, benzene and dioxins) on the health of employees and the neighbouring communities.	*Legal actions on health issues are becoming more common in South Africa. Asbestos is no longer installed in new Sasol plants. Old asbestos is being removed from our business on a risk-based priority programme. European Union (EU) and United States of America (USA) emission inventories are undertaken routinely and are tightly monitored. 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. A new group-wide target has been set of achieving at least a 50% reduction of the emission of VOCs, on the 2005 baseline, by July 2015.*
Inherent SH&E risks in technology development (R&D, concept, design, construction and commissioning).	*Provision is made for lower risk technologies and cleaner production approaches in new project design. Hazard and operability studies and quantitative risk assessment are used. Additional classification tools and checklists are being developed for further improvement.*
Implementation of tighter product regulations, such as new fuel regulations in South Africa, and new chemicals legislation in Europe.	*Significant progress has been made in implementing product-related initiatives relating, for example, to cleaner fuels (Project Turbo) and to compliance with EU chemical products legislation. The impact of other countries' chemical legislation will be assessed when the new regulations are available.*
Reduced availability of skills and competence to design, construct, operate and maintain plants.	*Programmes are being developed to upgrade the professional and artisan training programmes of people in South Africa, to provide further training to Sasol employees through in-house programmes and external institutions, to stimulate recruitment globally, and to leverage external resources.*
Natural disasters and epidemics or pandemics (eg, SARS and avian influenza).	*A task force has been formed to address contingency plans for avian influenza. Business units are to review existing business continuity planning. Although this is seen to have a low probability in the short term, it has a high potential to disrupt business.*
Environmental liabilities due to past contamination (eg, mine water, air emissions and contaminated groundwater).	*Sasol Technology has developed a group-wide approach to identifying and quantifying environmental liabilities in South Africa. This project will take several years to complete. The EU and USA sites' environmental liabilities were well characterised during the due diligence process, with relatively low residual risk. Ongoing work is being taken to remediate contaminated land throughout our South African operations. Our goal is to prevent future contamination and address all historical issues.*

chief executive's statement

It gives me pleasure to introduce our latest sustainable development report, the first one published since I became the group's chief executive on 1 July 2005. It is now ten years since we released our first standalone environmental report. Since then we have published seven external reports on our sustainability performance. These reports form a critical part of a continuing process of dialogue with our stakeholders and are fundamental to ensuring we are able to respond strategically to the risks and opportunities associated with sustainable development.

It has been a challenging and exciting year. As I look back on our economic, social and environmental performance, important developments and valuable achievements stand out. The year's achievements, however, are overshadowed by four work-related fatalities. While this is a significant reduction on the previous year's fatalities, no work-related fatality is acceptable. We are committed to achieving zero fatalities and believe this is possible if there is an appropriate culture of safety among all our managers, employees and service providers.

Since taking office an important initiative that I have been spearheading is Project Enterprise, an undertaking that aims to promote a culture and style of values-driven leadership. Following a process of introspection by the group executive committee (GEC) on whether we are living our shared values, we recognised the need for a new approach starting from the top.

Pat Davies
Chief executive

"The group executive committee has done a great deal of introspection on whether we are living our shared values. We realise we can and must improve in this regard and believe we need a change. We need things to be done differently – a new approach, and it has to start at the top."

One of the key values that we have been highlighting is safety. Although we failed to achieve our primary safety target for the year, there was nevertheless a significant decline in injuries and recordable cases. The recordable case rate for the group reached its best ever level at 0,68. While this may be seen as an outcome of our strong focus on developing a safety culture, I recognise there is still much work to be done in ensuring that this culture permeates effectively throughout the group.

In addition to this important improvement in our safety performance, there are other positive developments that stand out.

- *Our continuing strong financial performance not only provides significant socioeconomic benefits for many stakeholders – for example in the form of increased taxation – but it also serves as an important platform for implementing initiatives and investments aimed at further improving our sustainability performance.*
- *As part of a drive to ensure greater representation at the higher levels of group management, we announced three new appointments at executive level this year. One of these – the appointment of our first executive director directly responsible for our group human resources– reflects our commitment to the strategic value of human resources. We have also reshuffled the portfolio of the GEC. One of the GEC members now has dedicated responsibility for safety, health and environmental issues, skills development and operational excellence.*
- *Following the switch to natural gas as a feedstock at Sasolburg, we have achieved important reductions in our air pollutant emissions. As part of a broader commitment to minimise the environmental footprint of our operations, we have approved some significant capital projects aimed at further reducing atmospheric emissions and promoting energy and water efficiency.*
- *We have also adopted globally applicable Sasol group SH&E minimum requirements for all existing and new Sasol projects and all joint ventures under Sasol's operational control.*

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

While we have achieved encouraging progress in many areas of sustainable development, there are some considerable challenges ahead:

- *Significant efforts will be required to embed a culture of values-driven leadership, which is responsive to the interests of our stakeholders and displays a genuine openness to new ideas in which we balance short-term value drivers against an appreciation of the longer-term impacts of our activities.*
- *An important part of this shift in culture will be the continuing high-level focus on promoting improved safe behaviours throughout the company, with the aim of achieving our target of zero fatalities and zero harm.*
- *Further efforts are needed to ensure we develop, attract and retain skilled talent throughout Sasol and sustain our efforts to empower black people and ensure their broader participation in the South African economy.*
- *We will continue our work aimed at forging closer ties with the South African Government to ensure we are aligned more closely to national socioeconomic objectives, while also ensuring the government is informed of our activities and plans in this field. More generally, we recognise there is scope to improve our communication with all stakeholders.*
- *As we expand our international operations, we need to ensure we comply with globally accepted standards, while striving to further reduce the environmental footprint of our existing operations. This is especially relevant at Secunda and Sasolburg in South Africa where significant initiatives are planned. The management of our greenhouse gas emissions globally will be a particular challenge and priority as we play an increasingly significant role in meeting the challenges of global energy supply.*

This report, which has been independently assured by KPMG, covers the performance of our operations for the period from 1 July 2005 to 30 June 2006. As with our previous sustainable development report, the report has been prepared in accordance with the sustainability reporting guidelines of the Global Reporting Initiative. I believe it presents a balanced and reasonable presentation of our organisation's economic, environmental and social performance during that period.

The report also includes a review of our implementation of the principles of the United Nations (UN) Global Compact. While I recognise that the comprehensive implementation of these principles will present us with continuing challenges, particularly as we expand our operations in emerging markets, I believe we are making good progress in integrating the 10 principles of the UN Global Compact in our business activities.

In a change from our previous approach to reporting, we have chosen this year to open the report with a focus on four key "sustainability challenges" that we believe are of material significance to the group's operations: the nature of our contribution to the global energy challenge, the promotion of safety, ensuring access to a skilled workforce, and promoting black economic empowerment in South Africa.

Looking forward, it is evident that a company of Sasol's size and influence will continue to be under significant public scrutiny. It is imperative we are open and transparent in reporting on our sustainability performance and that we identity and respond to those issues of concern and interest to our stakeholders. It is only by being transparent and responsive to our stakeholders' interests that we will secure and maintain their trust, which is critical to ensuring our licence to operate. Although some of our activities in promoting transparency have been commended, we cannot afford to be complacent.

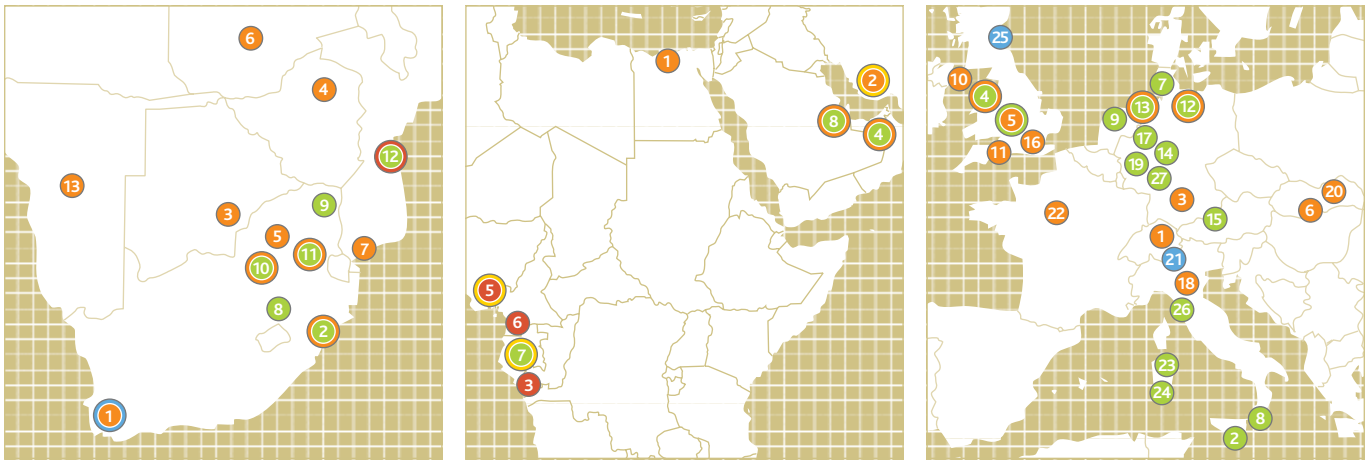
Underlying all of our efforts at promoting sustainable development is our commitment to fostering a values-driven leadership style throughout Sasol and to improving the ways we interact with each other and our stakeholders. These activities are in line with our ambitions of being a continuously improving corporate citizen, and to achieving our vision of being a globally renowned, world-class company that makes an important contribution to sustainable development.

There is much still to be done. And we will need input from you, our stakeholders, to help us do this effectively.

Pat Davies
Chief executive

global operations

This map identifies the locations of our main facilities, and provides some examples of material issues relating to a selection of our operations during 2006.



A Southern Africa

South Africa: *In early 2006 DuPont Safety Resources completed a comprehensive follow-up review of the implementation of safety measures in selected South African operations, the findings of which have been posted on our website. These form the basis for the Sasol safety improvement plan (SIP) II. Significant improvements have been achieved in local air quality at our Sasolburg operations largely as a result of natural gas replacing coal as the primary feedstock. Sasol Mining achieved one-million employee hours without a recordable injury for the first time in its history.*

Mozambique: *Ongoing auditing and review programmes have been undertaken to ensure compliance with World Bank social and environmental management policies and standards relating to our activities associated with the extraction, processing and storage of natural gas from the Temane gas fields in Mozambique and the transportation of this gas to South Africa.*

1	Cape Town (South Africa)
2	Durban (South Africa)
3	Gaborone (Botswana)
4	Harare (Zimbabwe)
5	Johannesburg head office
6	Lusaka (Zambia)
7	Maputo (Mozambique)
8	Newcastle (South Africa)
9	Phalaborwa (South Africa)
10	Sasolburg (South Africa)
11	Secunda (South Africa)
12	Vilanculos (Mozambique)
13	Windhoek (Namibia)

B Africa and Middle East

Qatar: *The US$950 million ORYX GTL plant – a joint venture with Qatar Petroleum and the first GTL plant outside South Africa to feature Sasol's low-temperature Fischer-Tropsch conversion technology – was officially inaugurated on 6 June 2006. The GTL diesel from the ORYX plant will be among the cleanest in the world with a sulphur content of less than five parts per million (ppm).*

Iran: *After some delays, the joint venture project of Sasol Polymers Germany GmbH and the National Petroleum Company of Iran, to develop new monomer and polymer production facilities at Bandar Assaluyeh on the western seaboard of Iran, has entered its final construction phases, and is expected to be completed in phases between October 2006 and January 2007.*

Nigeria: *Work is progressing on the engineering, procurement and construction contract awarded for a GTL plant in Escravos, Nigeria, the second commercial-scale GTL plant outside South Africa. While this plant will be owned and operated by the Nigerian National Petroleum Corporation and Chevron Nigeria Limited, Sasol will provide technology and operating expertise. Plant start-up is targeted for 2009, with plant commissioning starting in phases in 2008.*

1	Alexandria (Egypt)
2	Bandar Assaluyeh (Iran)
3	Congo
4	Dubai (United Arab Emirates)
5	Escravos (Nigeria)
6	Equatorial Guinea
7	Gabon
8	Ras Laffan (Qatar)

C Europe

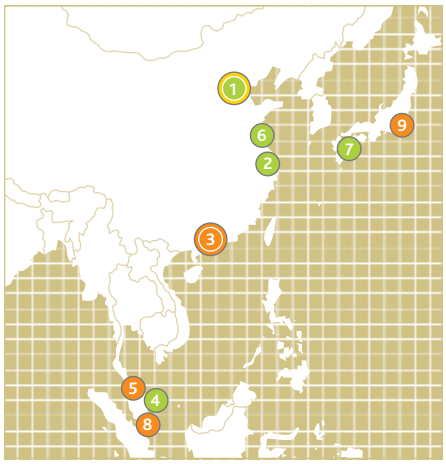
Germany: *The Brunsbüttel operation in Germany was awarded first prize by the German Chemical Association for their wastewater reduction project, which reduced consumption of potable water by 200 000 m^3 per annum and the wastewater load by 50%. A 20% reduction in CO_2 emissions has been achieved at Sasol Wax in Hamburg following the upgrading of a steam-unit.*

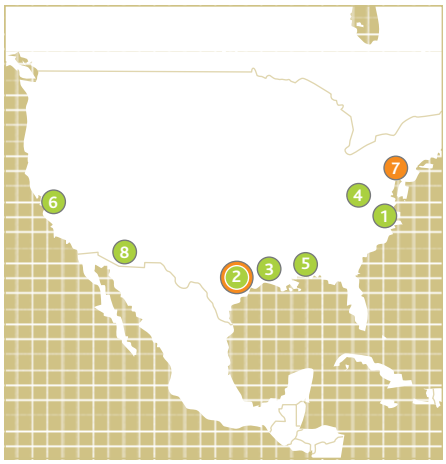
Italy: *Sasol Italy's Augusta plant exceeded 1,5 million hours without an employee recordable case.*

1	Appenzell (Switzerland)
2	Augusta (Italy)
3	Bad Homburg (Germany)
4	Birkenhead (United Kingdom)
5	Birmingham (United Kingdom)
6	Bratislava (Slovak Republic)
7	Brunsbüttel (Germany)
8	Crotone (Italy)
9	de Meern (The Netherlands)
10	Castletown (Isle of Man)
11	Farnham (United Kingdom)
12	Hamburg (Germany)
13	Heerhugowaard (The Netherlands)
14	Herne (Germany)
15	Lintz (Austria)
16	London (United Kingdom)
17	Marl (Germany)
18	Milan (Italy)
19	Moers (Germany)
20	Nováky (Slovak Republic)
21	Paderno Dugnano (Italy)
22	Paris (France)
23	Porto Torres (Italy)
24	Sarroch (Italy)
25	St Andrews (United Kingdom)
26	Terranova dei Passerini (Italy)
27	Witten (Germany)

Manufacturing/production | Exploration | Research

Main office | Project





D Far East

China: *Sasol has signed cooperation agreements with Chinese consortiums to proceed with the second stage of feasibility studies to determine the viability of two 80 000 barrels-a-day coal-to-liquid (CTL) plants in China. Studies are being undertaken into the feasibility for CO_2 capture relating to these CTL operations.*

1	Beijing (China)
2	Hangzhou (China)
3	Hong Kong (China)
4	Kertih (Malaysia)
5	Kuala Lumpur (Malaysia)
6	Nanjing (China)
7	Oita (Japan)
8	Singapore
9	Tokyo (Japan)

E Australasia

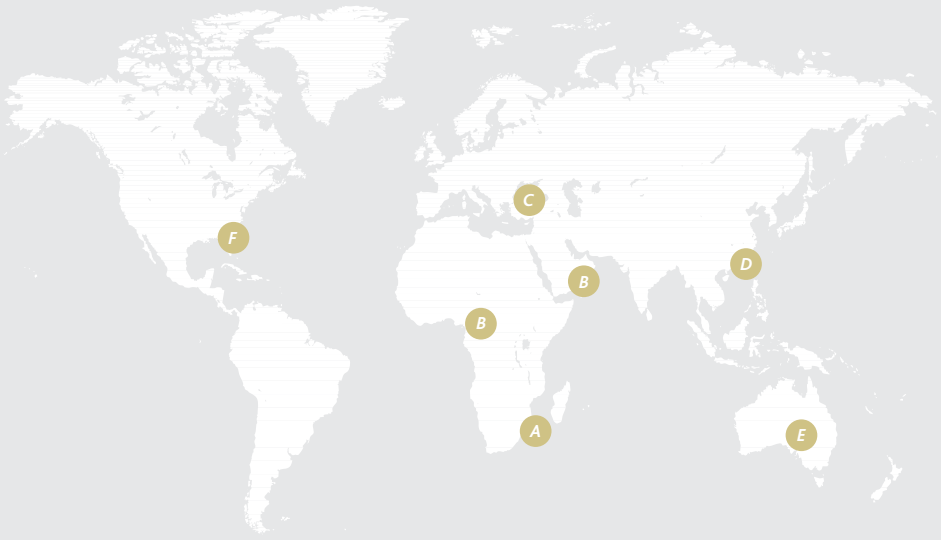
Australia and New Zealand: *We continue to market, sell and support many chemicals in Australasia. These include some of our solvents, waxes, mining chemicals, alkylamines and ammonium nitrate. We are also exploring opportunities, through Sasol Chevron, to develop a GTL plant in Australia that would convert underutilised Australian natural gas reserves into a high-performance, low-sulphur GTL diesel.*

1	Auckland (New Zealand)
2	Sydney (Australia)

F USA

USA: *During 2005 Sasol North America achieved a recordable case rate of 0,3, among the best in the USA, and achieved its lowest number of environmental incidents. The Lake Charles chemical complex in Louisiana was shut down prior to Hurricane Rita and the town was evacuated. Although the area took a direct hit from the storm there were no significant injuries or damage to facilities.*

1	Baltimore (Maryland)
2	Houston (Texas)
3	Lake Charles (Louisiana)
4	Oil City (Pennsylvania)
5	Pass Christian (Missouri)
6	Richmond (California)
7	Shelton (Connecticut)
8	Tucson (Arizona)



our group of companies

Sasol Limited

The Sasol head office in Johannesburg, South Africa, coordinates group activities and provides certain specialised services to group companies. The names and principal activities of the main businesses and divisions of the Sasol group of companies are featured here.

Energy cluster

Sasol Mining

Sasol Mining currently mines about 46 million tonnes (Mt) a year of saleable coal in the Sasolburg and Secunda regions for our South African petrochemical plants and exports about 4 Mt of coal annually. It also supplies coal to Eskom, South Africa's state-owned power utility. Its main operations at Secunda comprise five underground operations: Bosjesspruit, Brandspruit, Middelbult, Syferfontein and Twistdraai Export. An export coal beneficiation plant supports the Twistdraai operations. In our 2007 financial year, Sasol Mining's BEE venture, Igoda Coal, will commence operations.

	Rm
Total turnover	5 466
Operating profit	1 180

Sasol Synfuels

Sasol Synfuels operates the world's only commercial coal-based synfuels manufacturing facility at Secunda in South Africa. It produces synthesis gas (syngas) through both coal gasification and natural gas reforming, and uses Sasol's high-temperature Fischer-Tropsch technology to convert syngas into components for making synfuels, as well as chemical feedstock and pipeline gas. Sasol Synfuels produces most of South Africa's chemical building blocks, including ethylene, propylene, ammonia, solvents and phenolics.

	Rm
Total turnover	25 649
Operating profit	13 499

Sasol Oil

Sasol Oil manufactures and markets fuels, road binders and lubricants from blending facilities at Secunda and through its 63,6% share in the Natref crude-oil refinery at Sasolburg. Products include petrol, diesel, jet fuel, illuminating paraffin, fuel oils, bitumen and automotive and industrial lubricants. It manages Sasol's interests in Natref and the Tosas bituminous products business. Since launching a fuel retail network in January 2004, Sasol Oil has established 378 Sasol and Exel service stations around South Africa. Tshwarisano LFB Investment acquired a 25% interest with effect from July 2006.

	Rm
Total turnover	32 787
Operating profit	2 432

Sasol Gas

Sasol Gas distributes and markets natural gas from Mozambique's Temane field and methane-rich gas produced at Sasol Synfuels in Secunda. The company delivers pipeline gas through a 2 000-kilometre pipeline network to 540 industrial and commercial customers in Gauteng, Mpumalanga, Free State and through its Spring Lights Gas BEE venture in KwaZulu-Natal.

	Rm
Total turnover	3 209
Operating profit	1 526

Sasol Petroleum International

Sasol Petroleum International (SPI) develops and manages our international upstream interests in oil and gas exploration and production from offices in Johannesburg, London and Maputo. These interests are concentrated in Mozambique, Gabon, Equatorial Guinea and Nigeria. SPI has been producing gas from Mozambique's onshore Temane field since February 2004, with production being 94 million gigajoules for the 2006 financial year. It also produces oil in Gabon through its 27,75% share in the offshore Etame field.

	Rm
Total turnover	1 237
Operating profit	600

Sasol Synfuels International

Sasol Synfuels International (SSI) – in partnership with Sasol Chevron, its joint venture with Chevron of the USA – develops and implements international ventures based on the integrated, three-step Sasol Slurry Phase Distillate™ process for GTL fuel conversion. SSI inaugurated its first GTL plant in partnership with Qatar Petroleum in June 2006. SSI also explores opportunities based on coal and other hydrocarbon sources that could entail the use of Sasol Fischer-Tropsch technology.

Note: Please refer to pages 149 to 151 of the annual financial statements for a list of the significant subsidiaries and incorporated joint ventures of Sasol Limited.

Main chemical businesses

Sasol Polymers

Sasol Polymers operates plants at Sasolburg and Secunda and produces ethylene, propylene, low-density polyethylene (LDPE), linear low-density polyethylene (LLDPE), polypropylene, vinyl chloride monomer, polyvinyl chloride (PVC), chlor-alkali chemicals and mining reagents. It also has an interest in Malaysia in producing ethylene, propylene and LDPE.

	Rm
Total turnover	7 639
Operating profit	822

Sasol Solvents

Sasol Solvents is a supplier of a diverse range of solvents and associated products with manufacturing plants in South Africa and Germany. It produces blends and hydrocarbons; C_3/C_4 alcohols; esters and acids; ethanol; fine chemicals; glycol ethers; ketones; methanol; mining chemicals; acrylic acid and acrylates (a joint venture (JV) with Mitsubishi Chemical Corporation); maleic anhydride (a JV with Huntsman Corporation); and comonomers in South Africa.

	Rm
Total turnover	11 666
Operating profit	873

Disinvested operations Sasol Olefins & Surfactants

Sasol Olefins & Surfactants (O&S) manufactures and markets a diverse range of surfactants and surfactant intermediates such as linear alkylbenzene and alcohols, as well as monomers and inorganic speciality chemicals, mainly from plants in Germany, Italy and the USA for customers across the globe.

	Rm
Total turnover	19 095
Operating loss	(3 567)

Other chemical businesses

Sasol Nitro

Sasol Nitro manufactures and markets ammonia, nitric acid and ammonium nitrate-based products, including commercial explosives and fertilisers, as well as specialised blasting accessories. It also toll-manufactures phosphoric acid for Foskor and a phosphate detergent, and markets ammonia, sulphur and speciality gases produced by other Sasol businesses.

Sasol Wax

Sasol Wax operates wax manufacturing, blending and marketing operations in South Africa, Germany, the Netherlands, Belgium, Austria, the United Kingdom and the USA. The business also has marketing and sales operations in Switzerland, France, Denmark, Malaysia, Australia, New Zealand and Venezuela.

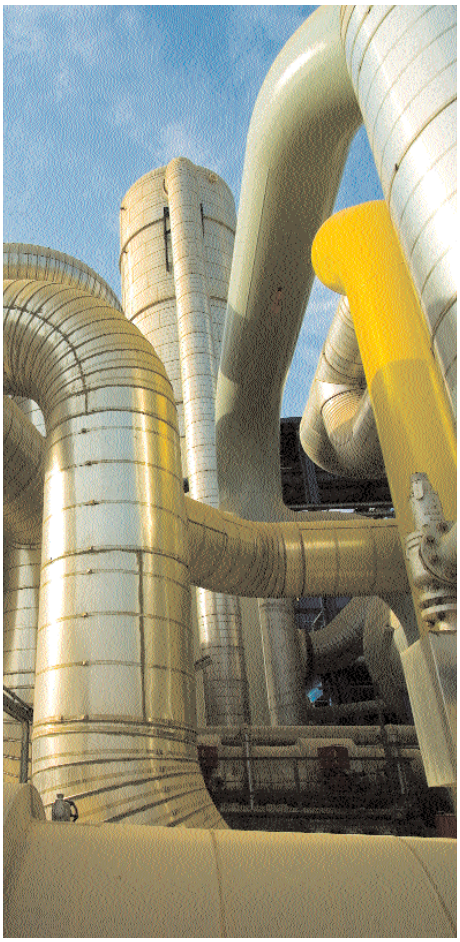
Sasol Infrachem

Sasol Infrachem produces reformed gas from natural gas as feedstock for Sasol's chemical businesses at Sasolburg. This business produces and distributes the reformed natural gas on behalf of Sasol Gas. Sasol Infrachem also provides on-site utilities, infrastructure support and complementary support services to other businesses.

Merisol

Merisol is a joint venture with Merichem Company of the USA. It is a leading global manufacturer of cresols, xylenols, alkylphenols and other phenolics. It has manufacturing facilities in South Africa and the USA and maintains two JVs: one at Sasolburg in South Africa and the other at Oita in Japan.

Specialist services



Sasol Technology

Sasol Technology is our business partner in research and development, technology and innovation and manages the development and implementation of new plants. This business fulfils a strategic role in supporting Sasol businesses worldwide to pursue growth and continuous improvement, and to promote competitive advantage through appropriate technology solutions and services.

Sasol Financing

Sasol Financing is responsible for centrally managing group cash and liquidity, credit rating processes, domestic and international financing arrangements, and foreign exchange, interest rate and treasury risk management, as well as general financing and treasury matters. Sasol Financing also acts as a business partner to Sasol subsidiaries and joint ventures for project- and company-specific specialised financing and financial risk mitigation strategies and arrangements.

sasol's integrated business model

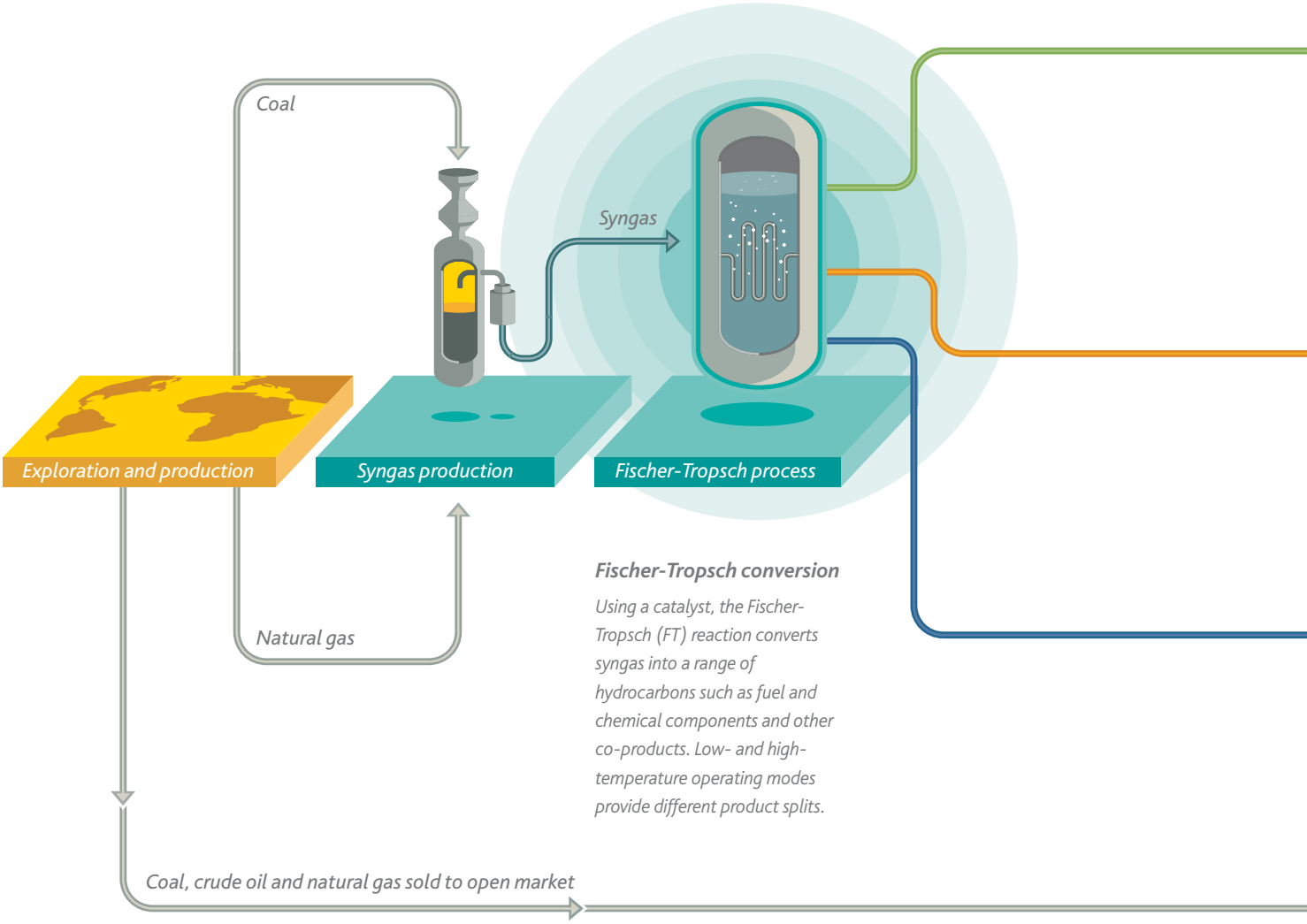
exploiting the benefits of fischer-tropsch technology

Exploration and production

Sasol obtains its raw materials (coal, gas and crude oil) through its coal-mining activities and oil and gas exploration and production activities, which are supplemented by purchases from the open market. Some raw materials are sold directly to external markets.

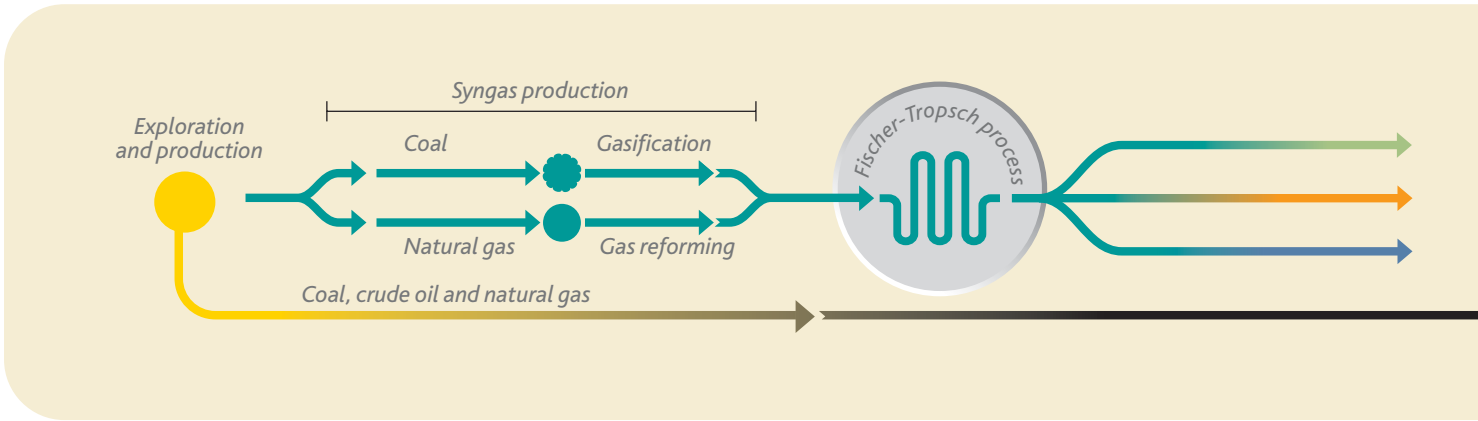
Syngas production

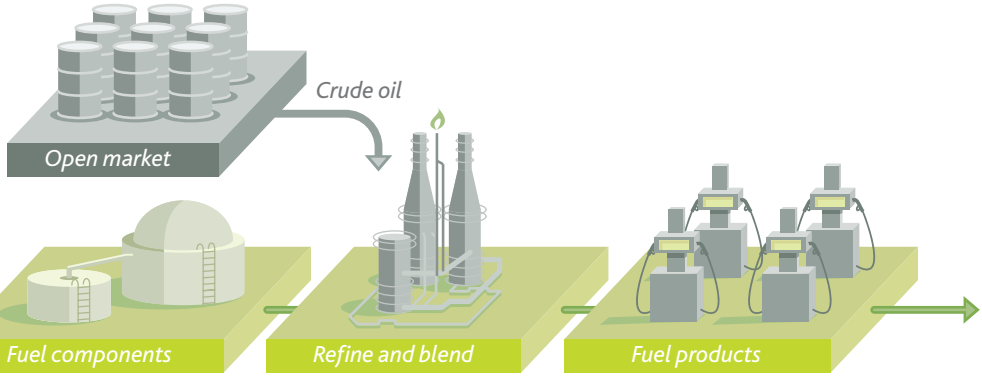
Using steam and oxygen at high temperatures, coal is gasified and natural gas reformed to produce synthesis gas (syngas, a mixture of carbon monoxide and hydrogen).



Fischer-Tropsch conversion

Using a catalyst, the Fischer-Tropsch (FT) reaction converts syngas into a range of hydrocarbons such as fuel and chemical components and other co-products. Low- and high-temperature operating modes provide different product splits.



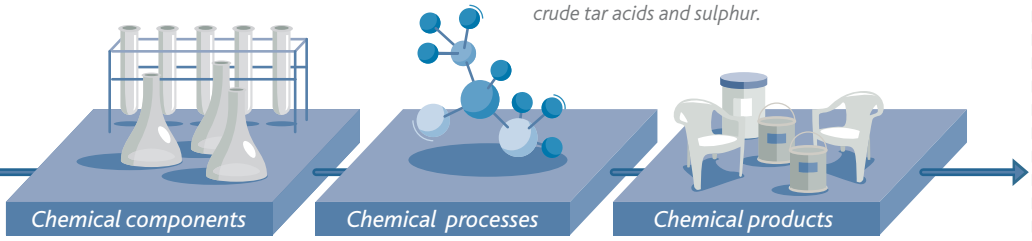


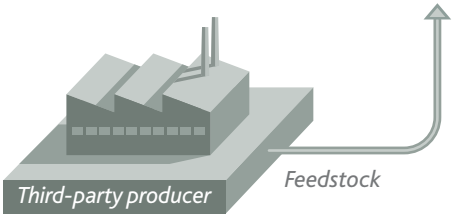
Fuel products

In the liquid fuels business, synthetic fuel components are upgraded and marketed together with conventional fuels produced in a refinery from crude oil.

Co-products

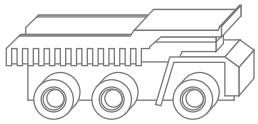
Coal gasification and the Fischer-Tropsch processes also produce co-products for recovery and beneficiation. These include ammonia, crude tar acids and sulphur.

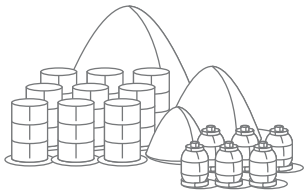




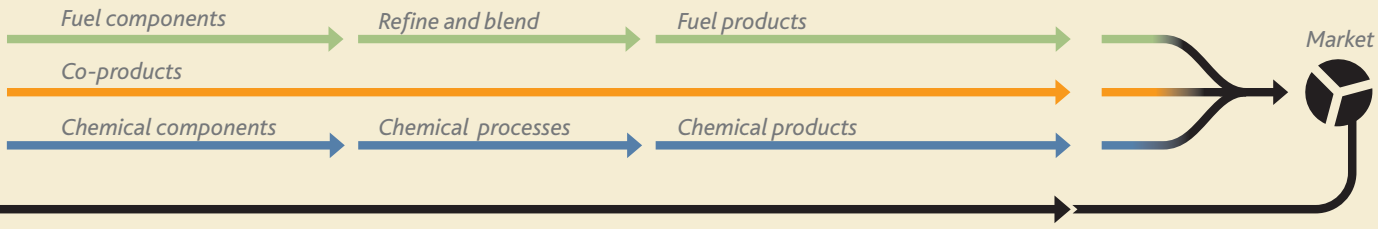
Chemical products

Chemical intermediates from the Fischer-Tropsch process are separated, purified and, together with conventional chemical raw materials, converted into a range of final products such as polymers, solvents, olefins and surfactants and waxes.





Sasol markets products directly to the consumer, as well as to commercial and industrial customers, thereby integrating its upstream and downstream activities.

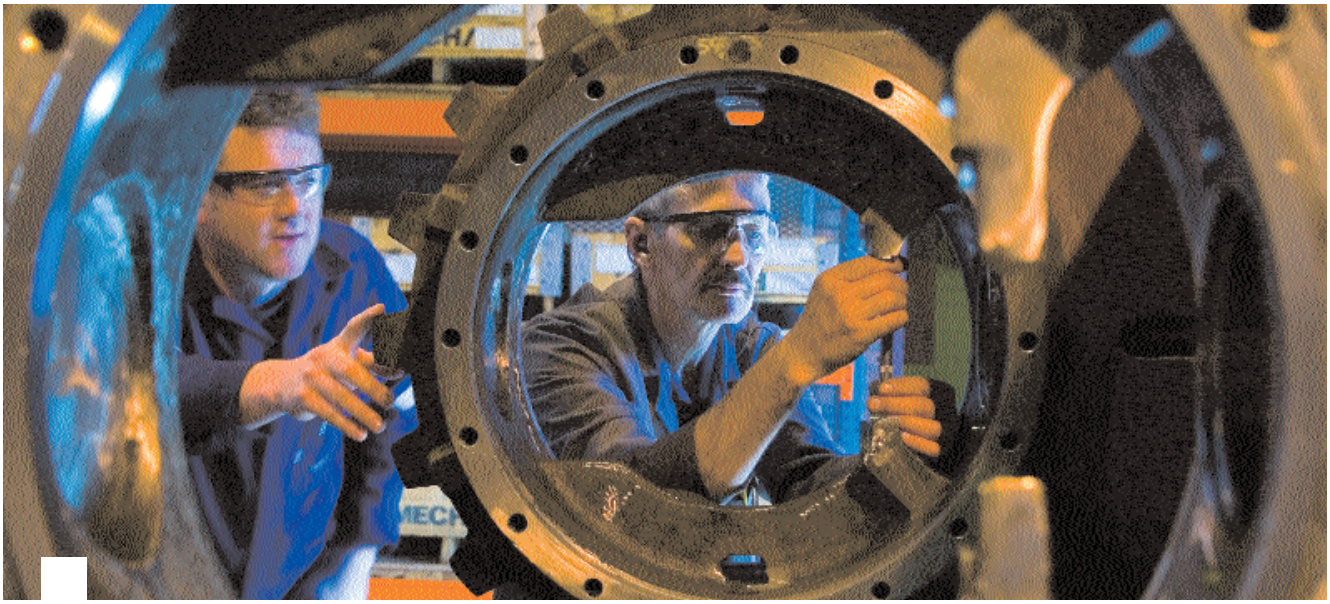


addressing our previously identified challenges

The following table presents a brief review of the actions we have been taking to address the principal challenges we identified in our 2005 sustainable development report.

Challenges identified in our 2005 report	What we're doing
Embedding an effective safety culture at all management and employee levels and throughout all our activities.	There has been a noticeable improvement in our safety culture evidenced in the improvement in safety performance, due largely to the intensive focus on the implementation of our safety improvement plan developed in response to the series of incidents in 2004. In early 2006 DuPont Safety Resources undertook a comprehensive review of the implementation of this plan in selected operations. We are acting on the recommendations of this evaluation. While we have made valuable progress, continued work is required in developing an appropriate safety culture and mindset of safe behaviour throughout Sasol. (See page 25).
Meeting our goals and objectives for employment equity and black economic empowerment (BEE) in our South Africa operations.	People from designated groups currently hold 43% of our South African managerial, professional and supervisory posts. This is an improvement on the 39% reported a year ago. We are targeting to increase this figure to 47% by 2007 and 50% by 2008. We have made several new black executive appointments, including three new executive directors, Nolitha Fakude, Benny Mokaba and Christine Ramon, as well as one non-executive director, Hixonia Nyasulu. (See page 33).
Rebuilding trust with some of our stakeholders following the recent high-profile coverage we have received in the media.	Following the safety-related incidents and fatalities in our South African operations during 2004, as well as the high-profile media coverage that Sasol continues to be exposed to on various issues, it is apparent we still face important challenges if we are to improve our reputation among many stakeholders. We have implemented a high-level action plan aimed at identifying and responding to stakeholder concerns. It is encouraging that we have recently received positive external recognition for our performance in certain areas. (See page 45).
Effectively integrating sustainability considerations in all relevant business decisions, including new projects and operations.	The Sasol SH&E strategy has been revised. New group targets have been approved for recordable case rates (RCR); fires, explosions and releases (FER); and implementation of Responsible Care. Progress continues to be made in adopting certified management systems and structured internal reporting and assurance processes throughout our operations. (See pages 37 and 40).
Achieving our targets for reducing transport incidents, particularly in light of the increase of road-based transport of our product.	Although we are on track to achieve our target for 2009, this continues to be a strong focus area. Valuable progress was made during the year in improving the safety, quality and environmental performance of all logistical services providers involved in transporting, handling and storing Sasol products, and ensuring the availability of effective emergency response measures. (See page 58).
Reducing our air emissions to ensure compliance with the revised air pollution legislation in South Africa.	Extensive work has been undertaken to assess the implications of the proposed new air quality regulations in South Africa and to ensure that we reduce emissions to comply with these regulations. International air quality specialists undertook a comprehensive air-quality management audit of Sasolburg and Secunda. This review will assist us to assess and prioritise air emissions in the light of the new legislation. We continue to liaise closely with regulatory authorities at national, provincial and local level. (See pages 69 and 71).

Challenges identified in our 2005 report	What we're doing
Meeting changing legislative and policy requirements for products and product safety.	We continue to actively monitor legislative developments and participate in appropriate local, national and international policy processes. Significant investments are being made in anticipation of new legal requirements. (See page 40).
Developing and maintaining robust internal measurement and reporting systems throughout the group.	We have appointed a single external auditing company to conduct integrated management system audits of all our South African operations from 2006 to 2008. This will ensure more consistent auditing standards and facilitate sharing of best practice throughout Sasol. A new intranet-based reporting system is being developed to streamline the internal management of our performance data. (See page 38).
Continuing to meet demands for appropriately skilled artisans throughout the company.	To ensure effective talent management planning, we finalised 10-year human resources development plans for all businesses. We also approved an enhanced strategy aimed at attracting and retaining top talent. Various initiatives are being taken to upgrade professional and artisan skills in South Africa. (See page 29).
Qualifying among the top 10% on the Dow-Jones Sustainability Index.	Sasol's overall score within the oil and gas producing sector decreased from 73% to 68%, while the industry average decreased from 58% to 52%, and the best from 79% to 77%. (See page 39).



An ongoing challenge for Sasol as a growth-orientated, high-tech company is to attract, develop and retain skilled artisans, technicians, engineers, scientists and other technical specialists.

addressing material sustainability challenges

Contributing to the global and national energy mix

With crude oil prices trading at unprecedented highs earlier in the reporting period, and with growing concerns relating to long-term energy security and climate change, the nature of the global energy supply mix is receiving increasing political attention. This growing focus on energy security, as typified by the recent G8 conference in St Petersburg where energy featured strongly on the agenda, presents Sasol with new and substantial growth opportunities.

"Our technology offers enhanced energy security, which is high on the agenda of most major oil-consuming regions that depend on imported crude oil from the Middle East. Finding new oil reserves will prove to be more difficult and more expensive to produce – it is not a question of if we run out of oil, but when. The world will need viable alternatives to oil. While GTL and CTL technology is clearly not the only alternative to crude oil, it is undoubtedly part of the solution."

Lean Strauss, group general manager

In South Africa, Sasol's country of domicile and the location of our main operations, there have been similar concerns about energy security. There have been questions, for example, about the timing of expanding South Africa's refinery capacity, as well as concerns about the ability of current electricity generation capacity to keep up with the country's projected economic growth.

To achieve greater energy security, countries are pursuing the increased use of their own domestic energy sources for greater flexibility in energy supply. Through its technology, Sasol can play an important role in both these aspects, providing us with opportunities in several regions in the world.

The year saw several developments that will have an important bearing on the nature of Sasol's growth plans and the extent to which we make an important contribution to the global and South African energy challenge:

- *the crude-oil price has doubled over the last three years;*
- *growing numbers of motorists and transport operators are now opting for diesel rather than petrol because diesel is more energy-efficient and economical;*
- *recent Middle East tensions, coupled with concerns about diminishing oil reserves, have heightened fears about the future security and affordability of energy supplies; and*
- *there is growing evidence of the potential significance of the adverse impacts of global climate change, as well as new policy developments that have an increasing impact on the energy industry.*

In the context of these developments, Sasol's integrated gas-to-liquids (GTL) and CTL fuel production technologies are likely to play an increasingly significant role in meeting growing energy demand in an environmentally responsible manner.

Growing our gas-to liquids (GTL) activities

An exciting development in our oil and gas portfolio is our ambition to be a key player in the world's emerging GTL industry. With Sasol's proprietary Fischer-Tropsch technology, we use the Sasol Slurry Phase Distillate™ (Sasol SPD™) process to convert natural gas into GTL diesel, GTL naphtha and some liquefied petroleum gas. During the year we made significant progress in our global GTL ambitions with the inauguration of our first international GTL venture – the ORYX GTL plant in Qatar – and the commencement of construction of the Escravos GTL plant in Nigeria.

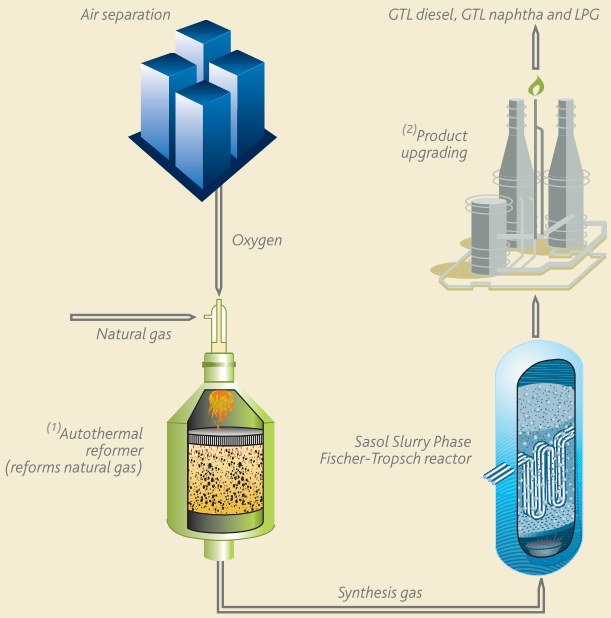
In addition to our existing GTL initiatives in Qatar and Nigeria, Sasol Chevron is holding discussions with Australia, Algeria and other gas-rich countries with a view to developing further GTL capacity. Sasol Chevron and other GTL players have the potential to produce 10% of the world's diesel requirements through GTL plants by 2020.

The development of these GTL initiatives, together with our partner Chevron, will enable us to:

- *produce premium-grade petrochemical products, particularly a low-emissions GTL diesel;*
- *capitalise on the growing trend towards dieselisation in many markets; and*
- *assist gas-rich countries to diversify their energy base, monetise underutilised natural gas resources and improve energy security.*

In the light of declining oil reserves, high oil prices and the world's extensive reserves of uncommitted natural gas, we believe GTL technology has a significant role to play in the global energy future. Leaders in energy, transport, political and environmental circles have long been calling for cleaner, more efficient fuels. We believe that

sasol slurry phase distillate™ process



(1) Sasol uses Haldor Topsøe technology, and
(2) Chevron's Isocracking™ technology, where possible.

"We believe that the high-quality GTL diesel produced through our Sasol Slurry Phase Distillate™ process will make an important contribution towards meeting these expectations."

the high-quality GTL diesel produced through our Sasol Slurry Phase Distillate™ process will make an important contribution to meeting these expectations. As part of the growing trend towards dieselisation, GTL diesel has the potential to help create a new standard for transport fuels.

The world's vast gas reserves, estimated to have an oil equivalent of at least 1 000 billion barrels, could meet human needs for at least another 60 years. Significantly, about half of these reserves are uncommitted, which makes them ideal for monetisation through GTL technology. What makes GTL technology all the more compelling is the superior quality of fuel. The GTL diesel that will be produced through the Sasol SPD™ process in Qatar and Nigeria will have better environmental and performance attributes than the cleanest conventional diesels currently being produced from crude oil.

ORYX GTL launch brings important socio-economic and environmental benefits

On 6 June 2006, Sheikh Hamad Bin Khalifa Al-Thani, Emir of the State of Qatar, officially inaugurated the US$950 million ORYX GTL plant at Ras Laffan Industrial City. ORYX GTL is a JV between Sasol (49%) and the state-owned Qatar Petroleum (51%). The facility is the pacesetter of the petroleum industry's focus to create a global GTL industry that is geared to unlock the world's vast natural gas resources for conversion into ultra-low-emissions diesel and other environmentally benign energy products.

ORYX GTL will be using about 330 million cubic feet a day of lean gas from Qatar's North gas field in The Gulf as feedstock to produce a planned 34 000 barrels a day (b/d) of liquids. This will comprise 24 000 b/d of GTL diesel, 9 000 b/d of GTL naphtha and 1 000 b/d of liquefied petroleum gas (LPG). ORYX GTL will be the first of a kind for the conversion of natural gas into liquid fuel. Qatar's North Field is regarded as the largest single non-associated gas reservoir in the world with total proven reserves of 900 trillion standard cubic feet.

The project is important for Qatar in terms of monetising its gas reserves while diversifying its product range and economy. Further planned expansions of ORYX GTL will be done in conjunction with Sasol Chevron. This includes increasing the capacity of the ORYX GTL to about 100 000 b/d and potentially building an integrated GTL plant with a capacity of about 130 000 b/d in future.

The 34 000 b/d ORYX GTL plant in Qatar.

Construction of GTL plant in Nigeria under way

In early 2006 construction commenced on our second international GTL plant using the Sasol SPD™ process. Like the recently inaugurated ORYX GTL plant in Qatar, the GTL plant at Escravos in Nigeria will have a 34 000 b/d capacity to produce GTL diesel, GTL naphtha and liquefied petroleum gas (LPG). It will convert associated gas found in Delta state of south-western Nigeria. Sasol is providing risk-based project finance for this venture. The GTL plant will be owned and operated by the Nigerian National Petroleum Corporation and Chevron Nigeria Limited, with Sasol, through Sasol Chevron, providing technology, operating expertise and product marketing support. The plant is expected to be brought into beneficial operation in 2009.

Construction on the gas-to-liquids plant at Escravos on the Niger Delta in Nigeria commenced earlier during 2006.

Developing our coals-to-liquids (CTL) technology

In addition to our pioneering GTL activities we are seeking to expand our CTL activities, which remain viable due to the world's abundant coal reserves. Recent studies suggest that crude oil and natural gas reserves could last for about 40 years and 60 years, respectively, while coal reserves could be usable for another 200 to 225 years based on current consumption rates. The fossil fuel that helped to power the Industrial Revolution has an important strategic role in meeting a significant percentage of the world's 21st-century energy requirements.

The case for promoting coal is strengthened by the development of clean coal technologies and the need for energy security. This case is particularly strong in those countries that have insufficient or no oil reserves, such as Australia, India, China and the USA, as well as South Africa where Sasol has been converting coal into high-quality fuels and chemicals since 1955. A large percentage of the world's coal reserves is found in three of the larger, higher-growth economies: the USA, India and China. All three countries are engaged in discussions with Sasol at different stages of advancement, with a view to developing CTL plants that will lessen their dependence on oil imports. Should Sasol build a CTL plant in the USA, this would be the first time that technology of this scale that has been developed in Africa would be exported to the USA.

The development of clean coal technologies, such as the integrated gasification combined cycle (IGCC) technology for power generation, combined with the potential for the capture and storage of concentrated carbon dioxide, has led to the availability of processes that are considered to be potentially more environmentally desirable than traditional coal-fired power plants. (See the box on pages 21 – 22 for the environmental implications of CTL and GTL through their life cycle). These clean coal technologies allow coal-rich countries to benefit from their extensive coal reserves, working with the growing global shift towards more environmentally acceptable technologies and processes.

We are seeking to expand our CTL activities globally. During the visit of Chinese Premier, Wen Jiabao, to South Africa in June 2006, two landmark agreements were signed. These agreements enable us to proceed with feasibility studies for the potential development of two 80 000 b/d CTL plants in Shaanxi Province and Ningxia Hui autonomous region. Should these CTL plants go ahead, they could be operational as early as 2012 and reduce China's oil imports by at least 55 million barrels a year.

Environmental implications of GTL and CTL through the life-cycle

As part of our commitment to minimising our environmental impacts and contributions to climate change, we have commissioned independent life-cycle assessment (LCA) studies to investigate the greenhouse gas (GHG) emissions and other environmental attributes of our GTL and CTL technologies. The studies provide a holistic view of the impact of GTL and CTL technologies on the environment by measuring impacts caused by producing, transporting and using the fuels on a well-to-wheels basis.

LCA assessment of GTL technology

Three independent life-cycle assessments of the environmental attributes of GTL were undertaken recently by Shell, Sasol Chevron and ConocoPhillips based on the relevant standards of the International Organisation for Standardisation (ISO). These LCA studies compare existing refinery systems with an assessment of the GTL technology at the time the studies were conducted. To compare the two systems (GTL and a conventional oil refinery), the services provided in each system are made identical.

An independent LCA expert was commissioned to review the LCAs and to provide a holistic view of how the technologies impact on the environment by measuring the impacts caused by producing, transporting and using the fuel. While each study differs in methodology, scope, sources of data and boundary conditions, the findings indicate similar overall trends.

In summary, it was found that in several environmental impact categories GTL fuels perform better than the refinery system and can potentially contribute less GHG to the atmosphere. GTL fuels result in significantly less air acidification and emissions of volatile organic compounds (VOCs), as well as generating less solid hazardous waste than the refinery. Vehicles using GTL fuel consume fewer petroleum resources per distance travelled than they do with conventional diesel. Being at an earlier stage of its development than refineries, the technology has the potential to be improved. Consumers and commercial fleet operators can benefit from the advantages of the GTL system without investment in, or changes to their existing infrastructure and assets.

More specifically, it was found (and is shown in the graph) that:

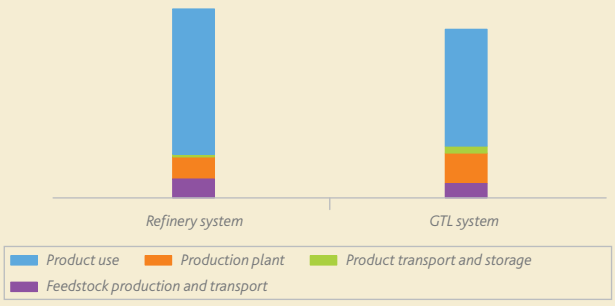
- *GTL typically has a neutral, if not positive, performance in terms of GHG emissions. Most scenarios examined suggest that the total GHG emissions of the GTL system may vary between 12% less and 11% more than the refinery system, depending on assumptions about the nature of the operating conditions.*
- *While GTL production exhibits disadvantages in terms of GHG emissions in the fuel production stage, GTL fuels offer advantages in the fuel combustion stage, which contributes about 75% of the total GHG impact of both the GTL and refining systems. Vehicles powered by GTL diesel consume fewer petroleum resources per distance travelled than conventional diesel.*
- *Refining technology has a lower total primary energy requirement. The refining system requires between 17% and 29% less energy to meet the same functions as the GTL system. Most of the difference arises in the fuel processing stage.*
- *The GTL system emits between 19% and 54% less acidifying emissions. Emissions of sulphur oxides (SO_x) and nitrogen oxides (NO_x) account for most acidification potential.*
- *The GTL system reduces the release of VOCs (such as benzene) by up to 36%. The benefit gained by the GTL system is in the upstream processing stage because in the refinery system most of the VOCs are emitted during the extraction and transport of crude oil.*
- *GTL production generates up to 40% less solid waste than the conventional refining system. In both systems the production stage generates the most waste and accounts for 80% of the total waste in a refinery system and 75% in a GTL system.*
- *The GTL system extends the availability of crude oil reserves by using remote gas reserves.*

LCA assessment of CTL technology

In a recent study of CTL technology, we estimated the life-cycle emissions of GHG from CTL compared with the refining of crude oil (through an oil refinery) and the refining of natural gas (using GTL technology). An important goal of this study was to examine the improvements presented by new opportunities for carbon capture and storage (see box on page 22).

The CTL process starts in the gasification plant, where coal is converted and purified into synthesis gas. The synthesis gas is converted through an indirect liquefaction process using Fischer-Tropsch technology to produce a synthetic form of crude oil.

Relative GHG contributions for the refinery based system and GTL over the life cycle



The final processing step involves the refining of the synthetic crude to produce mainly diesel and naphtha. The GTL process, in contrast to the CTL process, uses natural gas as feedstock, which is reformed to produce synthesis gas. Neither of these options produces heavy fuel oils. Corrections were made in the study for the absence of export electricity from these systems.

The CTL baseline option – in which no provision is made for carbon dioxide (CO_2) capture and storage – was expanded to include several sensitivities, including:

- *the use of natural gas to fire utilities, where available;*
- *the export of electricity generated from the tail gas produced in the liquefaction process, where markets exist; and*
- *options relating to carbon dioxide capture and storage – these could include any one, or a combination of, storage in deep saline reservoirs, oil reservoirs for enhanced oil recovery and/or coal seams for enhanced recovery of coal-bed methane.*

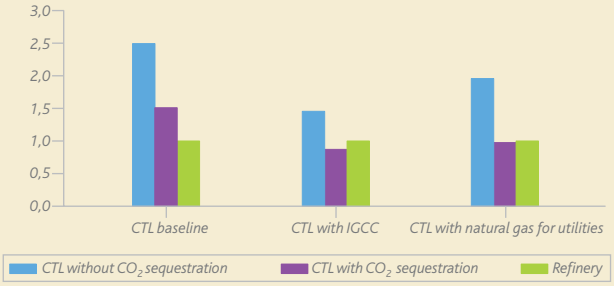
The results of the study indicate that the CTL option is significantly more GHG-intensive than the refinery or GTL options, which are similar in their GHG emissions. The difference between CTL and these two options, throughout the life cycle, is almost entirely due to the gasification of coal. Fortunately, a significant portion of the carbon dioxide produced in the gasification step is in a concentrated form, thus allowing for relatively easy carbon capturing for storage.

The next graph shows that the GHG emissions from a CTL facility can be significantly reduced when additional technologies are applied, yielding performance which is comparable with conventional refineries. The technologies are CO_2 capture and storage (also called sequestration), IGCC and the use of gas instead of coal to generate utilities like electricity and steam.

In the graph the conventional refinery performance is set at 1,0 and the other results are relative to that base. The set of columns on the left of the graph show CTL with and without sequestration compared with a refinery, and both are worse than the refinery. The middle set of columns shows CTL with and without sequestration but with the addition of IGCC. The combination of sequestration and IGCC delivers better GHG performance than the refinery.

The right most set of columns make the same point for the combination of sequestration and utilisation of natural gas for utilities. A further benefit of the CTL option is the much reduced emission of sulphur dioxide.

Relative greenhouse gas emissions
(comparison at CTL options with a refinery options)



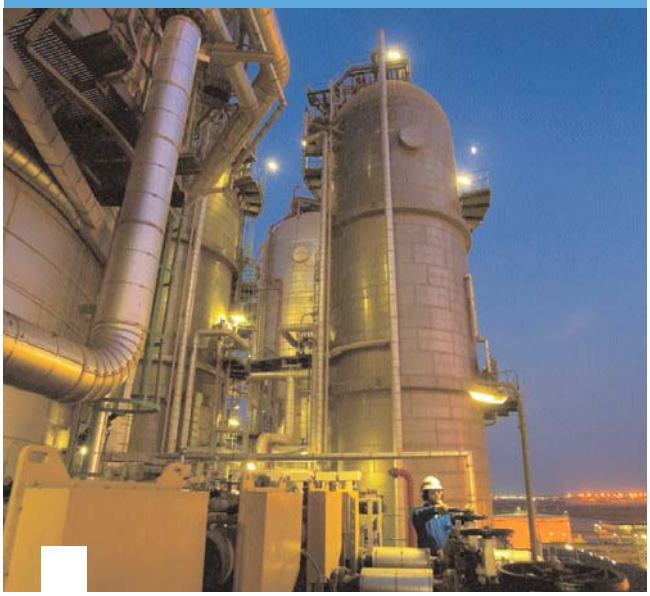
Understanding carbon dioxide capture and storage

The potential for carbon dioxide capture and storage (CCS) remains an important element in the more widespread acceptance and adoption of our CTL technology. CCS refers to the process that consists of separating carbon dioxide from industrial and energy-related sources, transporting it to a storage location and ensuring its long-term isolation from the atmosphere. The capture of carbon dioxide is particularly suited to large point sources of carbon dioxide emissions, such as large fossil fuel or biomass energy facilities, major CO_2-emitting industries, natural gas production, synthetic fuel plants and fossil fuel-based hydrogen production plants. Once captured, the carbon dioxide is compressed and transported for storage in geological formations, in the ocean, in mineral carbonates, or for use in industrial processes. Potential technical storage methods include:

- *geological storage (in geological formations, such as oil and gas fields, unminable coal beds and deep saline formations);*
- *ocean storage (direct release into the ocean water column or on to the deep sea floor); and*
- *industrial fixation of carbon dioxide into inorganic carbonates.*

The recently released special report on CCS by the Intergovernmental Panel on Climate Change (IPCC) provides a detailed review of the technical and financial implications of carbon dioxide capture and storage, and demonstrates that the potential for CCS is considerable. The report is available at www.ipcc.ch.

GTL fuels result in significantly less air acidification and emissions of volatile organic compounds (VOCs), as well as generating less solid hazardous waste than a conventional refinery. Vehicles using GTL fuel consume fewer petroleum resources per distance travelled than they do with conventional diesel.



The ORYX GTL plant in Qatar will play an important role after 2006 in helping to bring cleaner diesel to Europe and other markets.

Supplying natural gas to the Southern African market

Following the completion of our US$1,2 billion Mozambique Natural Gas Project (MNGP) in 2004, we started piping natural gas from Mozambique's onshore Temane field to our Sasolburg and Secunda sites, as well as Sasol Gas customers in South Africa.

This project has been delivering a series of benefits to Sasol, our stakeholders and the economies of Mozambique and South Africa. One of the most significant benefits has been realised at Sasolburg, where our odorous hydrogen-sulphide (H_2S) emissions associated with coal gasification have been eliminated.

Other emissions to the atmosphere – including carbon dioxide, sulphur dioxide, nitrous oxide and particulates – have also been reduced, as has water consumption per tonne of product. Despite these reductions, we recognise that there remains scope to further improve air quality in the region. In addition to the strategic and economic benefits of using natural gas, the decommissioning of long-serving coal gasifiers has simplified operations and reduced operational costs at Sasolburg.

In the industrial regions of Gauteng, Mpumalanga and KwaZulu-Natal, increasing demand for environmentally preferred natural gas is providing a growth dynamo for Sasol Gas, as well as economic and environmental benefits for its expanding customer base. In our 2006 financial year, natural gas enabled Sasol Gas to increase its year-on-year sales by 22% from 86,9 million gigajoules (M GJ) to 105,7 M GJ.

Natural gas allows larger energy consumers to consider the merits of investing in gas-based co-generation plants for co-producing electricity and process steam.

- *One major Sasol Gas customer at Richards Bay is about to commission South Africa's first stand-alone gas-fired industrial co-generation plant.*
- *Another gas-fired co-generation plant is under development in the KwaZulu-Natal Midlands and similar gas-based utilities are expected to be developed in industrial regions over the next 10 years.*
- *These gas-based co-generation plants can contribute appreciably to South Africa's energy grid at a time when demand for electricity is growing faster than in previous decades.*
- *In some cases, gas is also allowing some industrial energy-consumers to switch from less environmentally desirable energy sources to a cleaner one, thereby reducing emissions to the atmosphere in certain high-density industrial regions such as Durban South.*

Investigating the feasibility of bio-diesel

Recognising the importance of renewable energy as part of our commitment to sustainability, we support the South African Government's commitment to diversify the energy mix in South Africa towards renewable energy. Biodiesel is a renewable diesel blending component that is manufactured from vegetable oil (such as that derived from soybeans or rape seed) by catalytic reaction with methanol. Biodiesel can be blended readily with conventional fossil diesel without any need for vehicle modifications. Biodiesel contains little sulphur and is clean-burning and reduces most tailpipe emissions, such as carbon monoxide, particulates and aromatic compounds.

We are considering the feasibility of constructing a 100 000 tonne per annum (tpa) soybean-based biodiesel plant in partnership with South Africa's state-owned hydrocarbon energy corporation, the Central Energy Fund (CEF), and a consortium of BEE investors. We recently signed a memorandum of understanding to conduct a feasibility study to test the viability of such a venture before an investment is made. The proposed biodiesel plant will require more than 500 000 tonnes (t) of soybeans to produce 100 000 t of biodiesel. The feasibility study, which should be completed by the end of 2006, will also look at facility location options.

A pre-feasibility study conducted by Sasol in cooperation with the CEF indicated potential for commercial-scale production of this energy source if supported by appropriate fiscal incentives. We are

confident that a large-scale, commercial biodiesel facility will create an important opportunity for emerging farmers.

Making a significant contribution to South African fuel security

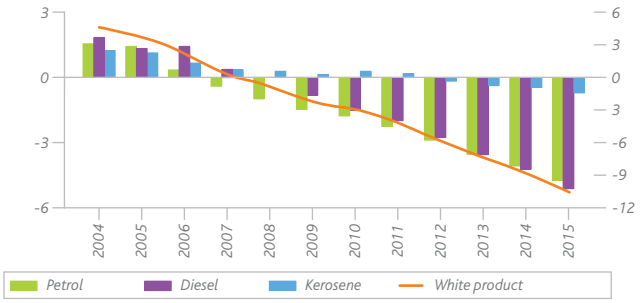
As part of its macro-economic policy framework, the South African Government has set itself the target of an annual 6% economic growth rate. It is anticipated that the achievement of this target will have significant implications for access to locally produced fuel, possibly leading to a rapidly increasing shortfall. In a supply-constrained world this leads to concerns about petroleum supply security for South Africa.

The graph below illustrates the expected supply/demand balance for the liquid fuels industry in South Africa over the next 10 years, suggesting that significant investment in local fuels production capacity will be required to avoid large imports of final product. As energy supply security is a key objective of the government, it is anticipated that – for strategic and economic reasons – the construction of a new crude-oil refinery or an additional synthetic fuels plant will be planned for soon. We believe that when compared with a conventional crude-oil refinery, increased fuel production through a synthetic fuels production facility will add significantly more jobs, contribute to the beneficiation of local minerals, and promote enhancement of gross domestic product (GDP) growth and foreign exchange savings.

Sasol Synfuels is planning significant natural gas and coal-based investments to expand its capacity by up to 20% over the next ten years. The expected increase in volumes produced by 2010 would be an additional 9 000 b/d.

We believe the expansion of refining capacity is especially important considering that South Africa is on the verge of becoming short of refining capacity. This will result in the country becoming increasingly dependent on direct fuel imports to meet its transport energy demands. Indications are that South Africa would need to import at least 2,1 million barrels of fuel in 2007, growing to 14,1 million barrels of fuel in 2014, which, at current prices and exchange rates, would impact negatively on annual balance of payments by R9,4 billion. The South Africa Government recently announced that it is considering options for new fuel production capacity in the country. Sasol is a party in this process.

Projected supply shortfall at 6% GDP growth *(Billion litres)*



launch of integrated energy centres

In November 2005, the then South African Deputy Minister of Minerals and Energy (DME), Ms Lulama Xingwana, opened a R2,5 million integrated energy centre (IeC) in Limpopo, South Africa. This is the first of five IeCs in the province and will deliver energy essentials such as petrol, diesel, illuminating paraffin and candles to the rural poor in Mutale. An IeC is developed in an area where people would otherwise have to travel great distances at high cost to obtain fuels for cooking, heating, lighting and other everyday energy requirements.

The launch forms part of a R15 million investment by Sasol to establish five IeCs in poverty nodes identified by the South African Government as part of its Integrated Sustainable Rural Development Plan.

The launch forms part of a R15 million investment by Sasol to establish five IeCs in poverty nodes identified by the South African Government as part of its Integrated Sustainable Rural Development Plan. We have established these IeCs in partnership with the DME. Our involvement includes undertaking feasibility studies and environmental impact assessments, constructing the IeCs, providing training for employees, and ensuring management and the supply of products.

Recognising that access to basic, clean energy services is essential for sustainable development and poverty eradication, and provides major benefits for promoting health, literacy and equity, the IeCs have been targeted by the government as growth drivers for capacity building in poor and underdeveloped rural communities.

The Mutale IeC is a cooperative owned by 102 members of the community and represents about 143 villages. These communities are served by six councillors and have a population of about 80 000. More than 80% of the IeC cooperative members are women and youths. Their efforts will be coordinated by the Mutale Municipality, which administers the Rammbuda, Thengwe, Tribal Makuya, Tshikundamalema, Mutele and Manenzhe areas. The IeC has created 10 new job opportunities, of which five have been filled by women, in a rural area where extremely limited employment opportunities, infrastructure and services exist. Staff and board members were trained at the Sasol Academy at Sasolburg. Sasol and the DME will next establish IeCs near Mafikeng in North West, and at Qunu in the Eastern Cape. Sasol recently established IeCs at Laxley, near Kuruman in the Northern Cape, and at Caba-Mdeni, near Matatiele in the Eastern Cape.

addressing material sustainability challenges

Working to improve Sasol's safety performance

In response to the series of safety incidents that occurred during 2004, Sasol appointed DuPont Safety Resources to perform a comprehensive safety review of our South African operations. The observations and recommendations emanating from this review, conducted during the first quarter of 2005, formed the basis of a comprehensive group-wide safety improvement plan (SIP), as well as a series of site-specific safety plans.

"We work for a vibrant, good, safe company. Since the incident in 2004, the company has come miles, together with organised labour, to really do something about safety."

Sasol trade union representative

We introduced this SIP in the 2005 financial year along with a safety charter, which we signed in June 2005 with three trade unions that represent a high percentage of our South African workforce: CEPPWAWU (the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union), SACWU (the South African Chemical Workers' Union) and Solidarity. Since then, we have embarked on a comprehensive change management programme aimed at embedding a culture of safety throughout the organisation. Safety has been adopted as one of Sasol's core values.

Ensuring the effective implementation of the SIP and promoting an effective culture of safety throughout the company remains one of Sasol's top priorities.

Evidence of progress in improving our safety performance

Progress to date has been encouraging, with some operations, including Sasol Polymers and Sasol Solvents, achieving our targeted RCR of 0,5 at some stage during the financial year. The recordable case rate is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. An RCR is the number of fatalities, lost workdays, restricted work cases, transfer to another job cases and medical treatments beyond first-aid cases for every 200 000 employee hours worked, on a 12 month rolling average basis.

We had set an interim target of halving our worldwide RCR to 0,5 by June 2006 (a maximum of one case for every 400 000 employee hours) because this figure is considered to be in line with global best practice.

By 30 June 2006, we had achieved our best ever year-to-date RCR of 0,68. While it is disappointing that we failed to achieve our interim target, this is nevertheless a valuable improvement on the rates reported for the previous four financial years.

Notwithstanding this improvement in our safety performance, it is saddening to report that one company employee and three service provider employees were fatally injured in workplace incidents this year. This compares with 17 fatalities in the previous year and nine in our 2004 financial year. While there has been a noticeable reduction in fatalities, and commensurate reduction in fatal accident rate, any fatality is unacceptable.

Our goal remains zero fatalities. Further details are provided in our safety performance section (see page 57).

Independent evaluation underscores safety improvement

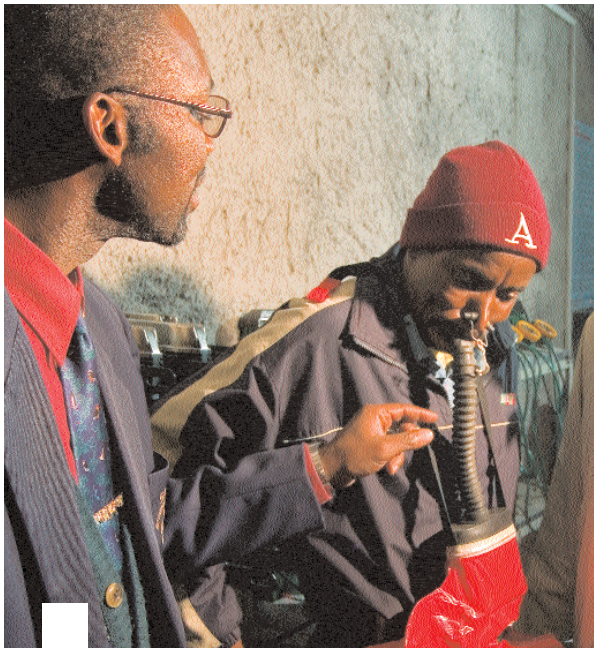
To evaluate our progress in promoting safety we commissioned DuPont Safety Resources to conduct an independent follow-up review of the safety practices of our South African operations. The following business units and sites participated in the progress evaluation conducted between February and April 2006:

- *Sasol Infrachem, Sasol Wax, Sasol Polymers and Natref in Sasolburg;*
- *Sasol Solvents and O&S, Sasol Nitro-(fertiliser business unit) and Sasol Mining in Secunda; and*
- *the Sasol Nitro (explosives business unit) in Secunda.*

The DuPont review team spent time at each of these operations. During this period, safety practices were evaluated, and recommendations on both occupational and process safety management practices were made. In the interests of transparency, copies of the findings of the progress evaluation report, as well as the initial safety review, are available on our website. The progress evaluation report includes specific recommendations for each of the reviewed sites.

Following is a brief summary of the general recommendations that apply to all the reviewed business units.

- *A major emphasis is needed on the acquisition and retention of professionally trained and experienced SH&E personnel. A strategic human resources (HR) plan needs to be developed to identify and fill mid- and long-term staffing needs in the SH&E arena.*



Regular medical examinations of factory and mine employees are an essential part of our international occupational health and safety programmes.

Sasol employees and contractors in South Africa worked diligently to improve safety performance during the year - and will be supporting the group's second safety improvement plan during our 2007 financial year.

- *Ongoing attention to behavioural safety is essential to establishing a safety culture. Winning over the hearts and minds of first-line supervision and operators is critical. Management must establish innovative and consistent programmes to realise this goal. Providing training lower down the organisation remains a priority.*
- *The sharing of best practices needs to be both formalised and driven throughout the organisation. A wide variety of best practices is available inside and outside Sasol that need to be leveraged.*
- *A review is needed of incident investigation processes to ensure all important information is properly captured during investigations. Root causes should be validated and all recommendations should be closed out.*
- *A definition needs to be developed of the "near-miss" incidents that require reporting and investigation. This should include guidance on the criteria to be used to start a full investigation. Near-miss incidents should be investigated because they provide valuable lessons for recurrence prevention.*
- *The process safety management implementation plan should be reviewed. Issues include resources, a realistic time-frame and budget, and a proper communication strategy.*

The report concluded with the following observation:

"While there are still many improvement opportunities, Sasol needs to be commended for the results achieved. The mind shift on what managing safety really means has clearly started to take place. The results, if measured by injury statistics, are clearly visible. But Sasol must be aware that these improvements must be sustainable and that further improvement is required. Continuous improvement will lead to world-class safety performance. This report highlights the key recommendations that will bring Sasol to that world-class level. DuPont believes that Sasol has the ability and motivation to make the step change."

Sasol's second safety improvement plan (SIP2)

On the basis of the 2006 Safety review, a revised safety improvement plan has been developed and is being rolled out. The main focus areas of this plan are on:

- *improving personal attitudes to safety by implementing measures aimed at further strengthening senior management commitment and visibility, demonstrating zero tolerance and ensuring consistent discipline;*
- *further developing safety management skills and competency by providing incident investigation training, rolling out hazard identification training to shop floor level, implementing a SH&E staff competency improvement plan;*
- *reviewing SH&E roles and responsibilities at corporate and group level;*
- *undertaking annual cross-site reviews of service provider management and performance, and regular reviews of service provider training;*
- *revising and improving the process safety management implementation plan;*

Benchmarking our safety performance data

To assist in evaluating Sasol's safety performance, we have benchmarked our performance figures with some of our peers in South Africa and internationally. In reviewing these figures, it is important to appreciate that the products, processes, equipment and regulatory reporting requirements in each of these companies may differ significantly. The data provided below is not intended to be used as a basis for making direct company-to-company comparisons, but rather is intended to provide a general indication – at a broad level only – of how we compare with other large companies.

We have chosen to benchmark our performance against the following companies in the energy, resources and chemicals sectors: AECI, Anglo American plc, BP, Chevron, Dow Chemicals, Eskom and Royal Dutch Shell. The data from each company comes from their most recent publicly available sustainable development report. We have only quoted those figures that have been cited in these reports, using comparable data only where this is available. In addition we have included the published average figures for the chemical companies that are members of the American Chemistry Council (ACC), as well as publicly available data for the South African coal-mining industry.

Company	Recordable case Rate (employees and contractors)	Lost Time Injury Frequency Rate	Total number of fatalities (employees and contractors)	*Fatality rate	No. of employees
SA coal mines (2005) [8]	1,44	0,34	16	0,03	–
US Responsible Care companies (2005) [9]	1,23	0,29	7	0,002	–
AECI (South Africa) (2005) [1]	1,09	0,59	0	0	7 250
Sasol (2006)	**0,87**	**0,24**	**4**	**0,005**	**33 087**
BP global (2005) [3]	0,53	0,11	27	0,03	96 200
Royal Dutch Shell (2005) [7]	0,50	0,18	36	0,07	109 000
Dow Chemicals (US) (2005) [5]	0,40	–	3	–	42 413
Chevron (2005) [4]	0,38	0,84	6	–	53 440
Anglo American plc (2005) [2]	–	0,94	46	0,017	128 000
Eskom (2006) [6]	–	0,40	22	–	29 697

1 AECI annual report (2005) – www.aeci.co.za
2 Anglo American report to society (2005) – www.angloamerican.co.uk
3 BP sustainability report (2005) – www.bp.com
4 Chevron corporate resonsibility report (2005) – www.chevron.com
5 The Dow Chemical Company 2005 corporate report – www.dow.com
6 Eskom 2006 annual report – www.eskom.co.za
7 The Shell sustainability report 2005 – www.shell.com
8 MHSC annual report 2005/6 – www.simrac.co.za
9 US Chemical – www.responsiblecare-us.com/safety.as

*All rates above are normalised per 200 000 hours

- *developing and implementing group and site-specific safety plans; and*
- *further developing the minimum requirements relating to safety.*

During the year various safety initiatives were implemented. We:

- *provided hazard identification training courses and safety workshops at our operations;*
- *finalised a service provider management standard for South Africa;*
- *developed an implementation plan for process safety management;*
- *introduced a safety performance incentive initiative; and*
- *launched the Life Saving Behaviours campaign, which highlights positive safety practices for each of the most common causes of incidents at Sasol.*

All businesses have implemented their own site-specific safety plans, the progress of which is monitored by their boards.

Sasol establishes a trust in response to the September 2004 accident

In May 2006 Sasol reached agreement with two trade unions, Solidarity and CEPPWAWU, as well as their legal representative, to establish an independent trust to assist those affected by the explosion in Secunda on 1 September 2004. The aim of the September 2004 Accident Trust is to provide grants to persons who were injured in the Secunda accident and to the dependants of those who were injured or died in that event. The trust has invited qualifying victims of the accident to submit applications for compensation.

The grants made by the trust will be calculated in accordance with the applicable legal principles for the harm and loss suffered by them as a result of the accident to the extent that they have not been compensated previously. The independent trustees of the September 2004 Accident Trust are Advocate John Myburgh (SC), Dr Marrianne Felix and Marie Haasbroek of Molebedi Trust (a subsidiary of BOE). Advocate John Myburgh is the chairman of the trust, which functions independently from Sasol, CEPPWAWU and Solidarity and is administered by the Molebedi Trust. The trustees agreed to assume their duties upon mutual agreement between Sasol and the unions.

"The achievement of the trust fund represents a magnificent victory for workers in general, and sets a new precedent in South Africa. As much as we, as a union, had put pressure on Sasol to achieve the trust, we want to praise them for it. The company has taken the lead in South Africa in terms of this type of action for compensation."

Sasol trade union representative

Sasol has agreed to provide the September 2004 Accident Trust with funds to pay the ex gratia grants, and also to pay the costs of the trust. While accepting social responsibility, creating the trust is not an acknowledgement of legal liability for the incident. Through the trust Sasol feels that it is expressing its social responsibilities in a concrete manner. The trust provides individuals and dependants who suffered as a result of the incident with an independent mechanism to obtain compensation for loss and harm in an expeditious manner without having to resort to legal processes to determine legal liability.

CEPPWAWU, Solidarity and their legal representative have expressed their support for the trust. They will assist people in making application for, and receiving, ex gratia grants. We believe this agreement will overcome some of the current shortcomings in the South African compensation legislation and will set a new standard by ensuring those workers who were injured, as well as the dependants of the deceased, will receive fair compensation.

addressing material sustainability challenges

Ensuring sustainable growth through skills development

As a globally expanding high-technology company, our operations require a wide range of skills, from highly proficient scientists and engineers, to lawyers, financial specialists and artisans. Our current and future success depends on our ability to attract, retain and develop highly skilled individuals.

In South Africa, there is a recognised shortage of suitably skilled labour, and it is a challenge to acquire the required professionals to help us sustain Sasol's growth. There is a concern that the formal education provided by the public sector will not be sufficient to address this shortfall, and there are thus growing expectations on the private sector to play an increased role in providing technical training and skills development.

"The most fatal constraint to shared growth (in South Africa) is skills, and it should be noted that skills are not just one of the constraints facing growth but a potentially fatal constraint. That fact should be admitted with emphasis. We have to overcome the shortage of suitable skilled labour if our dreams for this economy are to be realised; the task is huge."

South African Deputy President, Phumzile Mlambo-Ngcuka (March 2006)

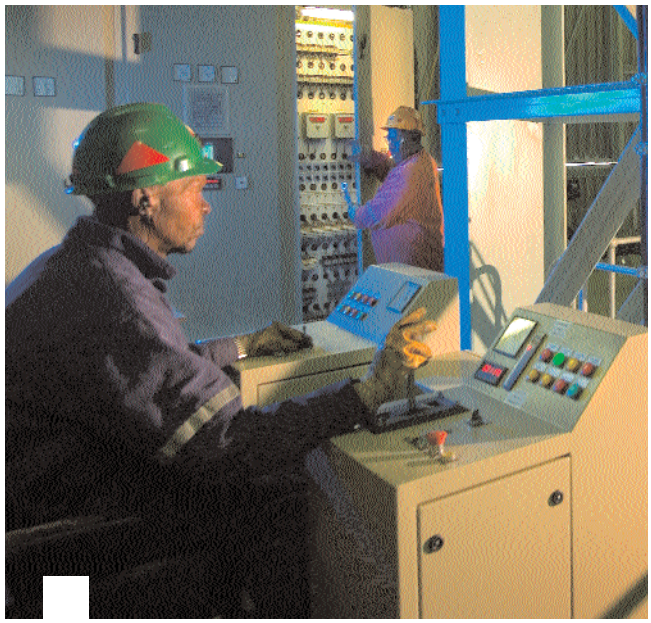
Taking a long-term view

As we embark on our expansion of local and international operations, the demand for skills at all of our sites becomes more critical. This is particularly true when international expansion requires that skilled locals be transferred from local operations to overseas sites. Keeping our staff motivated and at the cutting-edge of their field requires an advanced and integrated human resource strategy.

One of the strategies we use to meet these human resource demands, based on forecast company growth, is our 10-year people plan. The plan enables us to align our future objectives more closely with current human capital strategies. We have allocated significant increases in expenditure aimed at technical skills training, leadership development, employment equity, and retention strategies.

We have developed an integrated talent management strategy aimed at ensuring that we continue to attract and retain necessary skills for the businesses. Through this strategy – our talent pipeline approach – we seek to identify and develop essential skills areas successfully, and to fill critical and new positions quickly and with confidence.

Our commitment to the strategic value of HR has been demonstrated in the recent appointment of Nolitha Fakude as the first group executive director directly responsible for group HR.



Sasol remains a major investor in developing skills in South Africa.

Linking skills development with the transformation imperative

Core to our vision for a sustainable future is the need to develop the potential of individuals from historically disadvantaged backgrounds. With this in mind, we established an accelerated leadership development programme (ALDP), through which we fast-track the development of high-potential individuals drawn from historically disadvantaged groups. A personalised development plan is drawn up for selected candidates, based on extensive psychological assessment, line management feedback and individual aspirations. This is followed by a two-year plan during which they are exposed to individual coaching, study school participation and an international study tour.

This programme supports our employment equity commitments and, at the same time, provides a key talent pool for filling management and specialist positions with competent individuals. It is now in its fourth year, with 60% to 70% of participants from the first three ALDP intakes progressing to managerial positions.

Increasing the artisan pool

While highly skilled professionals and leaders are the driving force for innovation at Sasol, we are as dependent on skilled artisans in the engineering and technical fields. Demand for qualified artisans

becomes especially critical during maintenance shutdowns when, for short periods, large numbers of artisans are required. South Africa is struggling to supply the number of artisans required to sustain industry. This is likely to become an increasing concern with the imminent construction of new power stations by Eskom, a new train system in Johannesburg and Pretoria (the Gautrain) and the upgrading of South Africa's ports, among other major capital projects.

To address this concern, we have been active in an industry-wide initiative that launched the oil, gas and chemicals manufacturing skills development project. In partnership with the Chemical Industries' Education and Training Authority (CIETA), the project has supported training of more than 800 learners. Sasol is also an active participant in the South African Government's Joint Initiative on Priority Skills Acquisition (JIPSA), a recently launched high-profile partnership initiative involving government departments, the corporate sector, organised labour and academia and aimed at developing the engineering, artisan and technical skills needed for infrastructure development and public service and social services delivery in South Africa. During the year, we trained about 350 artisans at our Sasolburg, Secunda and Sasol Mining operations.

Nurturing talent from the bottom up

While it is paramount to ensure ongoing development of our current employees, it is equally important for us to secure new talent regularly. Unfortunately, however, South Africa's students were recently judged as some of the world's worst performers in maths and science, the critical foundation subjects for a high-technology business such as Sasol. To help secure the pipeline of talent that we need – and to contribute to a more educated society – we invest nearly R50 million annually in maths and science education through corporate social investment (CSI) initiatives, sponsorships and bursaries at secondary and tertiary education levels.

"One of the key challenges that Sasol faces is the sustained shortage of skilled labour – particularly artisans – and the impact that this has on sustainable operations."

Sasol employee

We are evolving and implementing, across the group, a best-practices performance management system. Central to this new system is our shared approach to coaching and mentoring employees. In time, all line managers worldwide will have undergone training to promote performance management, mentoring and the sharing of best practice in leading and coaching people. We strive to apply a world-class rewards and remuneration system when evaluating and recognising employee performance. Sasol endeavours to keep employees fairly remunerated in line with market trends and a structured job evaluation process.

Receiving recognition for our activities

Our success in building a world-class employee base was recently recognised when we were voted, in an extensive student survey, as South Africa's Ideal Employer of Engineering and Science Graduates. In another national survey conducted by the Corporate Research Foundation in 2005, Sasol was evaluated as the sixth of the South African top 10 best companies to work for.

Our commitment to developing and promoting skills, shared values and an enhanced safety management process contributed towards Sasol's evaluation as one of the best companies to work for in South Africa.

addressing material sustainability challenges

Supporting black economic empowerment (BEE) in South Africa

Our biggest economic challenge in South Africa is to play a successful role in stimulating the advance of the broad-based economic empowerment of historically disadvantaged South Africans, particularly African, Coloured and Indian people. We see this as a strategic economic and business initiative.

To promote our commitment to BEE in South Africa, we operate a BEE coordination office in Johannesburg. This office reports to our chief executive and GEC, and oversees all corporate BEE activities, which have six main components:

- *introducing into our South African businesses equity ownership by historically disadvantaged people;*
- *procuring goods and services, preferentially, from historically disadvantaged South Africans;*
- *progressing employment equity in our South African businesses;*
- *building human capacity and talent in the industry;*
- *facilitating the development of smaller BEE enterprises; and*
- *advancing social upliftment initiatives.*

Preparing empowerment deals

Two major empowerment deals were concluded this year. In March 2006, Sasol Mining, our wholly owned coal-mining business, announced the first-phase implementation of its broad-based BEE strategy through the formation of Igoda Coal (Pty) Ltd, a 65:35 empowerment venture with Eyesizwe Coal (Pty) Ltd, a black-owned mining company. As a result of this transaction, the BEE ownership component in Sasol Mining will comprise about 8%. At the time, Sasol Mining announced plans to expedite the second phase of its broad-based BEE ownership strategy, which will see it achieve a 26% BEE shareholding by 2014.

Igoda Coal comprises the full value chain of Sasol's coal-export mining business: the Twistdraai Colliery and beneficiation plant at Secunda; the marketing and logistics components of its coal-export business; and Sasol Mining's 5% shareholding in Richards Bay Coal Terminal north of Durban. Worth almost R1,4 billion, Igoda Coal will mine, beneficiate, market and supply utility coal for the international export market. It will produce a minimum export production of 3,6 million tonnes per annum (Mtpa) and will supply about 4 Mtpa of middlings coal to Sasol Synfuels at Secunda.

Sasol Mining's future broad-based empowerment ventures will further assist operational capacity-building in the mining sector.

"For us at Sasol, transformation is a strategic, business and moral imperative. BEE is a fundamental prerequisite for South Africa's long-term socioeconomic development and sustainability. Our recent – and forthcoming – announcements are indications that we are well down the track to creating sustainable broad-based empowerment ventures."

Pat Davies, Sasol chief executive

Sasol Mining intends to create a new, sustainable BEE entity which will be involved in selected mining operations. This entity will preferably include an operational women's group and other broad-based stakeholders, drawn from historically disadvantaged groups in South Africa. Eyesizwe Coal's operational expertise will play an important role in helping Sasol Mining to further develop operational capacity-building with new BEE entrants. Further announcements are expected in the year ahead.

The R1,45 billion Tshwarisano broad-based BEE transaction was concluded in June 2006. Seen at the launch in 2005 are: Reuel Khoza (promoter); Phumzile Mlambo-Ngcuka, South Africa's deputy president; Pat Davies, Sasol chief executive; Hixonia Nyasulu, Sasol non-executive director and Dr Penuell Maduna (promoter).

In June 2006, we concluded the R1,45 billion Tshwarisano broad-based BEE transaction, in terms of which Tshwarisano acquired a 25% shareholding in Sasol's liquid fuels business (LFB) housed in Sasol Oil (Pty) Ltd. Sasol is providing considerable facilitation and support for Tshwarisano's financing requirements, which will significantly lower Tshwarisano's cost of borrowing. In addition, we are establishing and funding trusts within Tshwarisano for the benefit of underprivileged communities.

Expanding our BEE procurement

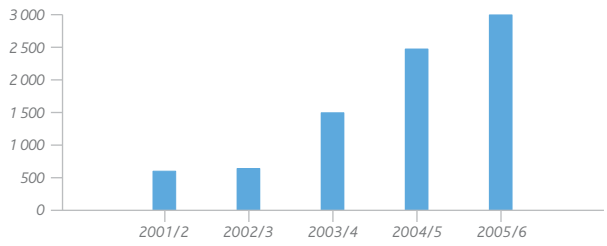
Sasol has continued to increase its annual BEE procurement spend. At the end of our 2006 financial year, our procurement spend with BEE suppliers was approximately R3 billion against a target of R2,6 billion. This performance is above target and represents 27% of our controllable spend (defined as the total external expenditure, less spend with parastatal companies owned by government and also excludes crude oil purchases).

The current classification for a BEE supplier is narrow-based and dependent on the supplier's equity status. The majority of the Sasol spend reported with BEE suppliers falls in the category of more than 50% BEE shareholding.

Facilitating smaller BEE enterprises

With the aim of encouraging the development of smaller and medium-sized enterprises to supply goods and services to Sasol where the market would not otherwise render these, Sasol has established the Sasol Medium Business Enterprise Initiative, Siyakha. The Siyakha board of trustees and operating committee is fully operational and meets regulary. The business development activities

BEE procurement spend (R million)



Providing for social and environmental issues in our expanding retail network in South Africa

During the year, 33 new Sasol- and Exel-branded retail service stations were opened, with another 12 under development and a further 30 planned at year end. More than 50% of the Sasol- and Exel-branded service stations are operated by historically disadvantaged South Africans, a definition that in this context includes white women. If white women are excluded, the percentage at 30 June 2006 was 37%. It is our intention to franchise 75% of all future service stations to black South Africans in line with a wider national programme to economically empower historically disadvantaged South Africans. Furthermore, each site is established in accordance with relevant regulatory requirements relating to environmental impact assessments. The design, installation and maintenance of the underground fuel tanks at the retail forecourts have been undertaken with the aim of minimising any potential for adverse environmental impacts.

of Siyakha have commenced, with two initial manufacturing projects initiated in Mpumalanga, South Africa, both with significant potential for growth and job creation. The enterprise for the manufacture of high-quality SABS-certified overalls is an exciting women-owned business, with significant growth potential.

In another important development, it was agreed this year that the Highveld Ridge Business Development Centre (HBDC) – a small enterprise development initiative that Sasol has supported and funded over the past decade – would be taken over by the government's Small Enterprise Development Agency (SEDA) with the aim of preventing duplication and allowing local small-business owners to have access to the capacity created by this national initiative. Through SEDA, government has consolidated various smaller initiatives that previously led to fragmented service delivery and confusion among small business owners and entrepreneurs.

In terms of the new initiative, the SEDA branch will take over both the HBDC's personnel and the business support and development functions. Sasol has entered into a service level agreement with the newly established branch, to ensure support to its suppliers and will remain an active stakeholder in the new institution.

Contributing to new BEE codes

The South African Government has recently published for comment its draft codes of good practice on broad-based BEE. We have commented extensively on these draft codes, and are currently executing strategies to ensure alignment with them. Although we recognise the value of the proposed change towards a more inclusive approach to empowerment, we envisage that the codes will have an impact on our BEE procurement performance during the initial stages of implementation. Based on our past performance record, however, we are confident that we will achieve our empowerment imperatives within the required time frames.

Dr Benny Mokaba

Christine Ramon | Nolitha Fakude | Hixonia Nyasulu

New appointments at board level

Greater representation at the most senior level was achieved when four new appointments to the Sasol Limited board of directors were announced during the 2006 financial year.

In October 2005, ***Nolitha Fakude*** *joined Sasol as an executive director responsible for our global human resources.*

In May 2006, chartered accountant ***Christine Ramon*** *joined the group as the new chief financial officer after a successful tenure as the chief executive of Johnnic Holdings Limited.*

Dr Benny Mokaba*, former executive chairman and regional vice-president of Shell Southern Africa, joined the Sasol executive team in May 2006. He is responsible for Sasol's South African energy businesses, including Sasol's synfuels, gas and liquid fuel business, as well as shared services at Secunda.*

In addition to these three new executive appointments, ***Hixonia Nyasulu*** *joined the Sasol board of directors as a non-executive director with effect from 1 June 2006. She is a director of Tshwarisano LFB Investment, our empowerment partner in our South African liquid fuel business, Sasol Oil.*

our management framework for sustainable development

Integrating sustainable development into our vision and values

- Three new group-wide sustainability targets approved.
- Sasol group SH&E minimum requirements defined.
- Appointment of single external auditor to ensure consistency and higher standards.
- External recognition for Sasol's sustainability reporting activities.

Since publicly committing to sustainable development as a strategic priority in 2000, Sasol has been evolving the management framework needed to provide our businesses with the policies, governance structures, targets and reporting systems to manage the risks and opportunities associated with improving our economic, social and environmental performance.

Our commitment to sustainable development is intrinsic to our vision and values. It is integral to our drive towards facilitating positive transformation in our company, as well as in South African society and its economy. This commitment also supports our goal of being a globally respected, world-class company characterised by values-driven leadership.

We believe there is an important values-driven argument for promoting sustainable development. We are also convinced that the promotion of sustainable development yields an important competitive advantage. It enhances the reputation of our business, contributes to our goal of being a global company of choice and results in improved longer-term business performance through more effective risk management practices.

Defining sustainable development within Sasol

With the aim of implementing sustainable development throughout the group, we have defined the concept as "the internalisation of environmental and social responsibilities into our core business strategy, in a phased manner that enables us to deliver lasting benefits to current and future generations of shareholders, employees and all other stakeholders".

Economically:

- we recognise the importance of responsible and transparent corporate governance and risk management practices;
- we remain firmly committed to promoting economic development in South Africa and Southern Africa, while maintaining a strong focus on expanding our activities globally; and
- we are implementing measures aimed at promoting the broad-based economic empowerment of historically disadvantaged South Africans.

Socially:

- we strive to maintain a safe, productive and equitable workplace, while at the same time making a positive socioeconomic contribution in the communities in which we operate;
- we have committed to improve our performance in occupational health and safety, as well as minimise the risks of Aids and life-threatening diseases;
- we are implementing practical measures aimed at nurturing the intellectual capital of our employees and thereby fostering a culture of equal opportunity;
- we believe in recruiting and rewarding employees based on merit and with due regard for human rights and fair labour practices; and
- we recognise the value of building open and constructive relations with our stakeholders and are committed to sustaining social investments, particularly in under-resourced communities in South Africa and Mozambique.

Environmentally:

- we are striving to decrease our environmental footprint by reducing waste and emissions, as well as water and energy consumption per unit of production, and remediating contaminated sites;
- we promote the adoption of a life-cycle approach to all the products we develop, manufacture, use, distribute and sell; and
- we are committed to investing in the production of cleaner fuels and are actively promoting research into cleaner production opportunities, including the sequestration of carbon dioxide.

We have evolved a corporate sustainable development management framework to address these various activities and to ensure we remain driven to pursue continuous improvement in line with global best practice.

Our sustainable development management framework

Sasol's sustainable development management framework covers our international construction, exploration, production, research, and marketing and sales activities in all countries in which we operate.

At year end, through our businesses and JVs, we had activities underway in 35 countries:

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

Besides these countries, we are examining possible new investment opportunities in India and Algeria.

Our larger production activities are concentrated in South Africa, Mozambique, Qatar, Germany, Italy and the USA. In the immediate years ahead, Nigeria and Iran will also host important production operations through new JV production facilities that will come on stream.

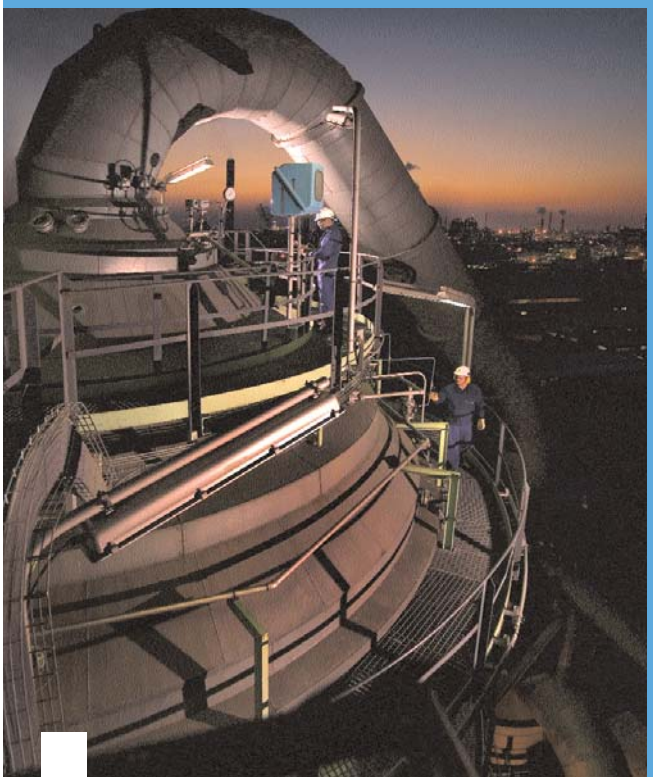
Corporate governance

A comprehensive account of our corporate governance practices – including details on the structure of the board, the appointment of directors, the nature of internal control and risk management practices, and disclosure requirements – is provided on pages 10 – 15 of the Sasol annual financial s.tatements (available at www.sasol.com)

Understanding the business case for sustainable development at Sasol

In addition to the "values" case for promoting sustainable development, we recognise there are important commercial advantages to acting 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 for the following reasons:

***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.*



***Access to financial markets:** The introduction of initiatives such as the Equator Principles, the increasing growth in social investment funds, and initiatives such as the DJSI and the JSE SRI Index, have made it increasingly apparent that socially responsible practices can improve access to financial markets and reduce the cost of capital.*

***Enhancing reputation:** We recognise that companies – particularly those that operate at a global level – are coming under increasing scrutiny from various stakeholders and that there are significant and potentially costly reputational risks associated with unsustainable practices.*

***Staff motivation and retention:** Our reputation has an important bearing on our ability to attract and retain the best employees at all levels, which is critical to our sustained growth. Furthermore, we believe employees who are happy at their workplace will develop greater innovation and productivity.*

***Freedom to operate:** By maintaining a sound record of legal compliance and by working constructively towards fostering trust with our stakeholders, we are able to maintain our freedom to operate in the 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 turbo™ – branded petrol and environmentally superior GTL diesel – we are able to position ourselves favourably in the marketplace, while at the same time contributing to improved environmental sustainability.*

Our recent investment in a crystalliser evaporator plant at Secunda is one of the bolder steps we have taken in South Africa to improve eco-efficiency.

Managing a global structure

Our global commitment to corporate citizenship and sustainable development is managed across the group at corporate level and implemented at business level, with ultimate responsibility residing with the Sasol board of directors.

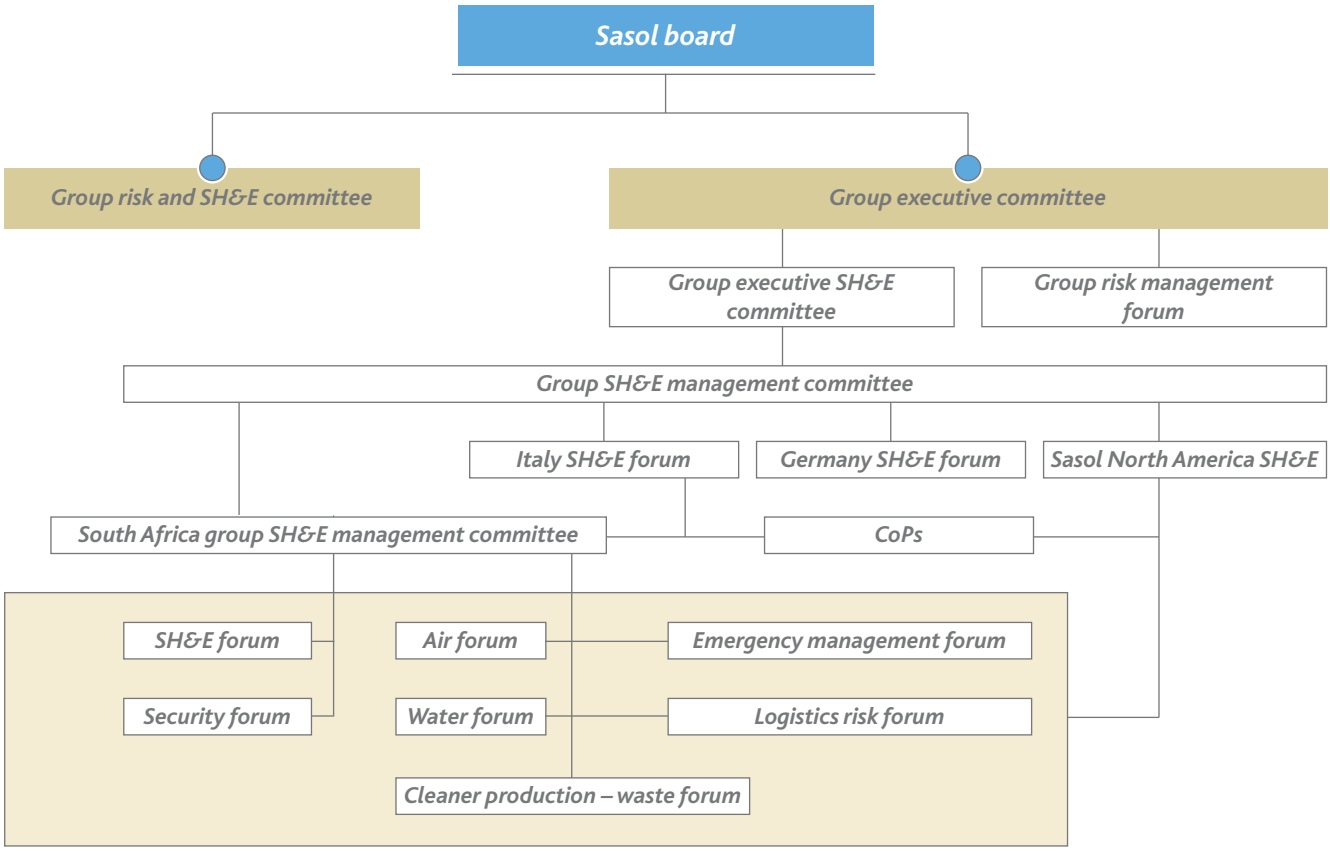
On 1 July 2005, our new chief executive (CE), Pat Davies, became the group's first chief SH&E officer. Since taking office, he has provided leadership in driving our safety charter and safety improvement plan, and promoting a culture of values-based leadership. The CE is assisted on the group executive committee (GEC) by a group general manager, Bram de Klerk – who has responsibility for SH&E matters, skills development and operational excellence – and by specialised board committees. One of these is the group risk and safety, health and environment committee, which advises the board on all relevant risk and SH&E issues. This committee comprises three executive directors and four non-executive directors.

The GEC, chaired by our CE, maintains primary responsibility for the effective day-to-day management of sustainability throughout the group, including investments in projects, irrespective of their scale, nature and location. The GEC receives strategic and operational-specific inputs from specialised committees overseeing the group's financial management, corporate social investment, sponsorships, BEE, government relations and HR responsibilities, as well as from two group forums that meet quarterly:

- the group risk management forum, which oversees the risk profile of our global operations; and
- the group executive SH&E committee, which reviews performance, and considers and approves recommendations on sustainable development and SH&E guidelines and policy.

The group executive SH&E committee in turn receives input from the group SH&E management committee, which is responsible for addressing more detailed technical considerations. This committee comprises representatives from Sasol's global operations and it convenes quarterly by teleconference to address a range of technical issues. The underlying goal is to orchestrate all sustainability-related portfolios and ensure their effective day-to-day coordination and execution within agreed frameworks of objectives, policies and procedures aligned to the pursuit of best practice.

We promote the sharing of experience through our communities of practice (CoPs), an informal network comprising groups of technical specialists from throughout Sasol who share a common interest on a particular theme. CoPs have been established to address a range of sustainability-related issues, including process safety, climate change, product stewardship, public participation, air quality, law reform and groundwater remediation. As much of this interaction is



Strategic focus areas	Our goals for 2015
Safety and health	Zero fatalities of and injuries to employees and service providers.
Performance and technical	Meet all group and business unit SH&E targets.
Climate change and GHG	Reduce GHG emissions per tonne of product by 10% and implement carbon-dioxide capture and storage initiatives according to plan.
Proactive legal compliance	Ensure full and continuous legal compliance on a continuous basis and meet the Sasol group SH&E minimum requirements globally.
Governance and assurance	Full SH&E and sustainable development assurance provided to the board.
Stakeholder relations	Stakeholders are satisfied with Sasol's SH&E and sustainable development performance and communities value Sasol's presence.

undertaken electronically, it is easier to ensure representative participation throughout the Sasol group.

The Sasol SH&E centre, based at our Johannesburg corporate head office, oversees sustainability, as well as SH&E performance across the group. The centre is responsible for global SH&E and sustainable development direction, policy, review and governance. It also provides a range of specialist advice and support services to our businesses.

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 SH&E staff responsible to assist line management with SH&E implementation. The Sasol SH&E centre maintains active communication with these staff members through the network of CoPs, quarterly SH&E forums and the annual Sasol SH&E conference attended by business and line managers.

SH&E, community and ethical issues are incorporated into the design and implementation of all Sasol projects as an integral element of Sasol's Business Development and Implementation (BD&I) model.

Updating Sasol's SH&E strategy

During the year, we updated our group SH&E strategy to:

- *reflect emerging issues and trends;*
- *update the benchmarks of our performance against our peers; and*
- *ensure alignment with the company's shift towards values-driven management.*

In terms of this strategy, our vision is to be a globally respected company in SH&E and sustainability performance. To achieve this vision, we have identified specific goals for achievement by 2015 for each of our six priority strategic focus areas. These goals are summarised in the table at the top of this page.

An important milestone this year has been the development of globally applicable Sasol group SH&E minimum requirements for all new and existing Sasol projects and all JVs under Sasol's managerial control. Existing business units have a year to submit plans to be approved by their boards on how to meet these minimum requirements, with timelines and implications defined and agreed.

Our safety, health and environment policy and targets

All our operations are governed by an integrated SH&E policy and by the new SH&E minimum requirements. To give effect to these requirements, the GEC has approved a series of group-wide SH&E performance targets to supplement existing commitments made at company or plant level.

During the year, the GEC approved three new group-wide SH&E targets to replace the previous targets.

- *to achieve an annual RCR of 0,4 or less by July 2011 and 0,3 or less by July 2015 for all employees and hired labour, as well as 0,3 by July 2015 for service providers;*
- *to achieve not more than three significant fires, explosions and releases (FER) per quarter by July 2011, and a 50% reduction in minor FER on the 2006 baseline by July 2011, with the ultimate goal of zero incidents; and*
- *to achieve at least a 90% practice in place overall average for Responsible Care, and specifically 90% for product stewardship, by July 2011, as measured by external verification.*

These targets supplement commitments of individual companies and/or plants, as well as the following group targets that were approved in the previous financial year:

- *to achieve at least a 50% reduction in the emission of defined volatile organic compounds (VOCs), on the 2005 baseline, by July 2015;*
- *to achieve at least a 10% reduction in greenhouse gas (GHG) emissions per tonne of product, on the 2005 baseline, by July 2015; and*

- to achieve at least a 50% reduction in significant transportation incidents per 100 000 tonne of product transported, on the 2004 baseline, by July 2009.

All of our businesses are required to track their performance and to submit quarterly reports to their respective boards, as well as to the group executive SH&E committee and to the risk and SH&E committee of the board. 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 events of non-compliance.

Adopting integrated management systems

We have continued to make progress towards achieving the group goal of having ISO (International Organisation for Standardisation) 14001 and OHSAS (Occupational Health and Safety Management System) 18001 certification for all our businesses by the end of 2007. We are working hard to develop and adopt integrated management systems throughout the organisation. The ISO 14001 standard is an internationally accepted standard for the development and implementation of environmental management systems, while OHSAS 18001 is an international occupational health and safety management system.

Certification to these standards entails regular audits by an independent, accredited third party. Our businesses in South Africa have received more than 40 ISO 14001 certifications and most of our US and German businesses are also ISO 14001 certified. We have recently started to obtain OHSAS 18001-certification at some of our South African, US and European sites. Our integrated management systems also make provision for behavioural-based safety and Responsible Care requirements.

Undertaking SH&E governance audits

We undertake regular SH&E governance audits throughout our global operations to ensure 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 18001 (or equivalent) certification, or in fulfilment of regulatory requirements. We are finalising a framework for group-wide SH&E legal compliance auditing. This will support our integrated management system framework.

From 2006, we have appointed a single external audit firm, IRCA/DQS, that will be responsible for conducting integrated ISO 14001 and OHSAS 18001 management system audits of all our operations in South Africa for the next three years. This will assist in ensuring consistent auditing standards and will facilitate sharing of best practice throughout our operations.

Upholding strict code of ethics

Our code of ethics comprises four fundamental ethical principles – responsibility, honesty, fairness and respect – and 15 ethical standards. These standards cover such issues as bribery and corruption, fraud, insider trading, human rights and discrimination. They include a commitment to conducting our business with due regard to the interests of our stakeholders and the environment.

We have an ethics forum to monitor and report on ethics practice and compliance requirements, and to recommend amendments to the code and guide. Employee performance against Sasol's values, which incorporate the code of ethics, is assessed as part of our mandatory employee performance management system.

The code of ethics has been communicated to all employees, including employees of subsidiaries. It also has been communicated to suppliers, service providers and customers.

We have been operating a South Africa-based ethics reporting telephone line through external advisors since 2001. This confidential and anonymous ethics hotline provides a facility for stakeholders to report fraud and other deviations from ethical behaviour. We view this hotline (telephone number +27 (0) 800016017) as an essential mechanism for maintaining the highest levels of ethical behaviour.

During the year we witnessed a noticeable increase in the use of the ethics hotline. This is attributed to an increased awareness and understanding of the expected standards relating to behavioural safety. Following the recent appointment of a compliance officer with responsibility for following-up on issues raised through the hotline, there has been an improvement in the extent to which these issues are resolved effectively.

Supporting global initiatives

We have a group target of attaining a 90% practice in place (PIP) for the Responsible Care codes of practice, as measured by external verification, by July 2011.

In February 2006, our CE Pat Davies, signed the International Responsible Care (RC) Global Charter, which extends the original elements of RC to address new challenges.

Since 2001, Sasol has been a signatory of the UN Global Compact, an international initiative that addresses human rights, labour, environmental and corruption issues through a commitment to 10 principles. A comprehensive communication on our progress in implementing the 10 UNGC principles is provided on page 90. We also support the activities of the GRI, and are committed to reporting in accordance with the GRI's sustainability reporting guidelines. During the year two representatives from the Sasol SH&E centre were invited to contribute to GRI technical working groups.

Sasol commits to Responsible Care Global charter

Adoption of the Strategic Approach to International Chemicals Management (SAICM)

In February 2006, government delegates to the International Conference on Chemicals Management (ICCM) in Dubai completed negotiations and adopted the Strategic Approach to International Chemicals Management (SAICM). While the idea of a global chemical management programme has been on the table for more than a decade, it was at the World Summit on Sustainable Development, held in Johannesburg in 2002, that this initiative finally took shape.

The aim of this initiative is to achieve by 2020 the use and production of chemicals in ways that lead to the minimisation of significant adverse effects on human health and the environment.

The chemical industry was represented at the SAICM negotiations by the International Council of Chemical Associations (ICCA). The ICCA participated in the negotiations alongside governments and other stakeholder, and joined ministers and policy makers in discussions leading to the formal adoption of SAICM in Dubai by the United Nations Environment Programme (UNEP).

Sasol is a founding signatory to two global chemical industry initiatives

The chemical industry's participation at the ICCM was marked by the public launch of two initiatives that seek to enhance industry's commitment to performance improvement and product stewardship, and that support the objectives of the SAICM:

The Responsible Care Global Charter extends the original elements of RC, which has been successful in improving the chemical industry's health, safety and environmental performance. Through nine key elements, the charter focuses on new challenges facing the chemical industry and society, including sustainable development, effective management of chemicals along the value chain, greater industry transparency and increased global harmonisation and consistency among the different RC programmes around the world.

The Global Product Strategy (GPS) was developed to provide a coherent long-term strategy for various existing chemical management initiatives, such as the High-Production Volume Chemicals initiative, the ICCA's Global Chemicals Management Policy and the Long-Range Research Initiative. The GPS focuses on enhancing the management of chemical products worldwide and facilitating the extension of RC along the chemical industry's value chain. Effective implementation of the GPS will requires a more structured approach and a far wider process of engagement with customers and other stakeholders.

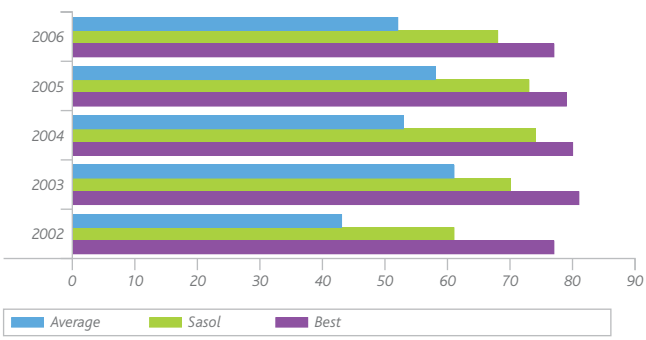
Sasol chairman, Pieter Cox, joined other international industry executives at the public launch of these two initiatives, with Sasol being one of the founding signatories to the Responsible Care Global Charter.

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

Participating in sustainability indices

Sasol's overall score within the oil and gas producing sector of the Dow-Jones Sustainability Index (DJSI) decreased from 73% to 68%. Significantly, the average overall performance of other participating companies also decreased, from 58% to 52%, while the best performing score in the sector decreased from 79% to 77%. Although Sasol was rated above the industry average in 96% of the criteria used for the sustainability analysis for our sector, and received the highest score for three of the 25 criteria, our overall score was below the top decile level required for inclusion in the 2005/2006 DJSI. This reflects the increased level of competition on the DJSI and the level of improvement of some of our peers. We shall be focusing on addressing the identified areas of weakness with the goal of being included on the DJSI next year.

Sasol's DJSI ranking – International benchmark of sustainability performance



For the second year running Sasol was included in the top six of the 30 high-impact listed companies that qualified for the 2006 JSE SRI ratings.

Fines, penalties and settlements

In December 2005, Sasol North America paid a US$30 000 civil penalty to the Maryland Department of the Environment to settle violations associated with the release of 37 200 pounds of VOCs from our Baltimore plant.These emissions were caused by a corroded heat exchanger. Lake Charles agreed to pay $50 000 as a settlement to the Louisiana Department of Environmental Quality regarding several minor air emission violations that occurred in 2003 and earlier years. The settlement also included a provision where Sasol agreed to implement a mitigating environmental project at the plant. Our US operations are involved in litigation relating to historic claims from employees and service providers associated, among other things, with hearing loss and asbestos claims. These issues are being carefully monitored and managed.

In South Africa we have been involved in judicial review and appeal processes arising from decisions made by the provincial authorities concerning our application for environmental authorisation of fuel filling stations. We believe that by entering into a robust process with the authorities, we are contributing to greater clarity in the legislation and in particular ensuring that appropriate provision is made for a balance between the socioeconomic and environmental elements of the legislation.

We have adopted a proactive response to South Africa's legislation on a moratorium on historic activities that did not comply with legislation on environmental impact assessments (EIA). A comprehensive audit has been undertaken of all our businesses to verify their level of compliance. In certain instances, applications have been made to the provincial authorities from whom feedback is awaited.

Monitoring SH&E legal developments

Sasol contributes 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 made by Sasol on numerous legislative developments, including in particular the finalisation of the National Environmental Management Act: Air Quality Act. We have been well represented on the official technical working groups developing ambient air standards feeding into the new legal framework on air quality management in South Africa. In addition, we have continued to be active in discussions relating to the development of a waste-discharge charge system.

The potential impact of the proposed EU legislation on the Registration, Evaluation and Authorisation of Chemicals (REACH) system has been analysed for our operations. We have contributed to policy development on these issues through relevant CEFIC working groups.

In July 2006, Sasol was jointly awarded "second runner up sustainability report" by the Association of Chartered Certified Accountants (ACCA) South Africa in their 2005 Sustainability Reporting Awards. The award was accepted on behalf of Sasol by our general manager for safety, health and the environment, Dr Mike Rose (right) from Professor Gill Marcus of the University of Pretoria's Gordon Institute of Business Science.

During the year, Sasol representatives have 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 CO_2 Capture and Storage. We have provided technical assistance to the South African Government for the development of the national implementation plan required in terms of the Stockholm Convention on Persistent Organic Pollutants.

Reporting on our sustainability performance

All of our businesses are required to monitor and record operational data on a range of SH&E and broader sustainable development issues, and to submit quarterly performance reports to the relevant divisional boards of directors and to the Sasol SH&E centre. These quarterly reports outline each business' 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 responsibilities in a manner that is consistent, complete and auditable.

We have developed and approved a set of sustainable development reporting guidelines that provide the minimum reporting requirements across all Sasol business units for the annual sustainable development report. These guidelines define the scope of reporting, the performance data items to be reported and the frequency of reporting.

Maintaining high performance throughout our international operations

Sasol has commenced with an ambitious and exciting new era of growth, expanding internationally from our South African base. This new phase of growth is characterised in particular by the inauguration in June 2006 of our first international GTL venture in Qatar and the construction of a second GTL plant in Nigeria, with further projects under investigation elsewhere in the world.

In addition to these ambitious new projects, which are reviewed elsewhere in the report, we have an existing international presence through our various chemicals operations in Europe, the USA, the Middle East and Asia. As 81% of our workforce is based in South Africa, which is also the site of our head office and our highest impact operations, the performance section of this sustainability report unavoidably has a predominant focus on our activities in South Africa. To balance this focus, a brief summary of the SH&E performance of some of our smaller international chemicals operations followed. A review of the environmental implications of our existing and anticipated international GTL and CTL plants is provided on page 21 – 22.

Sasol North America – USA

Our operations at Sasol North America consist of manufacturing facilities in Baltimore, Lake Charles and Tucson, with a head office in Houston, Texas. It has about 630 employees.

We have found that four key performance indicators – based on regulatory reporting requirements – best reflect our overall SH&E results:

- ***Total company occupational injury and illness rate** – For the 2006 reporting period, our occupational injury and illness rate was 0,3 for its combined operations. This compares with the industry average of more than 1,6.*
- ***Total service provider occupational injury and illness rate** – We utilise contract companies for specialty work, certain maintenance activities and capital projects. We typically have 200 service providers on our properties at any time, most of whom are involved in labour-intensive jobs. This year, the occupational injury and illness rate for contract employees was 0,8 compared with 1,53 during the 2005 financial year.*
- ***Toxic Release Inventory (TRI) emissions** – Our emissions of legally targeted chemicals released to the air, water and land have decreased by nearly 90% since 1987.*
- ***Environmental incidents** – This indicator tracks our operational performance related to the number of environmental measures. These include: all non-permitted releases that must be reported to regulators within 24 hours; all wastewater and storm-water permit exceedences; any significant fire, explosion or gas release; any spill of material in transportation caused by Sasol North America; and the late reporting of any environmental incident. During the 2006 financial year, we had 16 incidents, compared with 12 in both 2004 and 2005.*

Our ultimate SH&E goal is to conduct business in such a way as to have zero injuries, zero illness, zero emissions and zero environmental events. During 2005, we achieved Responsible Care ISO 14001 certification for all our major facilities. This certification expands

One of the manufacturing facilities at Sasol North America's Lake Charles chemical complex.

Our German chemical operations continue to maintain a world-class safety record.

on the various elements of the ISO 14001 certification process to include the safety, health, security, and community awareness and emergency response measures of Responsible Care. Further details on the SH&E performance of Sasol North America is provided in the Responsible Care Progress Report that is produced for each calendar year.

Sasol Germany GmbH

Sasol Germany has about 2 200 employees and facilities at Herne, Moers, Brunsbüttel, Marl and Witten, as well as offices in Hamburg. All our production sites produce public annual environmental reports. A significant feature this year, across all our operations, has been the improvement in safety performance. The RCR for the combined companies for the 2006 financial year was 0,11 for employees and 0,87 for service providers, compared with 0,27 and 2,19, respectively, in 2005.

At Herne we achieved an RCR of zero for the 2006 financial year. We have also made some significant environmental improvements. There has been a 50% reduction in waste generated since 2002, as well as a general reduction in our emissions of carbon dioxide as a result of improved plant optimisation.

We have increased our expenditure on environmental issues, investing in projects relating to water pollution control, noise reduction and pollution prevention. We recently commissioned a new bio-ethanol-installation that will contribute to producing more environmentally benign fuels. Most of our environmental performance goals have been achieved, including specific targets relating to waste reduction, energy efficiency, air pollution and management systems. Further work is required to achieve stated objectives relating to water usage, emissions from the tank farm and noise reduction. New performance targets have been set on water efficiency, reducing energy consumption and air emissions, eliminating VOC emissions, implementing cleaner production measures and ensuring further development of our management systems.

At Moers, we have similarly made progress in our safety activities, achieving an RCR of 0,26 in 2006 compared with 0,82 in 2002. We have exceeded our stated targets for freshwater reduction (achieving a 40% reduction on 1999 levels) and sewage output (achieving a 53% reduction on 1999 levels). We have increased our waste-recycling measures, and achieved a reduction of 9% in energy consumption on 2002 levels. Since 2002, we have reduced our

The Sasol Wax plant alongside the River Elbe at Hamburg, northern Germany. This business improved the performance of its steam-generation units and reduced carbon-dioxide emissions by 20%.

carbon dioxide emissions by 6,5%, largely as a result of improved plant optimisation and energy efficiency projects. Comprehensive new objectives have been set, including targets relating to water usage, waste generation, energy efficiency, air emissions, noise reduction and the further implementation of environmental management and training initiatives. Measures have been introduced to manage our VOC emissions and to track and respond to all community concerns about noise and odour.

Sasol Wax – Germany

In November 2005, our Sasol Wax facility in Germany achieved certification for its integrated ISO 14001 and OHSAS 18001 management systems. At financial year end, Sasol Wax had an RCR of 0,85, down from a high of 3,1 in the 2003 financial year. We have also seen a significant improvement in the safety performance of our service providers, achieving an RCR of 1,39 compared with 5,56 the previous year. We have achieved a rate of 86% for our Responsible Care practice in place. During the year, we took part in the EU emissions trading scheme for carbon dioxide. Various measures have been implemented to reduce our carbon dioxide and nitrous oxide emissions.

Sasol Italy

Sasol Italy has operations in Augusta, Crotone, Paderno, Porto Torres, Sarroch and Terranova, with a total workforce of about 1 000 employees. We have made progress in our safety and occupational health performance throughout our operations. The RCR for the combined company for the 2006 financial year was 0,12 compared with 0,49 in 2005. The Augusta site succeeded in obtaining OHSAS 18001 certification, and now has the complete set of quality, environmental and safety management system certifications.

In terms of environmental performance, we are preparing our integrated permits for atmospheric and effluent emissions in accordance with the schedule laid out in the EU's Integrated Pollution Prevention and Control (IPPC) Directive. Although there is always a possibility of stricter regulatory standards being imposed, no major expenses are anticipated to ensure compliance with current standards.

In accordance with regulatory requirements specified in the Seveso II Directive on the Control of Major-accident Hazards Involving Dangerous Substances, all of our sites (excluding Crotone and Paderno, which are not covered by the Seveso directive) have presented the reports and undertaken audits. We have made good progress with our site characterisation and remediation activities. Characterisation plans have been implemented at Pademo, Porto Torres, Sarroch and Crotone and the results of these plans have been presented to the authorities. In Porto Torres and in Sarroch, we are improving the clean-up of the underground waters.

We have participated in the EU Emissions Trading Scheme, and have purchased 10 000 tonnes of emission allowances at a cost of €145 000. It is anticipated that this will be sufficient to meet our allocation requirements in terms of the ETS for at least the next three years. We continue to work with relevant CEFIC working groups in assessing the implications of the new EU regulatory framework for chemicals, REACH.

At Porto Torres, we are the tenant on a site comprising three industrial facilities. The site is the subject of a legal proceeding and investigations into possible sea pollution. A comprehensive process of data collection, water and soil sampling and monitoring of aquatic fauna and flora is underway as part of these legal proceedings. Although we are a tenant at this site, it is not anticipated that any liability will be attributed to Sasol.

Maintaining uniform standards for our global operations

As we expand our operations globally, we are committed to adopting globally benchmarked SH&E minimum requirements. With regard to new projects, our research, development, engineering, construction and operation process involves a detailed stage-gate business development and implementation model. This has several sequential decision-gate criteria – including SH&E considerations – aimed at ensuring that we comply, as a minimum, with the regulations of the countries in which we operate.

We are in the process of applying a set of minimum requirements for facilities, equipment and emissions for those regions where existing standards are not deemed sufficient. These will take into account the World Bank social and environmental guidelines, as well as our commitments in terms of the UN Global Compact.

Sasol's sustainable development milestones

1990

First safety, health and environment corporate governance audits conducted at Sasol

1994

Sasol becomes a Responsible Care signatory

1996

Tosas and Sasol Gas are the first Sasol businesses to obtain ISO 14001 certification (and among the first companies in South Africa)

Sasol's first external environmental report published

1997

Sasol Polymers ceases production of ozone-depleting chlorofluoro-carbons

1999

Sasol establishes the Sasol group safety, health and environmental centre

2000

Sasol makes a formal commitment to sustainable development as a strategic priority

New global safety, health and environmental policy adopted

2001

Sasol becomes a signatory to the UNGC

First safety, health and environment corporate governance audits conducted in Sasol

2002

Sasol participates in the World Summit on Sustainable Development

Conversion of all Sasol petrol pumps to dispensing unleaded fuel only

Launch of the Sasol HIV/Aids Response Programme

2003

More than 80% of operations have ISO 14001 certification

2004

Natural gas introduced as feedstock at Sasolburg, eliminating hydrogen sulphide emissions and reducing emissions of particulates, sulphur dioxide, nitrogen oxides and carbon dioxide

2005

Series of significant incidents prompt the development of a safety improvement plan

Adoption of safety as one of the Sasol values

Publication of our sustainability report in accordance with GRI guidelines

Move to annual sustainability reporting

2006

Independent review of safety improvement plan and revisions approved

Approval of Sasol group SH&E minimum requirements

Independent review of air emissions at Sasolburg and Secunda operations

engaging our stakeholders

Promoting stakeholder engagement and outreach

Engaging with our stakeholders forms an important part of the way in which we do business and is a cornerstone of our strategic commitment to sustainable development. "Winning with people" is one of Sasol's six core values and our commitment to appropriate stakeholder engagement and community outreach and involvement is stated in the Sasol SH&E policy, as well as in our code of ethics.

We aim to grow the dialogue with our staff, shareholders, market partners, civil society and government through joint reflection and shared understanding. We issue our annual reports, SD reports and other publications to all stakeholder groups. Community leaders, journalists, investment analysts, government and parliamentary offices, and other stakeholders are invited to participate in occasional mine and factory site visits, plant and project opening ceremonies and other Sasol events throughout our international operations.

Informing our investors

Through our investor relations team, assisted by investor relations consultants in New York and London, we keep shareholders and the investment community posted on our financial results and topical issues. Our chief executive, deputy chief executive, chief financial officer and investor relations team regularly present and discuss group performance and strategy with investment analysts, institutional investors and journalists in South Africa, North America and Europe.

To ensure communication with those without access to electronic media, we publish highlights of our annual and interim financial results, inclusive of a business overview and commentary, in the main South African daily newspapers. In line with NYSE and JSE regulations, we do not disclose information selectively to shareholders, and endeavour to share information with as many stakeholders as possible. Major announcements, including financial results, cautionary announcements, executive appointments, BEE deals, and business acquisitions and disposals, are made through the Stock Exchange News Service, electronic filings with the Securities and Exchange Commission (SEC) in the USA, news wire services, media releases and the Internet.

Working with regulatory officials

We work actively to establish and manage mutually beneficial relationships with governments, especially in South Africa, by seeking to position Sasol favourably with government departments, alerting the company on public issues that can impact on the achievement of the company's strategic objectives and establishing a more credible voice for Sasol on matters of public policy. On many policy issues we communicate with government through the forum of the relevant business association.

We monitor the legislative process in South Africa by forging relationships with members of the relevant parliamentary portfolio committees and we lobby both individuals and subcommittees. While different government departments are important to Sasol's sustainability, we place more emphasis on those departments that are more relevant to our day-to-day business, including the national departments of the Presidency, Minerals & Energy, Treasury, Trade & Industry, Environmental Affairs & Tourism, Labour, Water & Forestry, Science & Technology, and Transport. At provincial and local levels, particularly in the Mpumalanga and Free State provinces, we establish and maintain good relations with premiers, relevant members of executive councils (MECs) and executive mayors, as well as traditional leaders in rural areas.

We also regularly interface with government officials in Mozambique, Germany, Italy and the USA. We have established positive relations in Qatar where we have developed our first international GTL plant in partnership with the state-owned oil company, Qatar Petroleum. Sasol has been nurturing government and business relations in other countries where we have been investing or are planning to invest. These include Malaysia, China, Iran and Nigeria.

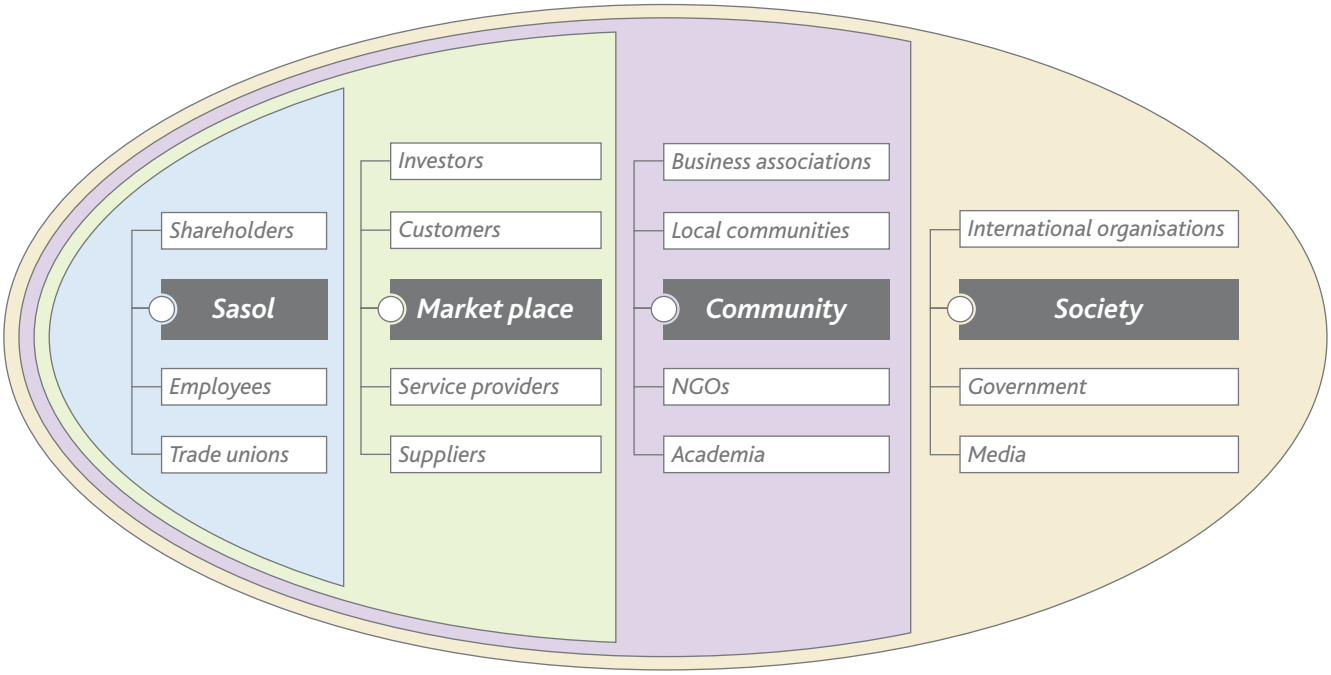
Engaging local communities

We keep local communities involved in our SD programmes, especially when dealing with potentially sensitive issues such as water management, emissions to air, waste management and the development of new production facilities. In addition to the public participation initiatives implemented as part of new projects, we continue to undertake community outreach initiatives at most of our

"We would like to take the opportunity to note that the Sasol 2005 sustainable development report is one of the most candid and comprehensive reports that we have reviewed to date."

South African institutional investor in a letter to CE Pat Davies (January 2006)

Sasol's stakeholders and sphere of influence



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

"Sasol is a very, very rich company in a very, very poor community. This presents the company with some significant challenges."

A South African NGO representative

Business organisations

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 (ACC), the German Chemical Association (VCI) 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.

We are also corporate members of numerous local and international business, engineering, scientific and other organisations. In South Africa, these include:

- Business Unity South Africa (BUSA);
- Chamber of Mines;
- Chemical and Allied Industries' Association (CAIA);
- Plastics Federation of South Africa;
- South Africa Foundation;
- South African Colliery Managers' Association;
- South African Institute of Chemical Engineering (SAICE);
- South African Institution of Mechanical Engineering (SAIMechE); and
- South African Petroleum Industry Association (SAPIA).

We are also members of business, industrial and other bodies in Europe and North America at regional, national, state/provincial and metropolitan levels. Through such organisations, we play a constructive role in supporting important communities of interest.

The media

Sasol shares information and opinions with the South African and international media across a broad spectrum of current issues. We maintain a well-resourced group communication, investor relations, sponsorship and brand management team. In addition, most of our major businesses employ full-time communication practitioners whose tasks include media support.

We present our half-yearly and annual financial results to the financial community and to the media. We continuously issue topical media releases and investor updates, which we publish through our website, to keep stakeholders updated on our plans, projects and important issues, including technology, capital projects, BEE, SH&E and social investment.

Report on the stakeholder process

In preparing this sustainable development report Sasol commissioned external consultants (Incite Sustainability) to conduct an independent stakeholder process with the aim of improving Sasol's understanding of the issues of material interest to its stakeholders. The engagement was undertaken through the dissemination of questionnaires, independent interviews and focus group discussions.

The stakeholder process built on the engagements undertaken during the previous reporting period, with an exclusive focus on the following selected stakeholder groups in South Africa:

- ***Sasol employees** – comprising an e-mail questionnaire managed by Sasol, with more than 2 200 respondents primarily from our South African operations;*
- ***trade union representatives** – comprising a focus group with union leaders from CEPPWAWU, SACWU and Solidarity.*
- ***government** – comprising telephonic and/or personal interviews with representatives of national, provincial and local government and parliament in South Africa;*
- ***environmental non-governmental organisations (NGOs)** – comprising one focus group with a sample of environmental and community representatives neighbouring Sasol at Secunda and Sasolburg; and*
- ***members of the National Environmental Advisory Forum (NEAF)** – comprising an e-mail questionnaire and telephonic interviews with certain members of the NEAF, a body of environmental experts that has been established to advise the South African Minister of Environmental Affairs & Tourism.*

A summary of the key findings of the outcome of this stakeholder process is presented below, with brief analysis provided by stakeholder group. This summary has been written by the consultants, and is provided as their independent perspective of the outcome of the engagement process.

Listening to stakeholders – Sasol's employees

In May 2006, Sasol sent out a web-based questionnaire to a broad range of its employees. They received responses from 2 262 employees. These responses provided a useful indication of the extent to which the report is being read by employees, as well as highlighting those sustainability issues that are of greatest material interest to them.

Comments on Sasol's 2005 sustainable development report

Of some concern is the fact that of the 2 262 employees who participated in the survey, 47% were not aware that Sasol published an annual sustainable development report. Of those who were aware of the report, only half had read it, either in full or in part. In response to this low level of awareness of our report, Sasol has undertaken this year to ensure more effective communication to employees both of the existence of the report and of its key messages. In doing so, greater use will be made of existing internal communication media, including newsletters such as Sasol News.

Most of those employees who had read the 2005 report thought that it was sufficient in its current format. While environmental issues received the greatest attention, many employees specifically suggested that the company expand its reporting on employee-related issues, including but not limited to employment equity, employee welfare, skills and talent development, and occupational health and safety. It was also suggested that Sasol should provide additional information on its global impacts and activities outside South Africa, as well as on its response to certain key risks (such as the costs of legislative compliance) and corporate social investment activities.

Informing Sasol's sustainability strategy: identifying material issues

Employees identified the following sustainability issues as being of strategic significance to Sasol, listed in order of prominence:

- *environmental performance, with specific reference made to GHG emissions, water and air pollution, energy efficiency and waste generation;*
- *safety management, both of employees and service providers;*
- *the nature of the company's relationship with the communities in which it operates;*
- *labour issues, including in particular employment equity, the attraction and retention of skilled labour, employee turnover levels, and skills development and education;*
- *promoting BEE in South Africa;*
- *corporate governance issues, with specific reference made to ethics, corruption and risk management;*
- *managing HIV/Aids;*
- *ensuring strategic management of the company's CSI activities; and*
- *providing for economic factors, such as oil prices and taxation.*

Informing Sasol's 2006 sustainable development report

In their responses, employees provided many suggestions on the types of issues that Sasol should report on in their annual sustainable development reports. These included:

- *On general management and performance issues:*
  - *provide a progress report against targets and action plans;*
  - *present a global view of Sasol's performance, not only of South African operations;*
  - *include feedback of Sasol's engagement with its stakeholders;*
  - *as far as possible, include quantitative measures and comparative performance data;*
  - *disclose Sasol's medium- to long-term scenario plans; and*
  - *provide benchmarking against Sasol's peers.*
- *On environmental issues:*
  - *outline Sasol's GHG emissions and reduction strategies;*
  - *provide quantitative information on pollution and emissions;*
  - *include information on the outcomes of life-cycle analysis studies;*
  - *provide details on the development of alternative fuels and renewable energy sources; and*
  - *include information on known global coal reserves.*
- *On employee issues:*
  - *provide details on employment equity, with quantitative measures on race and gender diversity;*
  - *describe activities relating to employee skills and talent development and on retaining key skills;*
  - *provide details of activities to promote employee welfare; and*
  - *include general case studies on employees.*
- *On worker health and safety:*
  - *ensure transparency in safety performance reporting; and*
  - *disclose the long-term health impacts of Sasol's operations on employees and communities, and*
  - *use the report for greater marketing of Sasol's CSI activities.*

"I'm happy with the current report. However, even the summary is rather long and difficult to absorb in one sitting. It is probably too long for someone who has only a passing interest. Perhaps a summary of the summary can be supplied with links/references?"

Sasol employee

Listening to stakeholders – trade union representatives

One focus group was held with 15 representatives from the major trade unions that represent Sasol workers in South Africa, the Chemical Energy Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU), the South African Chemical Workers' union (SACWU) and Solidarity. The discussion was facilitated by external consultants without the presence of Sasol management. Most of those who participated in a similar smaller focus group in 2005 also participated in this year's review. As with the previous engagement, the meeting was characterised by a frank yet positive sharing of views.

The aim of the focus group was to:

- *solicit the views of the trade union participants on the nature and content of Sasol's 2005 sustainable development report;*
- *identify the key issues of material concern to unions regarding Sasol's sustainability performance; and*
- *comment on Sasol's performance on these issues.*

Sasol's 2005 sustainable development report

There was a much higher level of awareness of the existence and content of Sasol's sustainable development report. Whereas none of the representatives who participated in the 2005 focus group had

known of Sasol's 2002 – 2004 report, this year all of the participants were aware of Sasol's 2005 sustainable development report, and many of them had read either the full or summary version. The report was described as "very good and useful", and was seen to provide a frank and honest snapshot of Sasol's performance over the financial year.

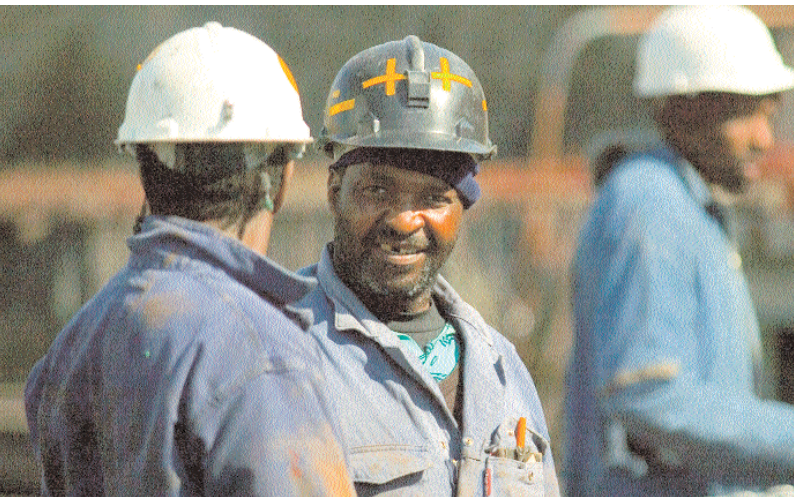
Most of those present had received copies of the report through their unions. The concern was expressed, however, that employees generally were not sufficiently aware of the report or had not read it. It was suggested that while the report was well communicated to management, there was a need to ensure more effective communication to employees at large. It was thus recommended that a summary of key elements of the report be included within Sasol's internal newsletters, using "appropriate, non-business language". The need to improve dissemination of the report to other stakeholder categories was also identified.

As a means of further improving the dialogue, the request was made that the Sasol CE, Pat Davies, meet with top representatives from each of the three unions to discuss the 2006 sustainable development report following its publication. The aim of the meeting would be for the unions to provide feedback on the report and for the CE to respond to any issues raised.

Informing Sasol's sustainability strategy: identifying material issues and reviewing Sasol's performance

The union participants identified the following sustainability issues as being of greatest interest to them, listed in the order that they were identified:

- ***Transformation and employment equity** – While it was recognised that there had been some important progress during the year in terms of the new appointments made at senior executive level, it was nevertheless felt by most of the participating representatives that there is scope for further effort in facilitating opportunities for the promotion of Black employees. Others highlighted the importance of providing for minority groups, noting that many of them felt under threat with limited opportunities for further development within the organisation.*
- ***Skills development and retention** – The issue of attracting, developing and retaining sufficiently skilled employees, such as artisans and engineers, was highlighted as a priority concern. Although Sasol's stated commitment to skills development was recognised, concern was expressed regarding the extent of the company's focus on developing the skills of existing employees (as opposed to recruiting from outside), as well as its ability to retain these skills. It was noted that many good staff were being poached by other companies who were seen to be offering better packages and opportunities.*
- ***Personal development plans** – Sasol's approach to personal development was seen to be good on paper, but problematic in practice. Reflecting a sentiment expressed in the previous year, a primary concern is that supervisors responsible for the programme are seen to be prescriptive about the development path that workers should follow. It was suggested that a more flexible approach to career development would result in increased employee loyalty and productivity.*
- ***Procurement** – The union representatives welcomed Sasol's commitment to publicly reporting on its total procurement expenditure with BEE companies. Some representatives suggested, however, that there is scope for Sasol to extend its procurement activities from mainly non-core jobs, to include engineering and other activities.*
- ***Management culture** – There is seen to have been a significant positive change in the attitude of senior management towards recognising the value of unions and the development of a sense of co-partnership. It was stated, however, that this change has not been reflected throughout middle management, a concern that had also been identified in the recent independent audit of Sasol's safety performance. The unions regretted that they had not been engaged in the new initiative to drive a culture of values-based leadership throughout the organisation.*
- ***Performance management** – Problems were identified with the administration of the performance management merit system. Some expressed particular concern with the nature of the merit management system and called for greater engagement with unions in seeking to find joint solutions.*
- ***Safety** – It was acknowledged by all that Sasol has taken positive measures on safety, and that it is acting with commitment on the DuPont recommendations. The inclusion of the performance of service providers within safety monitoring and reporting activities*



was particularly welcomed. Notwithstanding the "vast improvements" in safety management, there is seen to be scope for greater engagement with unions in identifying and implementing appropriate solutions, as well as a role for empowering union representatives to participate more effectively in safety investigations. The need was identified to continue with efforts to improve the safety behaviour of service providers and to ensure that budget constraints do not limit the provision of appropriate personal protective equipment.

- ***Accident trust** – Sasol was highly commended for its actions in establishing the September 2004 Accident Trust that provides grants to those who were injured in the Secunda accident and to the dependants of those who were injured or died in that incident. Sasol is seen to have demonstrated leadership in ensuring fair compensation and addressing some of the shortcomings with current legislation.*
- ***Occupational health and HIV/Aids** – The initial implementation of Sasol's HIV/Aids Response Programme (SHARP) initiative was recognised as being one of the leading initiatives of its kind. Some concerns, however, were voiced about the rate at which peer educators are being trained and the impact of the recent switch to the new medical aid scheme. Some concern was expressed about the new medical aid scheme. While it provided greater independence and flexibility, there are concerns about the financial stability of the fund itself, as well as concerns about evidence of a possible decrease in the uptake of HIV treatment.*
- ***Employee assistance programme (EAP)** – Although it was recognised that there has been important progress in addressing some of the previously identified concerns about the implementation of the EAP, including for example a reduction in breaches of confidentiality, there was a strong sense that HR personnel could demonstrate greater compassion towards, and interest in, staff members and their families in the event of illness or disability. Attention was drawn to the Sasol value of "winning with people". It was suggested that this value was sometimes not evident in the manner in which Sasol has treated its injured employees or their dependants.*
- ***Corporate social investment** – There is seen to be scope for greater involvement of union representatives in identifying social investment projects, as well as improved communication with unions on the nature of some of these projects. It was suggested that shop stewards be called upon to assist in identifying more strategic social investment activities.*
- ***Sasol's reputation** – Although there is seen to have been an improvement in the attitude of the South African Government towards Sasol, it was recognised that there is a need to further manage reputational issues. Concern was expressed that Sasol appears to have been the target for "malicious publicity" by elements of the local media. This highlighted the importance of Sasol having an effective communication and engagement strategy.*

Listening to stakeholders – government

In preparing this report a sample of government stakeholders – from parliament and national, provincial and local government in South Africa – was consulted through a process of externally administered e-mail questionnaires, followed up with personal interviews. During these consultations, the government representatives were asked to identify material issues relating to Sasol's sustainable development performance, and to comment on Sasol's sustainable development performance and their reporting and engagement activities.

Informing Sasol's sustainability strategy and sustainable development report

Most of those interviewed recognised the value and importance of Sasol's current sustainable development reports. Noting that most of the more obvious material issues are being reported on, it was suggested that there was greater scope for Sasol to address and report on the following issues:

- *the nature of its activities to promote renewable energy and reduce GHG emissions;*
- *its efforts to address concerns relating to a skills shortage;*
- *how Sasol's performance compares with its industrial peers in terms of its safety, environmental and corporate governance practices;*
- *the extent to which it is promoting cleaner production technologies and management practices;*
- *its projects and investments to promote water and energy efficiency and ensure site remediation;*
- *the steps are being taken to ensure that industrial accidents and fatalities are prevented; and*
- *the measures in place to manage its business beyond South Africa's borders.*

"The message seems not to be getting through to Sasol's middle management that we (organised labour) are actually co-partners in the business of producing fuel for this country. If this sense of co-partnership can be developed in middle management, then together we can make Sasol the great company that our executives are talking about."

Sasol trade union representative

Perceptions of Sasol's sustainability performance

Many of those interviewed highlighted the scope for Sasol to further improve its environmental performance, suggesting that the company should start to give the environment the same priority and attention that it has recently given to safety issues. Particular concern was expressed about the nature of Sasol's atmospheric emissions. Some suggested there is scope for Sasol to extend its BEE activities to ensure that the recent BEE deals provide benefit to Sasol employees. Many interviewees highlighted the negative reputational risks to which Sasol is currently exposed.

Several interviewees suggested that Sasol is taking a proactive approach towards certain aspects of its stakeholder engagement activities, including, most notably, its approach to developing improved relations with labour unions. Some spoke positively of Sasol's growing global presence, highlighting the fact that Sasol is exporting a South African-developed approach to petrochemical production and that it is ensuring "phenomenal delivery on its core business". Many also acknowledged the steps that the company has taken to promote transformation and BEE, and also praised the company for its CSI activities.

Informing Sasol's stakeholder engagement activities

Many of the government stakeholders questioned how Sasol ensures that its various stakeholders get the high-quality disclosure on sustainability issues that they expect from the company. There was a commonly shared sentiment that Sasol is not sufficiently flexible and responsive to stakeholders about the manner in which they wish to be engaged. Some suggested specifically that Sasol should develop and implement a stakeholder relations policy that outlines the company's approach to understanding and addressing the expectations of policymakers.

Some stakeholders also emphasised their preference to engage with Sasol on sustainability issues on a continuous rather than ad hoc basis, identifying possible weakness with a process that only provides "a snapshot in time". They highlighted the importance of providing effective feedback to all those who engage in these processes, suggesting that Sasol had not always followed by providing participants with copies of the report or with sufficient opportunity to comment on the report.

A senior official from one of the national government departments recommended that Sasol should examine the feasibility of establishing an online registry to provide an efficient means of reporting data to the government and the general public. He suggested that this real-time reporting system would deliver useful benefits to both Sasol and its stakeholders. It would facilitate more effective communication and provide a useful basis for performance monitoring and dialogue.

In terms of Sasol's current sustainability reporting practices, it was suggested that Sasol should ensure its report is accessible to a larger audience and that it should increase awareness about its publication. One interviewee suggested that printed copies of the report be made available using recycled paper and lead-free inks.

Listening to stakeholders – environmental NGO representatives

A focus group was held with five representatives from environmental and community-based NGOs neighbouring our Sasolburg and Secunda operations. The discussion was facilitated by an external consultant without the presence of Sasol management.

Sasol's 2005 sustainable development report

Although some of those present had been sent copies of Sasol's previous sustainable development report, there was nevertheless seen to be scope for improving the distribution and communication of the report and for facilitating broader engagement in the process. Voice of the Voiceless, a community-based environmental NGO in the Secunda area, had not been provided with copies directly by Sasol.

The NGO representatives noted that they are primarily interested in the local environmental and community health impacts associated with the operations that they neighbour. The group sustainable development report is thus seen to be at too high a level and does not deliver sufficiently detailed information on local impacts. They noted that Sasol had not been able to provide them with copies of site-based reports for Secunda and Sasolburg, despite the suggestion in the group sustainability report that such reports are available.

The participants appreciated that Sasol includes frank and open feedback from stakeholders in their sustainability report. Those who had participated in the previous year's focus group found the report of that meeting to be an accurate and honest reflection of the discussions. They, however, questioned the extent to which their main concerns had been suitably addressed by the company as a follow-up to the process. While they welcomed the engagement process, and found the focus group to be useful, it was emphasised that it would be more useful for Sasol to act on the feedback and to demonstrate a positive response.

> *"The question I have for Sasol is can they stand up and say 'we are proud of what we have done to reduce pollution in the last 12 months'?"*
>
> *NGO representative*

Stakeholder engagement and reporting practices

- ***Approach to engagement*** *– Many of the issues raised in the previous year's focus group were raised again this year. Although it was acknowledged that Sasol's efforts at engaging with external stakeholders is generally better than that of some of its peers, there is nevertheless seen to be scope for improvement. The general concern was again expressed that Sasol tends to be unduly technocratic in its response, with insufficient provision made to understand the nature of community perceptions. It was also suggested that in some of its community interactions, Sasol does not ensure the participation of a company environmental expert who is able to respond to specific concerns.*
- ***Transparency*** *– Some concerns were expressed about Sasol's level of transparency on certain issues. It was suggested that in a number of cases, issues of concern that had been identified by Sasol employees from the community were not being disclosed by the company. The fear was expressed that some community employees are being prevented from full disclosure of their concerns, either officially or through indirect pressure. On this issue, it was suggested that Sasol appears to be "winning people" (over) rather than "winning with people" (one of Sasol's stated core values).*
- ***Reporting of incidents*** *– It was suggested that at times Sasol is not sufficiently open in its approach to reporting on incidents. A specific example was cited in which it was claimed that, in response to community concerns about odour, Sasol had been slow in taking air samples and had not used appropriate protocols in doing so. It was suggested that while samples taken by NGO representatives at the time of the incident had identified possible health concerns, Sasol's samples, taken two days after the incident, had not supported this finding.*
- ***Sasol/government relations*** *– Following the incident cited above, the NGOs expressed their frustration with the lack of any action by relevant government authorities in response to their concerns on this specific issue. It was suggested that this was indicative of their concern that, at times, local and provincial government, as well as certain environmental impact assessment (EIA) consultants, are unduly influenced by Sasol.*

Identifying material issues

- ***Community health*** *– The potential impact of Sasol's air emissions on the health of neighbouring communities is the predominant issue of concern. There is a perception that despite Sasol's reported activities, there is insufficient evidence of a visible reduction in the company's emissions. It was stated, for example, that there does not appear to be any evident improvement in odour at Sasolburg, despite the reported significant reduction in hydrogen sulphide emissions.*
- ***Communication and capacity building*** *– There was seen to be scope for Sasol to assist the community in further understanding the nature of its emissions and the potential implications of these emissions (including in particular their current flaring practices) for the health of the "fence-line" communities neighbouring its operations.*
- ***Community energy needs*** *– Attention was drawn to the suggestion made during the previous year's consultation that Sasol should make natural gas available to the Sasolburg community. This would assist in meeting community energy requirements, as well as playing a critical role in addressing the recognised health concerns associated with coal-fired heating and cooking in these communities.*
- ***Air pollution*** *– The participants welcomed the detailed air quality audit undertaken in the Sasolburg area this year by experts from the USA. They voiced frustration, however, about not being able to access a full copy of the audit report.* *(Refer to page 71 for a summary of the findings).*
- ***Water pollution*** *– An NGO representative from the Secunda region cited a specific incident in which there was an overflow from the effluent dams into a neighbouring river during heavy rains, resulting in fish being killed.*
- ***Minimum environmental standards*** *– It was questioned whether Sasol will apply the same set of core environmental standards to all its operations as the company expands globally, and whether Sasol would be comfortable with civil society representatives visiting its operations in other regions, particularly in those areas where the state may impose limits on political freedom and civil rights.*

Listening to stakeholders – members of the National Environmental Advisory Forum

During the process of consulting with representatives from the South African Government, a senior official from the Department of Environmental Affairs and Tourism suggested that Sasol seek the opinions of the members of the Government's National Environmental Advisory Forum (NEAF). In response to this advice, a sample of the NEAF members was consulted through a process of externally administered e-mail questionnaires, followed up with telephonic interviews. During these consultations, the NEAF members were asked to identify material issues relating to Sasol's sustainable development performance and to comment more generally on Sasol's performance and reporting activities.

Identifying material issues

- ***Climate change***
  This was highlighted as a critical issue for Sasol, presenting both regulatory and reputational risks that have been steadily increasing. It was suggested that while Sasol is undoubtedly aware of the potential direct costs and contingent liability implications associated with climate risks, the company might be foregoing a "golden opportunity" to take advantage of some of the reputational, carbon trading and "first mover" benefits associated with GHG reduction.
- ***Proactive communication and reputation***
  It was noted that Sasol has recently come "under fire" from some of its stakeholders – including government, organised labour and civil society – about issues such as safety, air pollution and BEE. Some suggested that Sasol has not been sufficiently proactive in responding to these concerns and highlighted the critical importance for Sasol to be more effective in its communication on these issues.
- ***Organised labour***
  One interviewee suggested that Sasol, in common with many other South African companies, could more effectively utilise the "great wealth of expertise and knowledge" that union members have about the company. It was emphasised that Sasol should use this latent knowledge that organised labour has about the company to advance desired production outcomes and ensure improved workplace safety.
- ***Safety***
  A number of those interviewed expressed concern about Sasol's past safety record and sought further information on the nature of the efforts that it is taking to minimise future incidents.
- ***Corporate governance***
  The need for Sasol to ensure full compliance with King II code of corporate governance, and relevant listing requirements, was highlighted.

Responding to the stakeholder feedback

In preparing and finalising this report, we have sought to address a number of the suggestions that were raised during the stakeholder process.

- *We have sought as far as possible to provide comprehensive quantitative data on our sustainability performance, providing this in relevant areas of the text, as well as in a consolidated format at the back of the document for ease of reference.*
- *On two of the more high-profile issues – safety and greenhouse gas emissions – we have benchmarked our performance and governance practices with that of our peers with the aim of providing context and, hopefully, making the data more meaningful.*
- *We have again included a table up front that highlights our key sustainability-related risks – and we have sought as far as possible to report on the measures we are taking to manage each of these risks.*
- *We have introduced a new section to the report in which we focus in more depth on some of our key material issues, notably: energy security and the environment; safety management; employee and community skills development; and BEE in South Africa.*
- *We have included some additional information specifically on some of our operations outside South Africa to address concerns that previous reports had a predominant focus on South Africa.*
- *Recognising that most of our stakeholders prefer hard copies of the report, and thus had not accessed the full (online) version, and appreciating also that some stakeholders had found the summary report to be too lengthy, we have decided this year to print only the full version of the report, and to produce a substantially shorter summary report (six pages) primarily for distribution to our employees.*
- *We are taking steps to ensure more widespread dissemination of this report and increased awareness of its existence among all our stakeholders, both internally and externally.*

While we believe it is important to provide a full and frank account of our stakeholders' perspectives and to be responsive to their concerns about our reporting practices, we recognise that, ultimately, it is critical for us to also respond directly in terms of our strategy and investments actions as part of an ongoing process of dialogue with these stakeholder groups.

"This engagement process has been useful. It will be even more useful if Sasol has a positive response to some of our concerns rather than just reflecting them. I guess that sooner or later this might catch up with them, and people will ask 'what did you do in response to our concerns?'"

NGO representative

our economic contribution

- *Value of wealth created increases by 30%.*
- *R13 billion capital investment, of which R11 billion was committed to South Africa.*
- *Significant new investments in Qatar and Nigeria.*
- *New BEE deals concluded in South Africa.*

Sasol is a significant oil, gas and chemical company with operations 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, make a valuable contribution to the Mozambican economy and make smaller, positive contributions to the countries in which we operate in Europe, North America, Asia and elsewhere in Africa.

During our 2006 financial year, we increased group wealth creation by 30% from R24,7 billion to R32,2 billion. Of this amount, we distributed R7,7 billion (24%) to employees and R6,6 billion (21%) to governments in the form of taxes and related revenue.

Contributing to economic development in South Africa

In South Africa we have been producing fuels and chemicals using Fischer-Tropsch technology since 1955 and have evolved into one of the country's largest corporate contributors to economic development. We contribute about R40 billion, or 4%, to South Africa's national annual gross domestic product (GDP). We supply about 25% of the country's liquid fuel needs through synfuels derived from coal and natural gas at Secunda, and an additional 12% from conventional fuels derived from crude-oil refining through our Natref oil refinery at Sasolburg. This saves the country more than R30 billion a year in foreign exchange as a result of not having to import finished liquid petroleum product,chemical feedstock, intermediates and final products.

On the basis of market capitalisation (R187 billion at year end), we are a top six company on the JSE and South Africa's largest locally domiciled company. We are the country's single largest industrial investor, as well as the country's largest chemical feedstock producer. During the 2006 financial year, our total capital investment amounted to around R13 billion of which R11 billion (84,6%) was invested in South Africa.

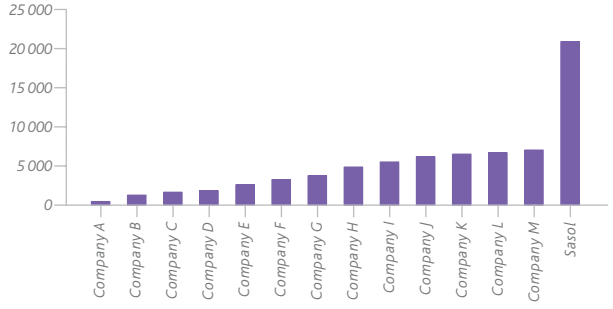
We are by far the largest direct taxpayer in South Africa. In the last five years, the cumulative income tax paid to the South African Treasury exceeded R20 billion. The chart below, which benchmarks Sasol against other major JSE-listed companies (excluding financial services), highlights the significance of the contribution Sasol makes through tax payments.

Supporting research and development

Since our inception, we have devoted significant resources to research and development (R&D) to enhance our intellectual property. Roughly R900 million was invested in R&D from July 2005 to June 2006, of which 66% was applied in South Africa, making us by far the largest private research institution in South Africa. The overseas expenditure will decline by about R200 million a year in future, due to the divestiture of the Sasol Olefins & Surfactants business. We have more than 125 doctorates at R&D in the science and engineering disciplines at Sasolburg.

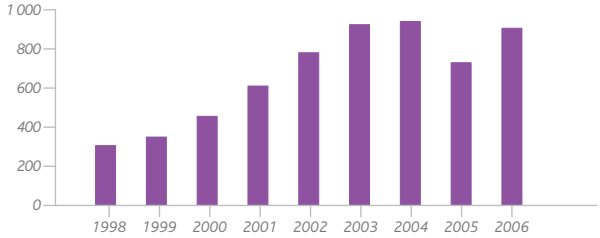
In addition to our R&D facilities in South Africa, we also have researchers based at the universities of St Andrews in Scotland and Twente in the Netherlands. Many of our people responsible for R&D

Income tax cumulative 2001 to 2005 (R million)



Source: Deutsche Bank (20 April 2006)

Total Sasol R&D expenditure (R million)

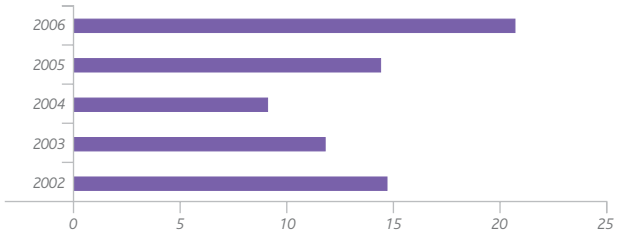


Value added statement

for the year ended 30 June

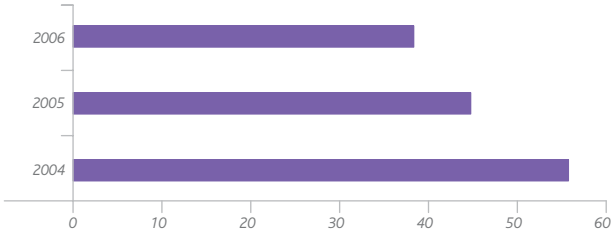
	2006 Rm	2005 Restated Rm
Turnover	63 850	52 497
Purchased materials and services	(32 072)	(28 092)
Value added	31 778	24 405
Investment income	452	291
Wealth created	32 230	24 696
Employees	7 647	6 845
Providers of equity capital	3 836	2 966
Providers of loan capital	1 638	1 361
Government	6 584	4 177
Reinvested in the group	12 525	9 347
Wealth distribution	32 230	24 696

Operating profit* *(R billion)*



*Excluding Sasol O&S in 2004, 2005 and 2006

Wealth created per share *(rand)*



Promoting employment opportunities in South Africa

In addition to the direct and indirect jobs we have created through the growth of our business, we have also undertaken specific projects aimed at creating new jobs through the development of new businesses. One of these projects is the ChemCity initiative established in 1998. Since its establishment:

- *fourteen projects have been implemented with direct job creation of about 350 jobs;*
- *ChemCity's Venco park site has 30 tenants with direct job creation of about 450 jobs; and*
- *ChemCity, since its repositioning in June 2004, has participated in 16 projects with direct job creation of about 300 jobs.*

In addition to the estimated 1 100 new jobs created through ChemCity, we have established more than 215 retail fuel station franchises with an average of 25 jobs per retail fuel station. This amounts to more than 5 300 jobs. Through these initiatives, we have created more than 6 425 new jobs against a target of 5 000 new jobs by 2007.

are recognised as international authorities in their fields. Besides focusing on opportunities to promote economic growth, a significant percentage of our R&D programmes has a strong environmental emphasis.

Playing a positive role in Africa

Through our natural gas operations in Mozambique, we contribute significantly to the Government of Mozambique through taxes, royalties and dividends. We are determined to retain our status as an important contributor to economic development in Southern Africa and, increasingly, elsewhere in Africa, where we are providing technology and other investments in Nigeria and Gabon. We have emerging petroleum-related business interests in Equatorial Guinea and Namibia and, increasingly, are exporting fuels, polymers, fertilisers, solvents and other products to other African countries.

Our growing investments and business relations in Africa support the spirit and tenets of the New Partnership for Africa's Development (Nepad). These undertakings also complement the broader agenda of the African Union to stimulate pan-African socioeconomic development, attract new foreign direct investment (FDI) and reduce poverty.

Growing our international economic base

We have commenced a bold new era of international growth, with ambitious plans to roll out new GTL and CTL projects. In June 2006, Sasol's first international GTL plant, the US$950 million ORYX GTL JV, was inaugurated at Ras Laffan in Qatar. Sasol is set to become a more significant player in the global energy sector.

We have a second GTL plant under construction in Nigeria using Sasol technology in a JV with Chevron Nigeria Limited and the Nigerian National Petroleum Corporation, and two CTL plants being considered for China in the next decade.

The 50:50 JV project of Sasol Polymers Germany GmbH and the National Petrochemical Company of Iran to develop new monomer and polymer production facilities at Bandar Assaluyeh in Iran has entered its final construction phase. It is expected that the €987 million project will be completed in phases between October 2006 and January 2007.

Sasol Polymers is also a significant partner in the Optimal Olefins and Petlin plants at Kertih, Malaysia. Through other JV interests, Sasol Polymers is expanding its polymer distribution interests in China. We also contribute to, and invest in, other economies, most notably Germany.

Making major investments for sustained growth

Our capital expenditure (capex) programme for the 2006 financial year was R13 billion. This includes the international ORYX GTL venture, Project Turbo in South Africa, the Arya Sasol Polymer Company project in Iran and smaller chemical plant expansion projects in Germany and South Africa. This is higher than our capex for the 2005 financial year of R12,4 billion and R10,9 billlion 2004 financial year.

Our current expectation is that annual capex spend will be in the region of R13 billion to R15 billion per year over the next two to three years. It is possible that capex could approach R20 billion a year towards the end of the current decade. Sasol's board-approved gearing is below the 30% to 50% range, with gearing being defined as the net debt to shareholders' equity. At financial year end, Sasol's gearing was 29%, down from 37% in the previous year.

The larger potential capital projects envisaged relate primarily to:

- *the incremental growth and optimisation of the Sasol Synfuels and allied operations at Secunda, where output could be increased by as much as 20% over the next 10 years;*
- *the planned 50% expansion of the Mozambique Natural Gas Project over the next two to five years;*
- *the completion of a GTL plant using Sasol technology in Nigeria;*
- *the possible expansion of GTL capacity in Qatar; and*
- *two possible CTL joint ventures in China*

Go-ahead for China CTL feasibility studies

In June 2006, Sasol signed landmark agreements with a Chinese delegation to South Africa led by the Premier of the People's Republic of China, Wen Jiabao. In terms of these agreements, Sasol and Chinese partners will complete feasibility studies for the envisaged development of two CTL plants in western China. The comprehensive feasibility studies – covering such specifics as financing, project execution and costs, feedstock supply, the provision of water and utilities, and market conditions – will be based on CTL plants each with an 80 000 b/d capacity. Should these projects go ahead, the CTL plants could be brought into operation as early as 2012. The estimated capital costs for each plant is currently in the region of US$5 billion.

The establishment of the two new plants in the western hinterland is expected to result in thousands of new jobs and spin-off economic development outside China's existing high-growth regions. In developing new CTL plants, our objective is to design carbon-capture ready facilities, which can significantly reduce GHG emissions. (A summary of recent studies of the GHG emissions of CTL through the life cycle is provided on page 21 – 22).

Sasol invests in Iran

Sasol has entered into a 50:50 JV project with the National Petrochemical Company of Iran to develop new monomer and polymer production facilities at Bandar Assaluyeh in Iran. The project has entered its final construction phases. It is expected that the €987 million project will be completed in phases between October 2006 and January 2007.

our social performance

- *Four workplace fatalities: three service provider employees and one company employee.*
- *Lowest ever employee RCR achieved of 0,68 – though failed to meet target of 0,5.*
- *Targets met for reduced process safety incidents.*
- *Independent progress evalution conducted of safety practices and a revised safety improvement plan agreed.*
- *More than R170 million invested in developing employee skills.*
- *More than 80% of South African employees have undergone voluntary HIV testing.*

Sasol is committed to maintaining a safe, productive and equitable workplace. In addition to improving performance in occupational health and safety, we seek to promote the training and development of our employees and foster a culture of equal opportunity. Due to the nature of our operations, we recognise the importance and benefits of being proactive 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 CSI programmes.

Occupational safety and health – Targeting zero fatalities

It is with sadness that we report that one company employee and three service provider employees were fatally injured in workplace incidents. This compares with 17 fatalities in the previous year and nine in our 2004 financial year. While there has been a noticeable reduction in fatalities, and a further reduction in our fatal accident rate, any fatality is unacceptable. Our goal remains zero fatalities.

In May 2006, the GEC adopted a fatality review guideline in terms of which the CE takes responsibility for reviewing the circumstances and root cause of each fatality with the relevant site business executives.

Employee and service provider fatalities

August 2005
Sasol Mining, South Africa – Molamo Thabo Mmako, a service provider, was killed when he was struck by a makeshift conveyer belt sling that failed under tension.

September 2005
Project Turbo, Secunda, South Africa – Zabathini Ntinta, a service provider, died after falling from scaffolding.

December 2005
Sasol Mining, South Africa – Roger Ben Mhlanga died instantly when an unsupported roof fell on top of him.

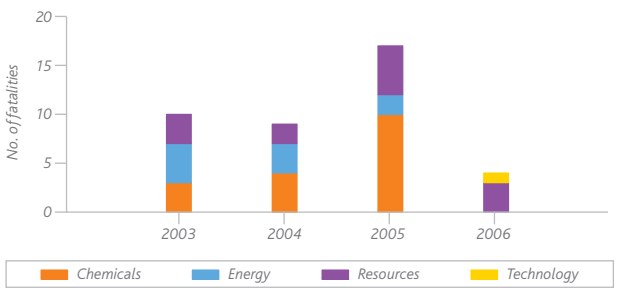
May 2006
Irenedale Shaft site, South Africa – Abram Moditse, a service provider, was killed when a fire extinguisher ruptured while being serviced on site.

Improving our recordable case rate (RCR)

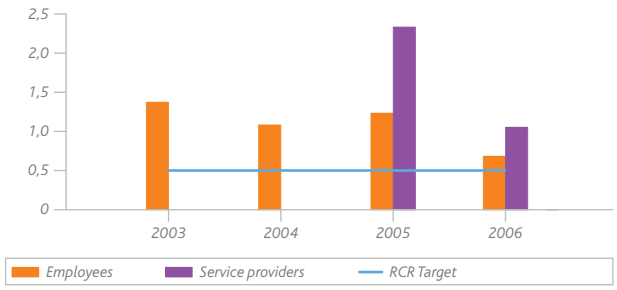
Important safety initiatives were undertaken throughout the year as part of our comprehensive change management programme aimed at ensuring safety remains the first priority and a core value of everyone at Sasol. A review of our safety initiatives and the implementation of our revised safety improvement plan (SIP) is provided on page 26.

The effectiveness of our SIP was demonstrated both during DuPont's second review and by the marked improvement in our safety record. By year end, we achieved our best employee RCR of 0,68. This compares with 1,23 in 2005 and 1,08 in 2004. An RCR of 0,5 is

Employee and service provider fatalities



Recordable case rate (RCR)



considered to be in line with global best practice. Although this is an improvement, we failed to reach the 0,5 group target we set for achievement by July 2006. (Note: In our 2005 annual report we reported an RCR of 1,17 for 2005 and 1,03 for 2004. We have revised our formula to incorporate the US Occupational Safety and Health Administration (OSHA) Rules definition, which states that the RCR should be calculated as the number of fatalities, lost workdays, medical treatment beyond first aid and job transfer cases for every 200 000 employee hours worked. Previously the calculation was based on headcount, whereas the current calculation is based on hours worked.

In our quest for continuous improvement, we shall be acting on the recommendations of the DuPont safety management evaluation conducted earlier in 2006 with the goal of meeting our revised RCR target of at least 0,4 by July 2011 and 0,3 by July 2015, which will include all of our service providers. Our underlying goal is to achieve zero harm. Critical to achieving this target will be our continuing strong focus on developing an appropriate safety culture and mindset of safe behaviour throughout Sasol.

Occupational health activities

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

During the year, we developed an occupational health and wellness strategy that addresses a range of health-related issues in an integrated manner. As from the 2007 reporting period, we shall be revising our RCR to include occupational illnesses in line with recent US OHSA legislation. This includes illness categories such as skin diseases and disorders, respiratory conditions, noise-induced hearing loss and poisoning. We have also adopted a risk-based approach to ensure the standardisation of personal protective equipment throughout the group.

Managing fires, explosions and releases (FER)

Ensuring the effective reduction of the risk of FER of hazardous substances is critical to our business. We achieved further progress in initiating implementation of the recently approved process safety management system throughout our operations, with the aim of minimising the risks of accidents and releases of hazardous substances.

We reported 15 significant FERs compared with 25 in 2005 and 32 in 2004. This represents a 62% reduction on our performance in 2001 and is thus significantly better than our target of a 50% improvement on 2001 levels by July 2006. For the purposes of the figures reported above, a FER is registered "significant" when it:

- involves a fatality or lost workday case; or
- results in damage to property or equipment of more than US$25 000; or
- causes a release of chemicals in excess of a defined threshold for relevant listed substances.

We have set new performance targets of not more than three significant FERs a quarter by July 2011, and a 50% reduction in minor fires, explosions and releases, on the 2006 baseline, by July 2011.

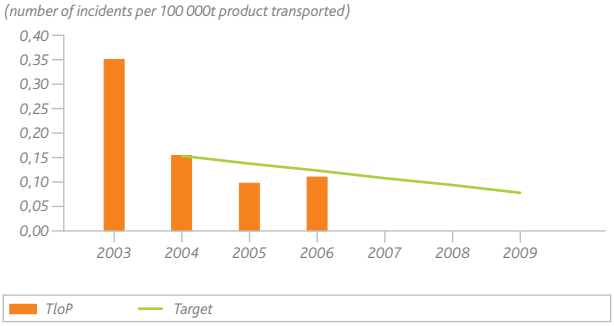
Striving for fewer transportation incidents

Sasol has set itself the target of reducing the number of significant logistics incidents per 100 000 tonnes of product transported by 50%, on the 2004 baseline, by July 2009. In 2006 there were 35 significant incidents compared with 31 such incidents during 2005, 44 in 2004 and 95 in 2003. While this represents an increase in the rate of incidents on the previous year, the recent trend remains on track for achieving this target.

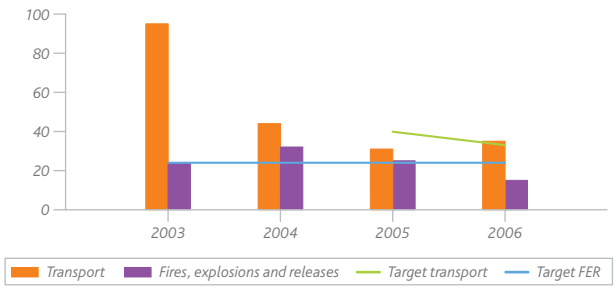
For the purposes of the target, a logistical incident is defined as significant if it results in one or more of the following:

- a recordable injury (including fatality) to any Sasol employee, or an injury to any other person that requires medical treatment;

Transport indicator of performance
(number of incidents per 100 000t product transported)



Process and transport incidents



- measurable or visible damage to livestock, vegetation, crops, fish or water systems, or a release of more than 1 000 litres of a chemical;
- property, product and/or transportation equipment loss (to Sasol) of more than US$20 000, except in Europe where it is greater than €20 000, or any fines or penalties imposed on Sasol;
- fire, explosion, or reactive chemical incident;
- any community evacuation or sheltering, or any community alert given as a result of the incident, or any road closure lasting more than six hours; or
- the involvement of the international, national or local media.

We have a multi-pronged approach for mitigating the risk of transport incidents. This includes:

- implementing Sasol's safety and quality assessment system (SQAS) aimed at improving the safety, quality and environmental performance of all logistical services providers involved in transporting, handling and storing Sasol products;
- identifying and selecting appropriate transportation routes; and
- ensuring the availability and readiness of effective emergency response services.

The improved performance of logistical services providers – including road transporters, tanker cleaning stations and bulk liquid storage terminals – uses SQAS, a structured approach for evaluating and approving suppliers and assisting them to improve their performance. SQAS is now accepted as the minimum standard for transporting hazardous chemicals and is acknowledged as one of the most comprehensive audit procedures available.

SQAS has 20 different categories of assessment covering SH&E management systems, preventative maintenance systems, operations, security and site inspection. There are now 82 companies with approved supplier status and 21 companies with provisional supplier status in Southern Africa. These include road transporters, tanker cleaning stations and bulk liquid storage terminals.

During the year, we continued our focus on improving emergency readiness activities with the aim of minimising the impacts of any off-site transportation incidents involving Sasol products. To ensure an acceptable level of preparedness, activities undertaken during the year included.

- providing training to 870 members of the local authority emergency services;
- approving 13 private emergency response service providers and the two Sasol emergency response centres on the basis of comprehensive emergency response audits;
- assessing the emergency response and disaster management preparedness of local authorities and providing training to assist them to improve their performance;
- maintaining the Sasol emergency response call centre, which plays an important coordinating role between Sasol, emergency services and local communities; and
- holding regular emergency response exercises to test the effectiveness of Sasol and local authority emergency protocols and procedures.

Plant security

The maintenance of plant security is a priority throughout the group. This has received increased prominence since the US terrorist attacks of 11 September 2001. Our Baltimore and Lake Charles plants in the USA have since evaluated plant security programmes and made changes in procedures and physical security measures. As a member of the American Chemistry Council, Sasol North America has also adopted a security code of management practice, which requires that we conduct a security vulnerability analysis to identify areas in which additional security measures are necessary, and have a management system in place for other aspects of plant, distribution and cyber security.

During the year, cross-site audits of our South African operations were conducted to review the status of our security procedures, training, perimeter maintenance, response strategies and communication with authorities, in accordance with security-related legislation. A high-level overview of plant security has also been included in our SH&E governance audits. Where necessary any corrective actions will be included as part of the site-based safety improvement plan.

Human resources management

Fine-tuning our strategy

We fine-tuned our group human resources (HR) development and management strategy to ensure its alignment with, and more effective support of, our business strategy. This is part of a wider commitment to make Sasol an employer of choice while pursuing growth opportunities. Because of our strong presence in South Africa, we remained sensitive to national socioeconomic transformation issues and continued to progress our employment equity (EE) and workplace transformation initiatives.

At year end, Sasol had 23 638 permanent employees and 1 770 non-permanent employees in South Africa (total: 25 408) and a total of 30 368 globally. These figures exclude our international JVs such as Merisol and ORYX. Employee turnover for the year was 6,3%, compared with 7,5% in 2005 and 7% in 2004. We had no retrenchments during the year, compared with 39 last year.

Maintaining a skilled and stable workforce

Our vision to become a respected global enterprise and our rapid growth over the last decade necessitates the application of accelerated development programmes for our employees.

In South Africa – which comprises more than 84% of our workforce – we invested more than R113 million in employee training and development, with 21 743 employees receiving training. This investment includes in-house technical training and self-learning centres. An additional R25 million was invested in 400 undergraduate and 60 postgraduate bursaries with emphasis on developing scientific, engineering and technological skills. We have budgeted R30 million for bursaries for the 2007 academic year.

To ensure effective talent management planning, we have finalised 10 year HR development plans for all businesses. We also approved an enhanced strategy aimed at attracting and retaining top talent. This integrated approach allows us to identify and develop high-calibre leadership and fill critical and new positions quickly and with confidence. Our strategic approach to planning HR allows us to anticipate future talent needs and to develop talent pools of sufficient depth and experience to meet those needs. We were recently rated among the 10 best companies to work for in South Africa.

We have also provided training to 211 Nigerians for our Escravos GTL plant. This training commenced in August 2005 and is expected to extend for between 26 and 31 months, depending on the disciplines trained.

Promoting workplace equity and diversity

We continued to increase the percentage of employees drawn from historically disadvantaged groups in line with South Africa's Employment Equity Act. People from designated groups – Africans, Coloureds and Indians, women and people with disabilities – comprise 64,9% of our South African workforce. At year end, people from designated groups held 43% of Sasol managerial, professional and supervisory posts. This is an improvement on the 39% reported a year ago. We are targeting to increase this figure to 47% by 2007 and 50% by 2008.

As part of a drive to ensure greater representation at the higher levels of group management, we appointed three new executive directors and one new non-executive director to our board of directors (see page 33).

All our South African businesses maintain employment equity forums to ensure we stay focused on achieving targets.
We endeavour to nurture workplaces that are open, transparent and free from all forms of discrimination. We also promote employee equity and diversity in all the countries in which we operate in harmony with global best practice. Our Secunda operations are believed to host Africa's highest geographic concentration of black graduate engineers.

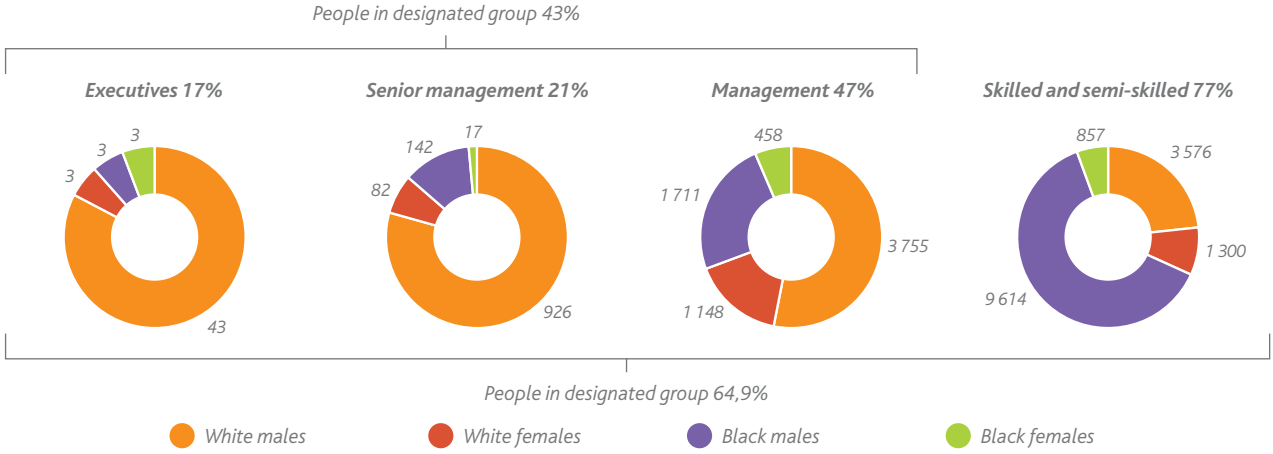
Encouraging positive labour relations

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

We enjoyed constructive relationships with representative trade unions throughout the company. About 57% of our employees in South Africa belong to unions. We experienced industrial action at only one operation, Secunda, which led to 900 lost employee days over three working days.

Joint forums between trade unions and management remained active as part of our willingness to sustain constructive dialogue. These forums continued to discuss wages, conditions of employment, health and safety, training and development, community care and HIV/Aids, among other important issues. All representative unions

Employment equity statistics as at 30 June 2006



and pensioners are represented on our medical scheme management structure and senior employees serve on that of the retirement funds.

As a signatory to the UN Global Compact, we also uphold the principles of the International Labour Organisation (ILO) and therefore endeavour, at all times, to maintain fair, open and constructive relations with all employees, within the legal frameworks of the countries in which we operate.

Upholding human rights

We support the concept of human rights as contained in the Constitution of the Republic of South Africa and the UN Universal Declaration of Human Rights. We respect the rights to life, liberty, security and the right to be free from slavery, servitude, torture or cruel, inhuman or degrading treatment or punishment. While we condemn the high levels of violence and poor human rights records in certain countries, we do not believe these need in themselves preclude company investment. Although it is not always easy, we believe it is possible to work securely and in an ethical manner in such situations.

We are committed to complying with all legal requirements within the countries in which we operate. In South Africa, where 82% of our workforce is based, internationally recognised human rights and the core principles of the ILO are enshrined within the South African Constitution and its recently revised labour laws.

We strive to comply with the principles of the UN Global Compact, given the requirements of national laws:

- *supporting and respecting the protection of internationally proclaimed human rights within our sphere of influence;*
- *ensuring we are not complicit in human rights abuses;*
- *eliminating all forms of forced and compulsory labour;*
- *recognising the right to collective bargaining;*
- *abolishing child labour; and*
- *eliminating employment discrimination.*

Although we have no separate policy specifically addressing human rights, our commitment to the protection of human rights is addressed through our code of ethics, with which all Sasol employees and businesses are required to comply. This code consists of four fundamental ethical principles – responsibility, honesty, fairness and respect – and 15 ethical behavioural standards. In terms of one of these ethical standards, all Sasol employees are required to respect human rights and dignity. Human rights-related issues are also addressed in our policies and procedures relating, for example, to labour rights, worker health and safety and environmental management.

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, our activities comply with internationally accepted standards of behaviour and that we support and protect internationally recognised human rights within our sphere of influence. To assist us in understanding the implications of this commitment and to benchmark our performance against our peers, we commissioned an independent study to assess the implications of our commitment to the relevant UN Global Compact principles. This study will inform the development of a more structured response to human rights issues as we expand our global activities.

Promoting employee well-being

Sasol's employee assistance programme (EAP) plays an increasingly important role in developing and maintaining a healthy company. Focusing on the psycho-social risks of our employees and their dependants, the EAP provides confidential, professional 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.

The provision of face-to-face solution-focused counselling has increased annually, reflecting the employee's needs and their confidence in the EAP services. Use of these services for the 2006 financial year increased to 7,3% of employees from the 6,3% and 6% reported for 2005 and 2004, respectively.

Tackling the HIV/Aids challenge in our South African operations

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 union, community representatives and independent 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. In developing SHARP, an intensive group-wide risk assessment was undertaken to understand the impact of HIV/Aids on our operations and communities.

SHARP is coordinated at group level by a steering committee, chaired by a GEC member. All steering committee programme reviews are tabled at Sasol board meetings. Our chief executive serves as the group champion, with the managing directors of each business unit acting as business unit champions. Each Sasol business site has a dedicated SHARP task team responsible for implementing and sustaining a site-specific response team. All of the main Sasol trade unions participate in the SHARP teams, with each union having a dedicated delegate on these teams.

Through the SHARP initiative we are:

- *implementing measures to eliminate discrimination on the basis of a person's HIV/Aids status;*

HIV/Aids performance data

As at 30 June 2006:

- 415 Sasolmed beneficiaries were receiving antiretoviral treatment (ART)
- 133 new beneficiaries were authorised to receive ART during the year
- 124 beneficiaries who were authorised to receive ART during the reporting period are still currently on Aid for Aids (AFA) (9 left the scheme, reason unknown)

- encouraging a behavioural change though our HIV/Aids education and awareness programmes;
- providing access to free and confidential voluntary counselling and testing (VCT);
- providing treatment of opportunistic illnesses such as tuberculosis, as well as treatment of sexually transmitted infections;
- providing managed healthcare, including antiretroviral treatment (ART) for employees; and
- reducing and managing the total cost to Sasol of the business impact and response to HIV/Aids.

A principal focus of SHARP is the provision of VCT, an essential first step in facilitating appropriate access to healthcare options and a critical component of promoting behavioural change. As a result of our collaborative approach, we have had one of the highest uptakes for VCT in South Africa: 82% by year end for our South African operations. This compares with a rate of between 50% and 60% that is typical among most corporate programmes. To date, about 7% of our tested South African employees have proven HIV-positive, which is well below our estimated actuarial prevalence rate of 19%.

Having taken all of the South African employees through VCT, an important focus over the last year has been on providing comprehensive workplace education and training programmes in our South African businesses. In the year ahead we shall be extending our activities to cover our service providers and our franchise network of fuel retailers. Through this initiative, we shall provide training and awareness programmes, as well as a referral network for VCT and health care services, to 300 franchisees and 5 000 forecourt employees. We are also working with the Government of Mpumalanga Province and an NGO to identify opportunities to improve the level of service at one of the provincial hospitals that provides services to many of our employees.

Through our CSI department we have partnered with community-based organisations to increase awareness and improve access to care in the communities in which we operate. SHARP was recognised as one of the top five workplace HIV/Aids response programmes in the country at the Khomanani Excellence Awards in 2005.

Sasol in the community

Promoting stakeholder engagement and outreach

Engaging with our stakeholders forms an important part of the way in which we do business and is a cornerstone of our strategic commitment to sustainable development. A brief review of our approach to communicating and engaging with stakeholders is provided on page 45. In addition to these day-to-day interactions, we commissioned a specific stakeholder process as part of the process of developing our 2005 sustainable development report. A summary of the outcomes of this process is provided on pages 47 – 53.

Sustaining strong social investments

We believe an effectively designed and implemented CSI programme can play an important role in a company's contribution to sustainable development. The vision of Sasol's CSI programme is to promote people-centred, needs-driven development of communities in partnership with key community stakeholders in those regions where we have the largest footprint. We have committed more than R600 million over the last decade to social upliftment and human development initiatives. We continue to support the communities in which we operate, especially in South Africa, our corporate home, and in Mozambique, where we completed construction of the US$1,2 billion Mozambique Natural Gas Project (MNGP) in 2004.

Historically, we have channelled our social investments primarily into five priority areas:

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

During the year, we committed more than R40 million (excluding bursaries) to socioeconomic development projects, mostly in the Sasolburg and Secunda communities and along the Mozambique-to-Secunda pipeline route. We also recommitted R25 million to bursaries and dedicated R33,5 million to sport sponsorship. As part of the MNGP, Sasol is maintaining a social development plan in Mozambique, where we have invested more than US$7 million in community development projects. We have also committed an

additional US$1 million for social upliftment projects to benefit communities alongside the gas transmission pipeline in South Africa.

While most of our social investments are undertaken in Southern Africa, important community-based initiatives are undertaken by our US and European operations. During the year, these operations and their employees contributed almost R17,5 million to community projects. Employees in the USA donated thousands of volunteer hours to help with community projects such as United Way, Partners in Education, Teachers' Institutes, Inland Waterways Cleanup, Habitat for Humanity, the Chemistry Expo and mentoring elementary school students. A more detailed review is available from our CSI department.

All of our CSI projects are monitored and evaluated. With each grant the number of beneficiaries and the impact of the problem area/vulnerability are tracked. Projects are required to provide progress reports on a quarterly basis to track progress against the mutually agreed key performance indicators.

Sasol's strategic CSI programme in South Africa

At Sasol we understand the value of social investments that are strategically linked to our core business activities. Recognising the many pressing social priorities in South Africa, and with due regard to the nature of our activities, our CSI programme in the country focuses on five priority areas: education; health and welfare; job creation; environment; and arts, culture and sports development. A brief summary of some of Sasol's key CSI initiatives in South Africa over the last year is provided below.

Education

Recognising the importance of mathematics, science and technology education as the basis for a sound economy, as well as the need to develop a talent pool from which to draw future employees, our major focus has been on building capacity, transferring skills and providing resources to learners and educators in the fields of science, mathematics, engineering and technology. Through our social investments in this area, we:

- *provide infrastructure such as classrooms in rural areas, as well as necessary teaching materials and equipment to the development of more sophisticated resources;*
- *support primary, secondary and tertiary education projects by providing learning resources, extra tuition and educator development programme; and*
- *support research projects on education, engineering, environmental and scientific issues at tertiary level.*

Examples of specific projects during the year include:

- *the Osizweni initiative near Secunda, which provides a comprehensive range of educational services ranging from early childhood education through to further education and training for out-of-school learners, and including entrepreneur and vocational skills development;*
- *providing ongoing support for the Sasol Blue Box programme, which provides under-resourced rural schools with the equipment needed to teach science at a primary school level, as well as providing educators with training and mentoring over a three-year period to ensure sustainability;*
- *continuing to support the annual Sasol TechnoX and Sasol SciFest exhibitions, which provide students and teachers with an opportunity to be exposed to the world of science, maths and technology;*
- *sponsoring extra tuition and training for science and mathematics learners through various programmes such as the Sasolburg winter schools project, Saturday Schools at St Mary's and at Sci Bono in Johannesburg for learners and educators and the Sasol Govan Mbeki mathematics development project in the Eastern Cape;*
- *supporting the Rally to Read initiative aimed at improving literacy through the training of educators and the provision of libraries in rural regions; and*
- *funding research into mathematics and science education in the country.*

Health and welfare

Our support for health and welfare focuses primarily on addressing the key development issues in communities. At present the demand for support is mainly related to providing care support to those who are infected and affected by HIV/Aids. Examples of specific projects during the year include:

- *providing community education and support services through projects such as the Isiphepelo step-down care facility and the Highveld East Aids Project in Secunda;*
- *initiating income-generating projects to provide skills training and financial support to children orphaned by the Aids pandemic, as well as unemployed people who are undergoing treatment for being HIV positive. This has been undertaken in partnership with the Topsy Foundation and St Joseph's at Sizanani; and*
- *partnering with Heartbeat to provide professional after-school support for orphaned and vulnerable children, in which we look beyond the physical needs of orphans and focus more on their psycho-social needs.*

Job creation

The promotion of employment is critical to ensuring a stable environment in which to do business. We have focused on providing support to the most marginalised members of communities – such as rural and peri-urban youth and women – by providing financial and material support, as well as skills development.

Examples of specific projects during the year include:

- *supporting the development of integrated energy centres (IeCs) in under-resourced rural areas of South Africa;*
- *funding the Highveld East Business Development Corporation in Secunda, which has been set up to assist small and medium-sized companies to write business plans and to submit tenders as sub-service providers for the Sasol Secunda site;*
- *partnering with BirdLife South Africa to train bird guides for the booming ecotourism industry;*
- *partnering with Junior Achievement South Africa to pilot the Mini Enterprise Programme that teaches students the fundamentals of business and economics, and promotes the development of entrepreneurs; and*
- *supporting the Learn to Live project in Cape Town that provides training to street youth in both life and work skills.*

Environment

Our support for environmental and conservation projects includes funding information and education initiatives, research projects and community-based conservation initiatives.

- *We provide sponsorships to environmental organisations and initiatives, such as the Endangered Wildlife Trust and the Sasol Vulture Monitoring Project.*
- *We have continued to sponsor community environmental education facilities.*
- *Through the ongoing and successful Sasol Schools Cleanup Project at Sasolburg and Secunda, we promote the value of living in a clean and healthy environment.*
- *We have also funded projects that provide training to communities on planting sustainable food gardens and greening deforested areas with indigenous plants.*

Arts, culture and sport development

Sasol has a long tradition of assisting the visual, performing and creative arts. Our support ensures the success of many cultural events such as festivals and exhibitions, as well as helping talented individuals to reach their full potential. We also target sport and life-skills development among the youth in communities with which we do business.

- *during the year, we continued to support the Ochrim School of Music for young musicians from historically disadvantaged communities,*
- *sponsored the Black Tie Ensemble, a community-based initiative aimed at developing and training classical singers from historically disadvantaged groups and we provided financial assistance to the South African National Youth Orchestra's development programme and funded the Sasol Schools Festival.*

Sasol's CSI programme focuses on five priority areas: education; health and welfare; job creation; environment and arts; culture and sports development

our environmental performance

- *Significant new capital investments approved to achieve further emission reductions.*
- *Progress in reducing atmospheric emissions.*
- *Many businesses are reducing energy and water consumption per tonne of production.*
- *Progress in implementing product stewardship throughout our global operations.*

Due to the nature of Sasol's activities as a global petrochemical company, we recognise 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;*
- *minimising the negative impacts of our products through their life cycles; and*
- *managing impacts on land and biodiversity.*

Reducing greenhouse gas emissions

One of our principal environmental challenges relates to managing greenhouse gas (GHG) emissions. Following an extensive process of internal review and external benchmarking, in 2005 we agreed a group-wide target of achieving at least a 10% reduction in GHG emissions per tonne of product, on the baseline of the 2004 financial year, by July 2015. We have prepared a detailed roadmap with milestone targets to guide us towards achieving this goal.

We intend to achieve this reduction by:

- *switching to a more carbon-efficient feedstock at existing facilities, such as the introduction of natural gas as a feedstock in Sasolburg;*
- *using a less carbon-intensive feedstock at new production facilities, such as the use of natural gas as a feedstock at our ORYX GTL facility in Qatar;*
- *implementing an enhanced carbon and energy-efficiency drive at all facilities;*
- *reducing GHG emissions at our nitric acid facilities;*
- *providing for improved carbon management in the design of new facilities; and*
- *investigating opportunities to capture and store carbon dioxide as part of our planned international expansion of our CTL interests. (See page 21)*

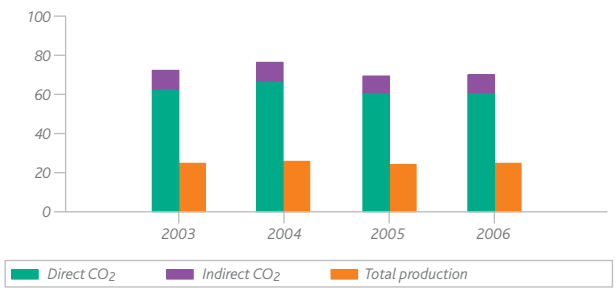
Our inventory of GHG emissions has been developed using the internationally recognised Reporting Protocol of the World Business Council for Sustainable Development and the World Resources Institute. Our emissions have been externally verified on the basis as outlined in the KPMG statement on page 76.

Our total emission of methane (CH_4) and carbon dioxide, direct and indirect, increased from 74,6 million tonnes (Mt) in 2005 to 75,4 Mt in 2006. Our overall carbon-intensity – measured as the number of tonnes of carbon dioxide equivalent per tonne of product – was 3,04 compared with 3,09 in the previous year. Most of this reduction in emissions intensity resulted from our conversion to natural gas feedstock at Sasolburg and improved plant stability at Secunda. In Sasol Wax at Hamburg, Germany, a 20% reduction in carbon dioxide emissions was achieved following the upgrading of a steam unit.

Further improvements in emissions intensity are forecast through the implementation of our energy-efficiency initiatives, the planned reduction of nitrous oxide (N_2O) emissions at Sasol Nitro and as a result of our new GTL ventures. We recognise, however, that our proposed CTL ventures in China could potentially have significant implications, in the long-run, for our commitment to reduce carbon intensity. A brief review of the GHG emission implications of GTL and CTL through their life cycle is provided on page 21 – 22. To reduce the potential impact of our CTL operations, we are working actively at identifying practical solutions for the capture and storage of carbon dioxide, and are examining opportunities for developing and implementing of clean coal technologies.

During the year we made progress towards the possible registration of two Clean Development Mechanism (CDM) projects for emission reduction activities in South Africa, with several new projects in the

Greenhouse gas emissions (million tonnes CO_2)



pipeline. Our operations in Italy have purchased 10 000 tonnes of emission allowances, which we anticipate will be sufficient to meet our allocation requirements in terms of the European Emission Trading Scheme for at least the next three years. Our Brunsbüttel and Moers sites in Germany are within their permitted allocation.

Internationally, we continue to participate in the activities of the Intergovernmental Panel on Climate Change (IPCC) on identifying opportunities for sequestrating carbon dioxide. The Sasol Technology R&D group recently launched an R&D programme to support this initiative.

Benchmarking Sasol's greenhouse gas emissions

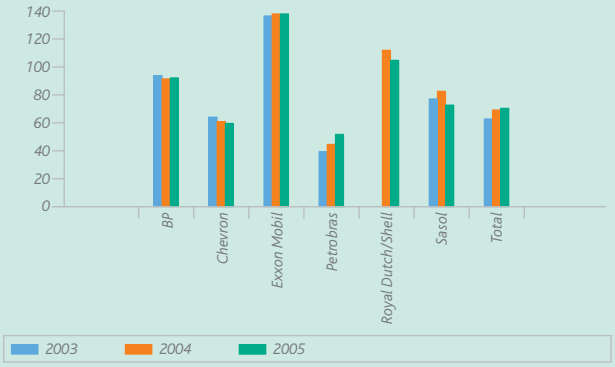
To assist in understanding the level of GHG emissions, we have benchmarked our emissions against some of our international peers in the integrated oil and gas cluster. In reviewing these figures, it is important to appreciate that the size, products, processes, equipment and regulatory reporting requirements in each of these companies may differ significantly. The data provided below is not intended to be used as a basis for making direct company-to-company comparisons, but rather is intended as a general indication – at a very broad level only – of how Sasol compares with other large companies, with the aim of making our emissions data more meaningful.

While Sasol's products and process are in many respects unique, we have chosen to assess our performance against the following oil and gas companies: BP, Chevron, ExxonMobil, Petrobras, Shell and Total. The data quoted below comes from the most recent public report of the Carbon Disclosure Project (www.cdproject.net) and is based on submissions from each company. Recognising that there are some limitations with this comparison, we are committed in future to providing a more meaningful benchmark that, for example, compares carbon dioxide emissions per unit of energy provided throughout the products' life cycle. A broad life-cycle assessment of the environmental implications of Sasol's GTL and CTL technologies is provided on pages 21 – 22.

Another approach to understanding our carbon dioxide emissions is to consider the nature of our contribution to overall carbon dioxide emissions in South Africa. South Africa's most recent national communication, issued in terms of the UN Framework Convention on Climate Change is dated October 2000 and provides a GHG inventory using 1994 data. An updated national GHG Inventory is being compiled.

Pending the publication of this inventory, it is suggested that a reasonable estimate of South Africa's emissions is provided by the Climate Analysis Indicators Tool of the World Resources Institute (http://cait.wri.org/). Using data from the International Energy Agency, the WRI estimates that in 2000 South Africa emitted 349 million tonnes of carbon dioxide. While this is not a completely accurate figure, it is seen as a reasonable estimate for the purposes of this assessment. Recent studies of GHG emissions in South Africa highlight the predominant contribution of the fuel combustion sector, with Eskom and Sasol being amongst the most significant contributors. Eskom's publicly reported emissions of carbon dioxide for the year ending March 2006 is 203 million tonnes (Eskom 2006 annual report). For the year ending June 2006, Sasol's GHG emissions amounted to 75,4 million tonnes.

Company specific GHG emissions data in the integrated oil and gas cluster (Million tonnes of GHG emissions CO_2 equivalent)



Source: Carbon Disclosure Report 2006 – Global FT500

Our Secunda site in South Africa has formal programmes in place aimed at reducing future emissions of greenhouse gases on a production-tonnage basis.

Benchmarking our climate change governance practices

To assist in assessing our approach to managing climate change in Sasol, we have benchmarked our performance on climate change governance against the outcomes of a recent independent global review of the climate response programmes of 100 of the world's largest corporations. Published in March 2006 by CERES, a US coalition of investors, environmental groups and other public interest organisations, the report presents the findings of a detailed study undertaken by the Investor Responsibility Research Centre (IRRC).

The report (Corporate Governance and Climate Change: Making the Connection) evaluates the climate change governance practices of 76 US and 24 non-US global companies, with a particular focus on the activities of corporate executives and the board in driving systems to identify and respond to the risks and opportunities presented by global climate change.

The companies' practices are assessed and scored against the criteria of a climate change governance checklist that reviews how companies are addressing climate change in terms of five governance categories: board oversight, management performance, public disclosure, emissions accounting and strategic planning. The checklist consists of 14 governance steps that companies can take to proactively address climate change. Each of the five governance categories has a different number of maximum points to reflect the number of actions available and their relative importance to the overall score.

The report is designed to be used as a benchmarking tool by institutional investors and corporations who appreciate the potential significance of the physical and policy impacts of climate change. As Sasol was not assessed by the IRRC as part of this review, we have undertaken our own preliminary qualitative self-assessment against the criteria contained in their checklist (see table on pages 68 – 69).

The aim of this self-assessment is to assist us – and our stakeholders – to evaluate how we are doing relative to our industry peers and to identify opportunities for further improvement. As the methodology used by the IRRC for scoring companies' performance is not elaborated upon, we are not in a position to allocate a numeric score for our performance. Nevertheless, we believe our response to each of the 14 governance elements provides a sufficient basis for an informed judgment of our climate change governance practices. The IRRC's assessment of the reviewed companies in the oil and gas sector is presented below.

Company Maximum	**Board** **12**	**Management** **18**	**Disclosure** **14**	**Emissions** **24**	**Strategies** **32**	**Total** **100**
BP	9	16	13	23	29	90
Royal Dutch	7	15	7	23	27	79
Statoil	10	13	12	15	22	72
Total	6	15	12	13	16	62
Chevron	7	10	5	17	18	57
Anadarko	5	8	9	11	6	39
Sunoco	2	5	7	17	8	39
Ameranda Hess	4	6	5	12	8	35
ConocoPhillips	3	5	7	9	11	35
ExxonMobil	5	5	5	12	8	35
Marathon	3	4	3	10	6	26
Occidental	5	2	4	11	3	25
Valero	1	3	3	9	8	24
Apache	3	6	2	6	5	22
Tesoro	6	4	0	3	2	15
Burlington	1	2	1	4	5	13
Devon Energy	0	1	1	6	3	11
El Paso	3	1	1	3	1	9
Murphy Oil	3	1	0	1	1	6
Williams	0	0	0	1	2	3
Average	4,15	6,1	4,85	10,3	9,5	34,8

The CERES climate change governance checklist – Sasol's self-assessment

The following table presents our qualitative assessment of Sasol's performance (as at 30 June 2006) against each of the 14 governance criteria contained in the CERES climate change governance checklist.

Board oversight	(Up to 12 points)
1 Board committee has explicit oversight responsibility for environmental affairs.	The risk, safety, health and environment committee advises the Sasol board on all relevant risk and SH&E issues, including climate change.
2 Board conducts periodic review of climate change and monitors progress in implementing strategies.	Quarterly reports are submitted to the board on Sasol's SH&E performance. Specific provision is made in these reports for progress against our group targets, including our target for reducing GHG emission intensity.
Management execution	(Up to 18 points)
3 Chief executive clearly articulates company's views on climate change and GHG control measures.	Our chief executive has approved a GHG position statement for the Sasol group. This statement is publicly available and was included in our 2005 sustainable development report.
4 Executive officers are in key positions to monitor climate change and coordinate response strategies.	A group general manager, who sits on the group executive committee, has been appointed to a newly assigned portfolio with specific responsibilities for SH&E issues which include climate change. Monitoring of climate change issues is facilitated by technical staff at all relevant operations.
5 Executive officers' compensation is linked to attainment of environmental goals and GHG targets.	While safety performance has been included as an issue that directly affects executive officers' compensation, the attainment of GHG targets does not currently have a similar impact on executive remuneration.
Public disclosure	(Up to 14 points)
6 Securities filings identify material risks and opportunities posed by climate change.	Provision is made for reporting on the risks and opportunities of climate change in our Form 20-F and related reporting requirements of the US Securities and Exchange Commission. Climate change has been identified as one of our priority material sustainability-related risks (see page 6).
7 Sustainability report offers comprehensive, transparent presentation of company response measures.	We produce annual sustainable development reports that provide audited data on our direct and indirect GHG emissions and that describe our policies and practices on climate change.
Emissions accounting	(Up to 24 points)
8 Company calculates and registers GHG emissions savings and offsets from projects.	We have identified and calculated numerous opportunities for GHG emission reductions throughout the group and have made progress towards the possible registration of Clean Development Mechanism (CDM) projects for emission reduction activities. These projects require us to calculate and register potential GHG emissions savings and offsets.
9 Company conducts annual inventory of GHG emissions from operations and publicly reports results.	Our inventory of GHG emissions has been developed using the international recognised Reporting Protocol of the World Business Council for Sustainable Development and the World Resources Institute. This inventory is reported annually.

10 Company has set an emissions baseline by which to gauge future GHG emissions trends.	*Our audited emissions for the 2004 financial year have been set as the baseline against which we will measure progress towards our target of least a 10% reduction in GHG emissions per tonne of product by July 2015.*
11 Company has third-party verification process for GHG emissions data.	*KPMG provides external assurance over the direct and indirect CO_2 emissions.*
Emissions management and strategic opportunities	*(Up to 32 points)*
12 Company sets absolute GHG emission reduction targets for facilities and products.	*In 2005 we agreed a group-wide target of achieving at least a 10% reduction in GHG emissions per tonne of product, on the baseline of the 2004 financial year, by July 2015. We have prepared a detailed roadmap with milestone targets to guide us towards achieving this goal. Absolute GHG emission reduction targets have not been set for specific facilities and products.*
13 Company participates in GHG trading programmes to gain experience and maximise credits.	*Our affected European sites are participating in the EU's Emission Trading Scheme, while our South African operations are examining opportunities for Clean Development Mechanism projects. The experience gained in these processes is informing our GHG management activities.*
14 Company pursues business strategies to reduce GHG emissions, minimise exposure to regulatory and physical risks, and maximise opportunities from changing market forces and emerging controls.	*We have identified and are implementing various options for reducing GHG emissions (outlined in this report). We continue to participate in the activities of the IPCC to identify opportunities for carbon capture and sequestration and have recently launched an R&D programme to support this initiative.*

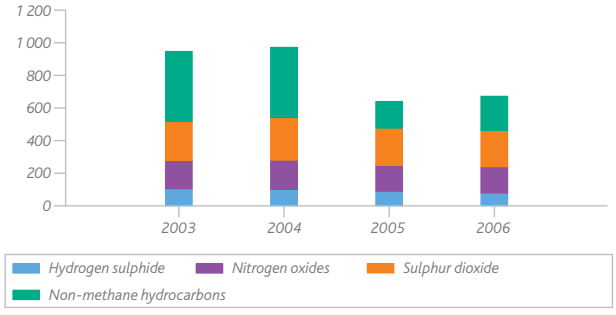
Targeting other atmospheric pollutants

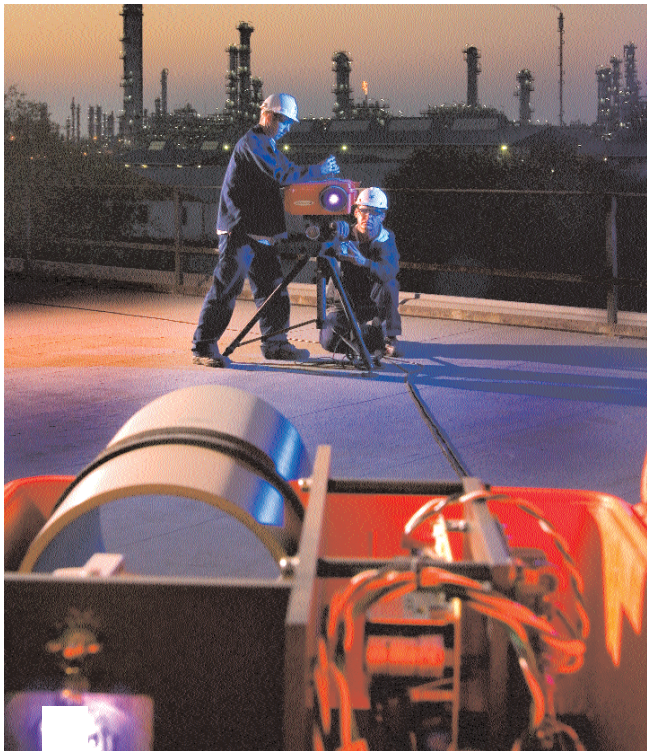
Notable milestones were achieved in reducing atmospheric emissions throughout the group, primarily in South Africa where projects are being implemented against the backdrop of the new National Environment Management: Air Quality Act, which stipulates new ambient air quality standards. Total hydrogen sulphide (H_2S) emissions during the year amounted to 78 kt, representing a 12% reduction on the previous reporting period. Our total sulphur dioxide (SO_2) emissions remained at much the same level, while we achieved a 2% reduction in total nitrogen oxide (NO_x) emissions compared with the previous year.

Significant reductions were achieved as a direct result of the conversion from coal to natural gas feedstock at our Sasolburg operations. As expected, our H_2S odours from coal gasification, which were within statutory limits, were eliminated in Sasolburg following the conversion. Significant efforts are also being made to reduce H_2S emissions emanating from the Secunda operation.

We have recently embarked on a process to evaluate emissions of volatile organic compounds (VOCs), particularly those emitted near ground level, with the aim of identifying, quantifying and prioritising these emissions. The GEC agreed to a group-wide target of achieving at least a 50% reduction in the emission of VOCs, on the baseline of the 2005 financial year, by July 2015. The compounds included within the target are internationally recognised for their potential long-term effect on employees and/or communities at a local level. They are benzene, butadiene, ethylene oxide, propylene oxide, vinyl chloride monomer, acetaldehyde and formaldehyde. Projects have been implemented at our Natref refinery in Sasolburg to reduce the

Atmospheric emissions *(thousand tonne)*





Continuous monitoring and reporting of air quality are essential components of all Sasol environmental management programmes at our petrochemical plants.

emission of low-altitude VOCs, with additional capital expenditure approved to achieve further reductions at our Secunda plant.

Extensive work has been undertaken to assess the implications of the proposed new air quality regulations in South Africa and to ensure appropriate measures are in place to enable compliance with these regulations. During August 2005, international air quality specialists were appointed to undertake a comprehensive air quality management audit at Sasolburg and Secunda (see box next page). This review will assist us to assess and prioritise air emissions in the light of the new air quality legislation. The audit report highlighted the need for minimum requirements and standards and validated emission inventories. On the basis of this review, a detailed air quality improvement plan will be tabled for approval.

We have continued to monitor ambient air quality in those regions potentially affected by our operations. Our most significant air quality monitoring programmes are at our Sasolburg and Secunda operations in South Africa, where we have commissioned monitoring stations in community areas and are undertaking continuing research of atmospheric chemistry.

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. We are phasing out the use of ozone-depleting substances at all our operations in accordance with the specified requirements of the Montreal Protocol, including in operations based in countries that have not ratified the Montreal Protocol.

The recent adoption by Sasol of minimum SH&E requirements will ensure all new operations conform with internationally accepted environmental and health standards. We have continued to make a significant contribution to ambient air quality monitoring and research activities in South Africa, including establishing an innovative research partnership with Eskom aimed at jointly assessing the impact of current emissions and identifying appropriate solutions, where required.

Promoting energy efficiency

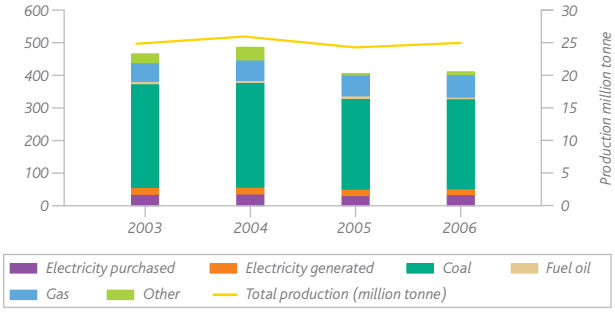
During the reporting period, our energy efficiency improved relative to our continuing increase in production. Identifying and implementing additional energy-efficiency initiatives remains a priority and is part of our commitment to reduce GHG emissions. In South Africa, we are signatories to the Energy Efficiency Accord with other companies and the DME. Through this accord, we are committed to reducing energy consumption per unit produced by 15% by 2015, with 2000 as the base year.

A number of significant energy-efficiency projects have been identified at our Secunda operation and are in various stages of development, with significant capital investment provided for them. These include projects relating to:

- the production of steam from waste heat;
- improving the efficiency of rotating equipment;
- improving the utilisation of coal; and
- reducing electricity consumption, product losses and flares.

Some of these projects are being undertaken in partnership with Eskom, South Africa's state-owned electricity supplier. It is anticipated that significant energy-efficiency improvements will be realised over the next three to four years.

Energy use (million gigajoules)



Working to minimise waste

Managing the risks associated with waste remains a priority at Sasol. Cleaner production and pollution prevention principles have been integrated within our new Sasol group SH&E minimum requirements with the aim of reducing future risks, while a comprehensive programme is in place to manage historical legacies in accordance with relevant legal requirements. The underlying goal of the minimum requirements is to adopt a systematic and hierarchical approach to integrated waste management that results in zero hazardous waste.

In 2006, Sasol operations generated 270 kt of hazardous waste, representing an 8% decrease on the previous year. Over the same period, we generated 1 126 kt of non-hazardous waste, up from 959 kt in 2005. A large portion of the hazardous waste generated this year was as a result of the once-off removal of hydrocarbon sludge from storage dams at our Secunda operations. A major waste minimisation programme is being undertaken along the oily water and storm-water sewer systems at Sasol Synfuels. Ongoing focus areas include the abatement of associated VOC emissions and the disposal of hydrocarbon sludge.

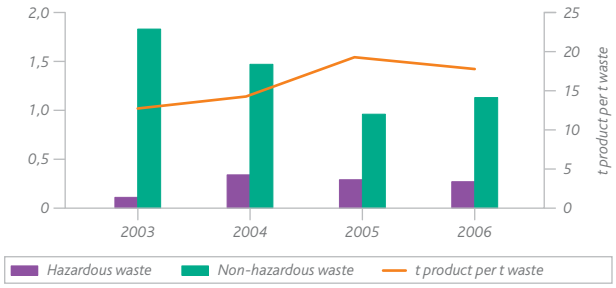
At Sasolburg, the full benefits of converting to natural gas feedstock are being realised, with a significant decrease in hazardous waste associated with the elimination of gasification sludge. At Sasol Wax, a project was initiated to use spent catalyst in the manufacture of bricks, resulting in the elimination of 300 tonnes of waste a month.

The recently commissioned waste-recycling facility at Secunda is fully operational and a waste-water treatment plant linked to this facility capable of treating high organic strength effluents has been commissioned. It is anticipated that the full benefits of these facilities for current on- and off-site waste treatment and disposal activities will soon be visible.

Water use and liquid effluent

Water is a concern in many of our operations, particularly in the Middle East and South Africa. To ensure effective effluent and water demand management at our operations, minimum requirements for water and effluent handling are being developed based on World

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



Comprehensive air pollution review at Sasolburg and Secunda

To assist us to prepare for the changing regulatory environment in South Africa, in 2005 we commissioned two internationally recognised air quality management consultancies, International Sustainable Systems Research Centre (ISSRC) and Performance Management Inc (PMI), to jointly conduct a comprehensive assessment of the air quality issues facings our operations at Sasolburg and Secunda. During August 2005, a six-member ISSRC/PMI team visited the Sasol facilities at Sasolburg and Secunda where they:

- *reviewed the current operations;*
- *interviewed operational and corporate personnel;*
- *interviewed national, provincial and municipal government and regulatory officials;*
- *met activists from NGOs; and*
- *met South African industrial representatives.*

On the basis of a comparison with international best-in-class activities, the team made recommendations. Process recommendations included detailed process changes and identified emissions limits based on best-in-class reasonably available control technology (RACT) and best available technology (BAT) options.

Suggested environmental management recommendations included:

- *developing a complete emissions inventory for each plant in a dynamic format that supports easy updating, analysis and reporting, and that is accurate, comprehensive and automated;*
- *developing facility-wide emission reduction roadmaps aimed at ensuring RACT/BAT compliance;*
- *promoting greater transparency in ambient air quality data and emissions data;*
- *setting specific environmental performance indicators ;*
- *changing the corporate SH&E function from a largely advisory role to a standard-setting and auditing function;*
- *building on the behaviour-based safety system to include and reinforce improved environmental behaviour; and*
- *identifying and implementing measures to develop, attract and retain personnel with suitable environmental and air quality management skills.*

These recommendations will significantly lower emissions, improve national air quality and produce more efficient operations at Sasol and at other industries that may choose to follow Sasol's example.

A task team has been appointed to facilitate the implementation of these recommendations.

Meeting cleaner fuel specifications

All our liquid fuels delivered to the South African marketplace since 1 January 2006 have met the new specifications for cleaner fuels. Besides terminating the production and marketing of leaded petrol and introducing a lead-replacement petrol for older vehicles, Sasol and the rest of the South African fuel industry had to introduce a diesel with a substantially lower sulphur content – down from 3 000 parts per million (ppm) to 500 ppm. Sasol's diesel already complies with the most stringent international sulphur specifications. Both our Secunda operation and the Natref oil refinery at Sasolburg, owned by Sasol and Total South Africa, successfully completed their clean-fuels projects on time. Sasol Oil, Total South Africa and Natref are working with Sasol Technology on a new investment programme aimed at meeting the more stringent petrol and diesel specifications that are likely to become mandatory from 2008 onwards.

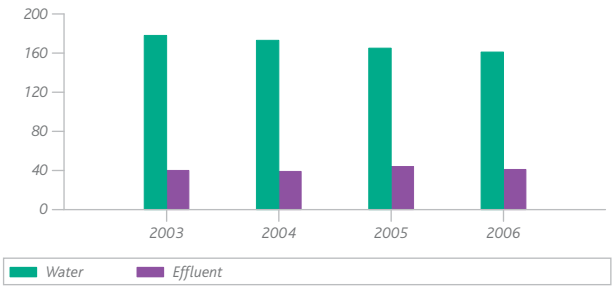
Bank guidelines. Although the group is implementing several water-demand and effluent management projects, most of these are at an early stage. So far, there has been little evident reduction in the total volume of water used, or effluent generated, per tonne of product.

During the 2006 reporting period, our total water usage per tonne of product decreased by 2% throughout the group compared with the levels of the previous year. The more water intense processes still make up a large percentage of total production.

During the year, our Brunsbüttel operation in Germany was awarded first prize by the German Chemical Association for its waste-water reduction project. This project resulted in reduced consumption of potable water of 200 000 m³ a year, as well as a 50% reduction in the waste-water load.

Various initiatives were undertaken in South Africa with the aim of ensuring improved water use efficiency and ensuring greater security of supply. As part of the major expansions at the Sasol Synfuels operation, undertaken primarily to meet new fuel specifications, a capital investment of about R500 million was made in a series of water-treatment processes to recover an existing effluent. The initiative resulted in no additional water demand required as part of the expansion, as well as in a reduction of effluent discharged to the environment. In another initiative, construction commenced for a R3,3 billion pipeline that will pipe water from the upper Vaal River system to ensure a sustainable supply of water, up to 2030, to both Sasol and Eskom as they increase capacity to meet rising demand for liquid fuels and electricity, respectively.

Water use and effluent *(million cubic metres)*



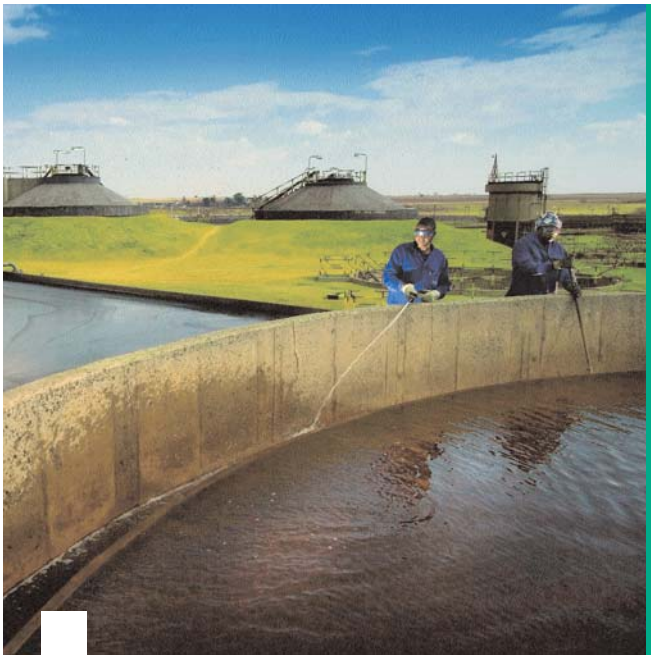
The only significant environmental event took place in December 2005, when failure of an emergency pipeline at Secunda during abnormally high rainfall resulted in an effluent discharge that killed fish in the Klipspruit River. We immediately undertook measures to inform regulatory authorities and the community and to rehabilitate the affected area.

Key challenges ahead include implementing our commitment to zero effluent, ensuring effective water supply over the longer term in our South African operations and reducing salt discharge.

Investing in land remediation

Because of our historical chemicals and fuels processes, we have several areas where soil or groundwater has been polluted in the past. Over the year, good progress has been made in the remediation of contaminated land throughout the group. At 30 June 2006, we had a provision at Sasol Synfuels of R1,6 billion for site remediation. At Sasol Mining there is provision for R430 million, of which R240 million was invested in a trust fund for mine closure and rehabilitation. This figure is reviewed annually to ensure adequate provision is made at all times, taking into account all relevant circumstances. In some areas, remediation projects were successfully complete, while in others, detailed surface and groundwater characterisation projects have been implemented or are ongoing.

We completed comprehensive characterisation studies at our Phalaborwa and Sasolburg operations where identified remediation options are being implemented. Detailed assessments of groundwater contamination at our Sasolburg and Secunda facilities are continuing and various opportunities for effective remediation are being assessed. As part of our expansion into the fuel retail market, risk assessments have been undertaken prior to any retail



Significant water savings achieved as part of clean fuels expansion

To meet new fuel specifications in South Africa, major process modifications were required at our Synfuels plant at Secunda. Initial estimates indicated that an additional 20 million litres of water a day would be required as part of these process modifications. We were thus faced with the challenge of transforming our liquid effluent discharge to high specification pure water. This required introduction of world-best available technologies able to ensure a significant reduction in the removal of contaminants. Through the successful implementation of Project Landlord, requiring a capital investment of about R500 million, we have managed to ensure the reuse of water that would otherwise be discharged to a river. This has resulted in dual positive environmental benefits: reduced water demand, and reduced discharges to the environment.

Waste water being treated for reuse at our Sasolburg biological works. Efforts are ongoing to enhance our water-treatment technologies and reduce our raw water consumption.

fuel station being acquired. Where deemed necessary, these have been accompanied by more detailed site investigations.

Remedial projects are ongoing in our US operations at Lake Charles in Louisiana and at Baltimore in Maryland, as well as the non-operating sites of Aberdeen and Mansfield. These remedial activities are attributable to operations conducted before Sasol acquired the sites and are covered by relevant environmental indemnities. In Italy, remedial activities, also mostly attributable to operations conducted prior to Sasol's acquisition of these businesses, are being undertaken on the Augusta, Crotone, Porto Torres, Paderno and Sarroch sites.

Managing land use and biodiversity

At the end of the 2006 financial year, 3 901 hectares (ha) of land were owned or leased by Sasol operations specifically for production activities or extractive purposes. In addition, Sasol occupies 38 836 ha of underground mining area and 1 284 ha 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 3 096 ha.

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

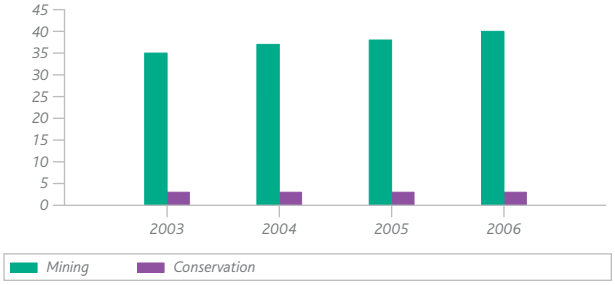
Furthering product stewardship

Recognising the risk management and marketing benefits associated with environmentally preferred products, particularly in the context of the global policy shift towards addressing the risks and impacts of products rather than processes alone, Sasol is committed to adopting a cradle-to-grave approach to all the products we develop, manufacture, use, distribute and sell.

Since 2003, a formalised global support structure – with assigned responsibilities in each of the key individual companies – has been in place with the goal of ensuring a structured response and providing direction on product stewardship throughout the group.

We continue to coordinate the development of harmonised material safety data sheets (MSDS) throughout the group, based on an approved minimum data set that provides for recent legislative developments in the EU and USA – such as the EU REACH legislation

Land use and biodiversity *(thousand hectares)*



on the registration, evaluation and authorisation of chemicals – and that addresses customer requests. Sasol operations in Europe and the USA played a major role in developing the data set.

We have continued to play a leading role on product stewardship issues in relevant European Chemical Industries' Council (CEFIC) and American Chemistry Council (ACC) working groups. We are engaged in several significant chemical-testing initiatives, including more than 20 industry consortium efforts aimed at evaluating the hazards of high-production-volume (HPV) chemicals. An animal testing policy has been approved and is in use. We support the development of the Global Harmonised System for Classification and will be adopting this. Every Sasol chemical business is required to implement the Responsible Care product stewardship code and achieve 90% compliance, as measured by external verification, by July 2011.

Managing environmental impacts in our new global activities

Sasol is participating in new investments in countries such as Mozambique, Nigeria, Gabon, Equatorial Guinea, Iran and Qatar, where we are involved in exploration, extraction, processing and transportation activities relating to natural gas, petroleum and chemicals.

Our operations in these jurisdictions are subject to numerous regulations for exploration and mining rights and the protection of SH&E. In addition, securing external funding for projects of this nature generally requires that we comply with World Bank social and environmental requirements following the adoption by many major commercial banks of the Equator Principles. With this in mind, we typically require that such activities comply, as a minimum, with World Bank environmental and social standards, as was the case with the Mozambique Natural Gas Project.

With regard to new projects, our extensive research, development, engineering, construction and operation process goes through a detailed stage-gate business development and implementation model. This has several sequential decision-gate criteria – including SH&E 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. We are 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.

Investing in improved environmental performance in our South African operations

We have dedicated significant resources (financial, technical and managerial) to ensure an improved environmental performance. In additional to standard operational expenses – associated, for example, with emissions and effluent monitoring, taxes, levies and licence fees – we have undertaken significant capital investments in numerous projects aimed at improving our environmental performance.

The following capital investments have been made on environmental issues at our Sasol Synfuels operation:

- **Clean fuels project:** R6,5 billion will have been spent by the end of 2006; an additional R1 billion has been budgeted over the next five years.
- **Water and utilities-related upgrades:** R621 million will have been spent by the end of 2006.
- **Waste-recycling facility:** R520 million has been spent.
- **Black product site remediation:** R150 million is to be spent over the next 10 years.
- **Energy-efficiency projects:** R2,7 billion is to be spent over the next three to four years.
- **Sulphur recovery:** R400 million has been spent over the last five years; an additional R800 million is to be spent over the next three years.
- **Water desalination plant:** R500 million has been spent over the previous five years on a plant designed to treat and reuse effluent.

Significant environmental expenditure has also been made by Sasol Oil:

- **Natref energy efficiency and emission reduction projects:** R120 million spent over the last five years.
- **Natref clean fuels:** R520 million spent by end 2005; an additional R3 billion has been budgeted for the next five years.
- **Natref sulphur recovery plant:** R120 million budgeted for the next five years.
- **Additional Natref emission reduction projects:** R150 million budgeted for the next five years.

A provision of R1,6 billion has been made for remediation and asset retirement.

looking ahead

Facing up to our many challenges

While Sasol has achieved encouraging progress in many areas of sustainable development, we recognise there are major challenges ahead.

Ongoing work is required to ensure that an appropriate safety culture and improved safety behaviours are embedded throughout our company. Focused efforts are needed to ensure we develop, attract and retain skilled talent throughout Sasol and that we sustain our efforts to empower black people and ensure their broader participation in South Africa's mainstream economy.

We shall continue to forge closer ties with the South African Government to ensure we are more closely aligned to national socio-economic objectives, while also ensuring the government is informed of our activities and plans in this field.

As we expand our global operations, we shall adopt globally benchmarked minimum SH&E standards, and strive to further reduce the environmental footprint of our existing operations. The management of our GHG emissions will be a particular challenge and priority.

Underlying these efforts, will be our commitment to fostering a values-driven leadership style throughout Sasol and to improving the manner in which we interact with each other and our stakeholders in line with our ambitions of being a continuously improving corporate citizen.

As Sasol expand its operations internationally, it will adopt globally benchmarked Sasol SH&E minimum requirements.

KPMG's independent assurance report

Independent assurance report to Sasol Limited (Sasol) on the Sasol Sustainable Development Report 2006

Introduction

We have performed our independent assurance engagement of the Sasol Sustainable Development Report 2006 (the Report), for the year ended 30th June 2006, with respect to the following aspects of the Report:

- *'Selected 2006 Sustainable Development (SD) performance indicators', indicated below; and*
- *Whether the Report complies with the 'in accordance with' requirements of the 2002 Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (the 2002 GRI Guidelines).*

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. Accordingly, this report is made in accordance with the terms of our engagement. 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.

Responsibilities of Directors

The Directors of Sasol are responsible for the preparation of the Report and the information and assessments contained within it, in accordance with the 2002 GRI Guidelines; for the identification of material SD issues for inclusion in the Report; for determining the group's objectives in respect of SD performance and development of appropriate SD indicators; and for designing, implementing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Responsibility of the independent assurance provider

Our responsibility is to express our conclusions based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements (ISAE 3000) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires, inter-alia, that the assurance provider complies with the appropriate requirements of the IFAC Code of Ethics for Professional Accountants such that their independence is not compromised and collectively they possesses the specific knowledge, skills and professional competencies relative to the engagement.

Our engagement was carried out by a multi-disciplinary team of safety, health, environmental, stakeholder engagement and assurance specialists who have experience in the chemical and oil and gas sectors. This team undertakes similar engagements with other South African and international companies and is led by a director who has 10 years of related experience in the chemical industry and 6 years of experience in sustainability reporting and assurance.

ISAE 3000 requires a reasonable assurance conclusion to be expressed in the positive form and limited assurance conclusion in the negative form

Basis of our work and limitations

The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the aspects of the Report that were the subject of our engagement. In making these assessments we have considered internal controls relevant to the company's preparation and presentation of information in the Report, in order to design procedures appropriate for gathering sufficient appropriate evidence to determine that the aspects that were the subject of our engagement are not materially misstated or misleading. Our assessment of relevant internal controls is not, however, for the purpose of expressing a conclusion on the effectiveness of the company's internal controls.

The 'Basis of reporting' is set out in the 'Performance Data' section of the Report (pages 79 – 82) and highlights key issues in relation to limitations in the nature, timing and extent of the reported SD performance information. It is important to understand the 'selected 2006 SD performance indicators' and related statements in the Report, in the context of these limitations. The reliability of SD performance indicators is subject to inherent limitations given their nature and methods for determining, calculating or estimating such data. No assurance is expressed in relation to the remaining SD performance indicators not covered by our work performed.

Where a limited assurance conclusion is expressed, our evidence gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe that our work performed as set out below provides an appropriate basis for our conclusions, expressed below, for the aspects that were the subject of our assurance engagement.

Selected 2006 SD Performance Indicators

Subject matter and criteria

The SD performance indicators selected by us to be the subject of the assurance engagement were determined by considering Sasol's key SD risks, identifying those SD indicators considered relevant to

management and stakeholder decision-making processes, and our experience of the risks associated with reporting SD performance and the systems and processes in place to mitigate those risks. These are collectively referred to as the 'selected 2006 SD performance indicators' and are included in the 'Performance Data' section of the Report.

a) *The 2006 SD performance indicators selected for purposes of expressing reasonable assurance were: Employee and Service Provider Fatalities; Total Energy Use, Direct Carbon Dioxide (CO_2) emissions and Indirect CO_2 emissions; and*

b) *The 2006 SD performance indicators selected for purposes of expressing limited assurance were: Employee Recordable Case Rate (RCR); Fires, Explosions and Releases; Transportation Incidents; Water Use; Hazardous Waste; HIV Prevalence Rate; Number of Employees on Antiretroviral Treatment (ART), Voluntary Counselling and Testing (VCT) Uptake and Rand Value of Black Economic Empowerment (BEE) Procurement.*

The internally developed Sasol SD Reporting Guidance, based on the 2002 Sustainability Reporting Guidelines of the Global Reporting Initiative, were used as the criteria for assessing the selected SD performance indicators. The performance data tables on page 79 – 82 gives further information on specific definitions.

Work performed

Our work consisted of:

- *Obtaining an understanding of the systems used to generate, aggregate and report the selected 2006 SD performance indicators based on Sasol's SD Reporting Guidance for the selected 2006 SD performance indicators at seven sites selected by us and at Head Office to assess the reliability of the selected 2006 SD performance indicators;*
- *Conducting interviews with management, at the sites visited in the current and previous year and at Head Office, to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for SD performance trends;*
- *Performing an analytical review of the selected 2006 SD performance indicators aggregated at Head Office and obtaining explanations for unusual trends;*
- *Testing the accuracy of the aggregation process for the consolidated selected 2006 SD performance indicators at Head Office; and*
- *Reviewing and analysing the consistency between the selected 2006 SD performance indicators and related statements in the Report, in light of our findings at the sites visited and at Head Office and our analytical review.*

Conclusion

- *In our opinion, the selected 2006 SD performance indicators set out in (a) above for the year ended 30 June 2006, are fairly stated in all material respects on the basis of the Sasol SD Reporting Guidance; and*
- *Based on the work described above, we have no reason to believe that the selected 2006 SD performance indicators set out in (b) above for the year ended 30 June 2006, are not fairly stated in all material respects on the basis of the Sasol SD Reporting Guidance.*

Compliance with the 2002 GRI Guidelines

Subject matter and criteria

Our limited assurance engagement was to determine whether the Report complies with the 'in accordance with' requirements of the 2002 GRI Guidelines

Work performed

Our work consisted of:

- *Reviewing the processes that Sasol has in place for determining material issues to be included in the Report;*
- *Reviewing the processes in place for stakeholder engagement and the response to stakeholder issues identified in the Report;*
- *Interviewing a selection of Sasol staff to ensure that the response to the principles in Part B, provided in the 'Application of the GRI Principles' (page 89) is consistent with the response from Sasol staff;*
- *Comparing the contents of the Report to the 2002 GRI Guidelines, to assess whether the Report meets the requirements for stating that it is 'in accordance with' the 2002 GRI Guidelines and performing procedures to enable us to determine whether:*
- *Sasol appropriately reports on the 44 numbered elements in Sections 1 to 3 of Part C of the 2002 GRI 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 2002 GRI Guidelines;*
- *The company's response to each of the principles in Part B of the 2002 GRI Guidelines, as set out in the 'Application of the GRI Principles' (Page 89) is not materially misstated; and*
- *The Report includes a GRI 'in accordance with' statement signed by the Chief Executive.*

Conclusion

Based on the work described above, we have no reason to believe that Sasol has not complied with the 'in accordance with' requirements of the 2002 GRI Guidelines in the Report.

Opportunities for improvement

Opportunities for improvement identified at the sites visited and Head Office are indicated below. These opportunities do not affect our conclusions above.

- *As indicated in the 'Responding to the Stakeholder Feedback' section on page 53, there is a need for an ongoing process of stakeholder engagement and for Sasol to better integrate the outputs of stakeholder engagement into core business processes such as strategy and policy development, investment actions and appraisals.*
- *As indicated on page 4, Sasol has approved globally applicable minimum Safety, Health and Environmental requirements for all existing and new Sasol projects and all joint ventures (JV's) under Sasol's operational control. To comply with the new 2006 GRI Guidelines, which were launched in October this year, there is a need for Sasol to demonstrate that it has an approach and processes in place to responsibly influence the performance of JV's in which Sasol does not have management control but has significant influence. As Sasol expands its business overseas through the JV model, reporting on significant non-operated JVs will become more relevant.*

KPMG

KPMG Services (Pty) Limited

Per PD Naidoo
Director
Johannesburg
15 November 2006

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 quarterly to the Sasol group SH&E centre using a common database and in accordance with the group sustainable development reporting guidelines and definitions. Data is collected and processed by the business units using the best available national or international methodologies and techniques for measurement, calculation and analysis. The years referred to relate to Sasol's financial reporting period (for example 2006 relates to the period from 1 July 2005 to 30 June 2006).

To facilitate more appropriate comparison of our operations' performance with that of relevant industry peers, we have grouped our companies into three categories – energy, resources, and chemicals. Over the last three 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 2005 report has 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 data parameter that has been independently assured by KPMG in accordance with the statement on page 76.*

↻ *Indicates a value that differs from the value reported in the 2005 SD report. These values have been updated to provide for previous methodological errors that have been identified through internal and/or external assurance processes.*

Social performance data

Employee numbers	2002	2003	2004	2005	2006
Chemical operations	12 785	12 650	11 428	12 525	11 949
Energy-related operations	8 567	10 653	10 844	8 987	8 953
Resources	10 917	10 687	10 874	10 724	10 683
Sasol Technology				1 450	1 503
Sasol group	**32 269**	**33 990**	**33 146**	**33 686**	**33 087**

Note: Employees are persons working for Sasol on a full-time or part-time basis, who are paid individually via the Sasol payroll system, including service providers working under Sasol's supervision (ie, persons from labour brokers or fixed-term service providers). These numbers include some non-permanent employees. These have been included for the purpose of safety reporting requirements. The totals 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 service provider fatalities	2002	2003	2004	2005	2006
Chemical operations	1	3 ✓	4 ✓	10 ✓	0 ✓
Energy-related operations	1	4 ✓	3 ✓	2 ✓	0 ✓
Resources	3	3 ✓	2 ✓	5 ✓	3 ✓
Sasol Technology	0	0	0	0	1 ✓
Sasol group	**5**	**10 ✓**	**9 ✓**	**17 ✓**	**4 ✓**
Group target	**0**	**0**	**0**	**0**	**0**

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 service providers working under Sasol's supervision), as well as external service providers. Service providers are persons not working under Sasol's supervision, but under their own supervision from site-established or outside service providers' services.

Employee recordable case rate	2002	2003	2004	2005	2006
Chemical operations	1,65	1,14 ✓	0,90 ✓	0,90 ✓	0,52 ✓
Energy-related operations	2,49	1,42 ✓	1,28 ✓	1,42 ✓	0,67 ✓
Resources	2,52	1,54 ✓	1,14 ✓	1,50 ✓	0,91 ✓
Sasol Technology	0,73	0,29	0,53	0,64 ✓	0,50 ✓
Sasol group	**2,18 ()**	**1,37 ✓ ()**	**1,08 ✓ ()**	**1,23 ()**	**0,68 ✓**
Group target for 2006	–	–	–	–	**0,50**

Note: The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. An RCR is the number of fatalities, lost workdays, restricted work cases, transfer to another job cases and medical treatments beyond first-aid cases for every 200 000 employee hours worked, on a 12 month rolling average basis.

Fires, explosions and releases	2002	2003	2004	2005	2006
Chemical operations	10	3 ✓	7 ✓	15✓	13 ✓
Energy-related operations	52	21 ✓	23 ✓	8 ✓	1 ✓
Resources	1	0 ✓	2 ✓	2 ✓	1 ✓
Sasol group	**63**	**24 ✓**	**32 ✓**	**25 ✓**	**15 ✓**
Group target for 2006	–	–	–	–	**24**

Note: A fire, explosion or release (FER) 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).

Transportation incidents	2002	2003	2004	2005	2006
Chemical operations	10	32	39	20	23 ✓
Energy-related operations	26	63	5	11	4 ✓
Resources	1	0	0	0	8 ✓
Sasol group	**37**	**95**	**44**	**31**	**35 ✓**
Group target	–	–	–	**39**	**33**

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 €20 000 (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.

Production performance data – Sasol group

Total production (kilotonne)	2002	2003	2004	2005	2006
Sasol group	**20 365**	**24 762**	**25 810 ()**	**24 152**	**24 814**

Note: Production for 2004 has been restated as a result of double counting.

Environmental performance data – Sasol group

Greenhouse gas (kilotonne)	2002	2003	2004	2005	2006
Direct methane (CH_4)	231	215	233	245	252
Direct carbon dioxide (CO_2)	57 476	62 873 ✓	66 838 ✓	60 199 ✓ ()	60 009 ✓
Indirect carbon dioxide (CO_2)	8 763	9 408 ✓	9 565 ✓	8 442 ✓ ()	9 181 ✓
Total greenhouse gas (CO_2 equivalent)	71 132	77 253	81 593	74 588 ()	75 448
Emission intensity (CO_2 equiv/tonne product)	3,49	3,12	3,16	3,09 ()	3,04

Note: Greenhouse gas (GHG) 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, CO_2 emissions from electricity purchased is calculated based on country average emission factors. For Sasol sites in South Africa, a conversion factor of 0,978 tonnes of CO_2 per megawatt hour of Eskom electricity has been used; the previously used rate of 0,963 has been adjusted following a change in Eskom's basis for reporting. Total CO_2 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 (kilotonne)	2002	2003	2004	2005	2006
Hydrogen sulphide (H_2S)	118	105	102	89	78
Nitrogen oxides (NO_x)	168	173	178	166	162
Sulphur oxides (SO_2)	283	239 ✓	261 ✓	222 ✓	223
Non-methane hydrocarbons (also called volatile organic compounds)	439	430	431	164	209
Particulates (fly ash)	8,52	8,80	7,38	8,32	7,56

Note: NOx refers to oxides of nitrogen, including NO and NO_2. SOx refers to airborne emission of sulphur and its compounds formed, for example, during combustion or production processes, and comprises the sum of sulphur dioxide (SO_2) and trioxide (SO_3) emissions to air. Particulates (fly ash) refers to the emission of fly ash from all coal-burning appliances. It is reported on the basis of continuous monitoring for fly ash emissions on pulverised fuel boilers and ad hoc emission factor determination by means of isokinetic sampling with reliable flow and monitoring.

Note on VOC emissions: The feedback in last year's SD report was calculated with an average NMHC concentration measured at the stack over the year, and was then calculated plus the hydrocarbon baseline for Synfuels as 157 702 tonnes. This year we used the average NMHC concentration from the stack for each period and calculated the total in tonnes, plus the baseline, thus the figure of 206 032 tonnes. This is the measurement from the stack, thus actual readings.

Solid waste generation (kilotonne)	2002	2003	2004	2005	2006
Hazardous waste	118	112	343	294	270 ✓
Non-hazardous waste	1 700	1 833	1 467	959	1 126

Note: The definitions of 'waste' vary widely around the world. For reporting purposes, Sasol uses the applicable definitions of the local regulatory authorities. In situations with insufficient guidance from local legislation or regulations, the definitions of the Basle and Marpol conventions are used. 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.

Energy use (thousand gigajoules)	2002	2003	2004	2005	2006
Electricity (purchased)	33 103	35 498 ✓	36 172 ✓	30 589 ✓ ()	33 486 ✓
Electricity (self-generated)	20 629	20 568 ✓	20 993 ✓	20 280 ✓	18 300 ✓
Coal (used for energy generation)	336 422	318 076 ✓	320 508 ✓	278 639 ✓	275 843 ✓
Fuel oil	5 715	7 492 ✓	6 880 ✓	6 732 ✓ ()	5 326 ✓
Gas	37 776	57 714 ✓	62 186 ✓	52 322 ✓ ()	53 941 ✓
Other (eg, steam)	26 363	28 256 ✓	38 692 ✓	6 333 ✓ ()	8 523 ✓
Total	**460 010**	**467 602** ✓	**485 432** ✓	**394 896** ✓ ()	**395 420** ✓

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).

Note: The steam figures for 2005 have been restated as a result of double counting by those sites receiving steam from the sites producing the steam. In such instances, both sites were reporting the steam. Restatements have also been made for fuel oil and gas.

Material use (kilotonne)	2002	2003	2004	2005	2006
Coal	20 085	19 506	20 700	18 115	18 027
Crude oil processed	2 775	3 682	4 442	4 390	4 094
Nitrogen from air	1 951	1 723	1 571	1 279	2 277
Oxygen from air	12 890	24 046	20 080	12 203	13 290
Other (eg, chemicals, feedstock)	24 667	30 514	24 948	20 299	23 102
Total	**62 368**	**79 470**	**71 740**	**56 287**	**60 790**

Note: Material use refers to the mass of raw material feedstock inputs for the manufacture of product. This includes coal, crude oil and other materials used in significant quantities and converted into product. Phosphates used in the manufacture of phosphoric acid are one example of such other materials.

Water use (1 000 m^3)	2002	2003	2004	2005	2006
River water	113 722	124 179	131 309	124 301 ✓	117 573 ✓
Potable water	15 126	10 552	10 176	10 753 ✓	10 120 ✓
Total	**157 617**	**178 439**	**173 319**	**164 513 ✓ ()**	**160 796 ✓**

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. River water refers to the volume of water, used on a site or in an operation for own consumption, abstracted from a natural river course in terms of a permit. Potable water refers to the volume of water, used on a site or in an operation for own consumption, purchased from public water authorities or from other Sasol operations or sites. Other water is also included to get to total water but is not listed here.

Liquid effluent (1 000 m^3)	2002	2003	2004	2005	2006
Sasol group	**36 201**	**40 393**	**38 744**	**44 082**	**41 393**

Note: Total liquid effluent refers to the discharge of surface waters via on-site treatment plant or other facilities of the plant, including effluent disposed to municipal sewer, sea outfall, or to streams under permit conditions. It does not include effluent streams to enclosed sewers discharging to third-party treatment facilities (either privately or publicly owned).

Land and biodiversity (hectare)	2002	2003	2004	2005	2006
Area affected by operations	3 781	6 558	7 170	4 277	3 901
Area dedicated to conservation	1 828	2 918	3 061	3 097	3 096

Land use and mining (hectare)	2002	2003	2004	2005	2006
Surface mining area	1 206	1 263	1 274	1 281	1 284
Underground mining area	30 425	34 120	35 406	37 182	38 836
Total area disturbed	**31 631**	**35 383**	**36 680**	**38 463**	**40 120**
Area rehabilitated	612	813	786	1 016	1 326

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

Legal compliance	2002	2003	2004	2005	2006
Fines, penalties and settlements (number)	5	5	30	18	3
Fines, penalties and settlements (US$m)	0,48	0,15	3,03	0,03	0,25

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 (b) 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 tonne 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 tonne 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).

GRI index for sasol's 2006 sustainable development report

This report has been published in accordance with the 2002 sustainability reporting guidelines of the Global Reporting Initiative (GRI). The Guidelines 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. This index has been prepared by an independent external consultant and falls within the scope of the assurance process undertaken by KPMG.

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)	Page
Vision and strategy				
1.1	Group's vision and strategy regarding sustainable development	✓	Chief executive's statement Our management framework for sustainable development	8 34
1.2	CEO statement describing key elements of the report	✓	Chief executive's statement	8
Profile				
2.1	Name of reporting organisation	✓	Profile – Sasol at a glance	1
2.2	Major products and services	✓	Our group of companies (Further details provided in annual review)	12 – 13
2.3	Operational structure	✓	Our group of companies (Further details provided in annual review)	12 – 13
2.4	Major divisions, operating companies, subsidiaries, and joint ventures	✓	Our group of companies (Further details provided in annual review)	12 – 13
2.5	Countries in which the organisation's operations are located	✓	Global operations (Further details provided in annual review)	10 – 11
2.6	Nature of ownership; legal form	✓	Our group of companies (Further details provided in annual review)	12 – 13
2.7	Nature of markets served	✓	Our group of companies (Further details provided in annual review)	12 – 13
2.8	Scale of the organisation	✓	Our group of companies (Further details provided in annual review)	12 – 13
2.9	List of stakeholders	✓	Engaging our stakeholders	45 – 46
2.10	Contact person	✓	About our sustainable development report	2 – 3
2.11	Reporting period	✓	About our sustainable development report	2 – 3
2.12	Date of most recent previous report	✓	About our sustainable development report	2 – 3
2.13	Boundaries of report	✓	About our sustainable development report	2 – 3
2.14	Significant changes in size, structure, ownership, or products/services since previous report	✓	Annual financial statements	
2.15	Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, and outsourced operations	✓	About our sustainable development report	2 – 3

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (explanatory comment)	Page
2.16	Explanation regarding re-statement of information in earlier reports	✓	Performance tables – basis of reporting	79 – 82
2.17	Decisions not to apply GRI principles or protocols	✓	GRI Index Application of the GRI principles	 83 – 89
2.18	Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	✓	Performance tables – Footnotes to tables	79 – 82
2.19	Significant changes from previous years in the measurement methods applied to key economic, environmental, and social information	✓	Performance tables – Footnotes to tables	79 – 82
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	89 79 – 82
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	89 76 – 78
2.22	Availability of additional information and reports	✓	About our sustainable development report	2 – 3
Governance structure and management systems				
3.1	Governance structure, including major board committees	✓	Details provided in annual financial statements	10 – 15
3.2	Percentage of the board of directors that are independent, non-executive directors.	✓	Details provided in annual financial statements	10 – 15
3.3	Process for determining the board members expertise	✓	Details provided in annual financial statements	10 – 15
3.4	Board-level processes for overseeing economic, environmental and social risks and opportunities	✓	Details provided in annual financial statements	10 – 15
3.5	Linkage between executive compensation and achievement of goals	✓	Details provided in annual financial statements	10 – 15
3.6	Organisational structure and key responsibilities	✓	Details provided in annual financial statements	10 – 15
3.7	Mission and values statements and codes of conduct	✓	Inside front cover (Further details provided in annual review)	 10 – 15
3.8	Mechanisms for shareholders to provide recommendations to the board	✓	Annual review	
3.9	Major stakeholders	✓	Engaging our stakeholders	45 – 46
3.10	Approaches to stakeholder consultation	✓	Engaging our stakeholders	45 – 46
3.11	Type of information generated by stakeholder consultations	✓	Engaging our stakeholders	47 – 53
3.12	Use of information resulting from stakeholder engagements	✓	Engaging our stakeholders	53
3.13	Implementation of the precautionary approach	✓	Environmental performance UN Global Compact communication on progress	65 – 74 90 – 91
3.14	Externally developed, economic, environmental, and social charters	✓	Supporting global initiatives	38 – 39
3.15	Memberships in industry and business associations	✓	Engaging our stakeholders	46
3.16	Policies and/or systems for managing upstream and downstream impacts	✓	Our management framework for sustainable development Managing impacts in our new global activities	36 – 37 74
3.17	Approach to managing indirect economic, environmental, and social impacts	✓	Our management framework for sustainable development Managing impacts in our new global activities	36 – 37 74

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (explanatory comment)	Page
3.18	Decisions regarding the location of, or changes in, operations	✓	Annual review	
3.19	Programmes and procedures pertaining to economic, environmental, and social performance	✓	Our management framework for sustainable development	34 – 40
3.20	Status of certification pertaining to economic, environmental, and social management	✓	Adopting integrated management systems	38
Economic performance indicators				
EC1	Net sales	✓	Our economic contribution/Annual Financial Report	55
EC2	Geographic breakdown of markets	○	Partially reported in annual review. Due to the size and changing nature of our global markets it is difficult in a report of this nature to provide a meaningful summarised account on a geographic basis	
EC3	Cost of all goods, material, and services purchased	✓	Our economic contribution/Annual review	55
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	○	Our economic contribution/Annual review This is reported at a general group level. It is not seen to be practical (nor sufficiently material) to record and report such information at a country level.	55
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	○	Our economic contribution/Annual review This is reported at a general level.	55
EC7	Increase/decrease in retained earnings at end of period.	✓	Our economic contribution/Annual review	55
EC8	Total sum of taxes of all types paid broken down by country.	○	Our economic contribution/Annual review This is reported at a general group level. It is not seen to be practical (nor sufficiently material) to record and report such information at a country level.	55
EC9	Subsidies received broken down by country or region.	★	This is currently not reported. In South Africa our existing synthetic fuel facilities are mature businesses that we do not require government subsidies. Similarly in our global operations 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	62
Environmental performance indicators				
EN1	Total materials use other than water, by type	✓	Environmental performance data	82
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	70 81
EN4	Indirect energy use	✓	Environmental performance – Energy use Environmental performance data table	70 81

Reporting elements – 2002 GRI Guidelines	Status	Report section or sub-section (explanatory comment)	Page
EN5 Total water use	✓	Environmental performance – Water use and liquid effluent Environmental performance data table	71 – 72 82
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. We recognise this as an area for further improvement	82
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.	82
EN8 Greenhouse gas emissions	✓	Environmental performance – Greenhouse gas emissions Environmental performance data table	65 – 69 81
EN9 Use and emissions of ozone-depleting substances	✓	Environmental performance – Atmospheric pollutants	70
EN10 NOx, SOx, and other significant air emissions by type	✓	Environmental performance – Atmospheric pollutants Environmental performance data table	69 – 70 81
EN11 Total amount of waste by type and destination	✓	Environmental performance – Working to minimise waste Environmental performance data table	71 81
EN12 Significant discharges to water by type	○	Environmental performance – Water use and liquid effluent Environmental performance data table This is reported at a general level only – more detailed information on water discharges by type is available on request from the Group SH&E Centre.	71 – 72 82
EN13 Significant spills of chemicals, oils, and fuels	✓	Social performance – Progressing process safety management Social performance data table	25 79 – 80
EN14 Significant environmental impacts of principal products and services	○	Our management framework for sustainable development 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 in this report. Material Safety Data Sheets are being made publicly available on our website for all relevant products.	34
EN15 Percentage of the weight of products sold is reclaimable	★	This is not reported – due to the nature and volume of the that 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	✓	Our management framework for sustainable development	40

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (explanatory comment)	Page
EN17	Initiatives to use renewable energy sources and to increase energy efficiency	✓	Environmental performance – Improving energy efficiency	70
Social performance indicators				
Labour Practices and Decent Work				
LA1	Breakdown of workforce.	✓	Social performance – Employee demographics Social performance data table	60
LA2	Net employment creation and average turnover segmented by region/country.	◐	Social performance – Employee demographics This is reported at a general group level. It is not seen to be practical (nor sufficiently material) to record and report such information at a regional or country level.	60
LA3	Percentage of employees represented by independent trade unions	✓	Social performance – Worker participation and trade union relations	60
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	60
LA5	Occupational accidents and diseases	◐	Social performance – Occupational safety and health Social performance data table. This is partially reported. While we have extensive centralised data and reporting systems regarding our accidents, we have identified the need for more systematic group-wide reporting of occupational illnesses. A system is in place to ensure reporting of these issues from next year.	80
LA6	Joint health and safety committees	✓	Social performance – Occupational safety and health	58
LA7	Standard injury, lost day, and absentee rates and number of work-related fatalities	✓	Social performance – Occupational safety and health Social performance data table	80
LA8	Description of policies or programmes on HIV/Aids.	✓	Social performance – Tackling the challenge of HIV/Aids	61
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	60
LA11	Composition of senior management and corporate governance bodies	✓	Social performance – Promoting equity and diversity Corporate governance / Financial report	33
Human Rights				
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 Global Compact Statement of Performance	61 90
HR2	Consideration of human rights impacts as part of investment and procurement	✓	Social performance – Human rights Global Compact Statement of Performance	90

Reporting elements – 2002 GRI Guidelines		Status	Report section or sub-section (explanatory comment)	Page
HR3	Policies and procedures to address human rights performance in the supply chain	✓	Social performance – Human rights Global Compact Statement of Performance 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. We recognise this as an issue requiring further activity and have commissioned the development of an independent case study to assess our current human rights policies.	90
HR4	Policy and procedures/programmes preventing all forms of discrimination	✓	Social performance – Promoting equity and diversity Strategic commitment to sustainable development – Code of ethics	60 38
HR5	Freedom of association policy	✓	Social performance – Worker participation and trade union relations	60
HR6	Policy excluding child labour	✓	Strategic commitment to sustainable development – Code of ethics	34 90, 38
HR7	Policy to prevent forced and compulsory labour	✓	Strategic commitment to sustainable development – Code of ethics	39 61, 38
Society				
SO1	Policies to manage impacts on communities in areas affected by activities	✓	Social performance – Sasol in the community	47 – 53
SO2	Policy and procedures addressing bribery and corruption	✓	Strategic commitment to sustainable development – Code of ethics	38, 34 91
SO3	Policy and procedures for managing political lobbying and contributions	✓	Strategic commitment to sustainable development – Code of ethics	34 91, 38
Product Responsibility				
PR1	Policy for preserving customer health and safety during use of products and services	✓	Our management framework for sustainable development – Furthering product stewardship	39
PR2	Policy and procedures related to product information and labelling	✓	Our management framework for sustainable development – Furthering product stewardship	34
PR3	Policy and procedures for consumer privacy	★	This parameter is not deemed material to Sasol's business activities	

application of the GRI principles

We believe that the process that we adopted in preparing this report is consistent with the following reporting principles of the GRI's 2002 sustainability reporting guidelines.

- ***Transparency:*** *The processes and procedures used in collecting the information for this report are summarised in the section entitled "reporting on our sustainability performance" on page* II *. In identifying material issues to report on, we have been guided by the outcomes of internal risk management processes and feedback from stakeholders. We employed KPMG to objectively assess our data gathering and reporting processes and to identify opportunities for improving our processes. We have made provision in certain areas for frank benchmarking of our performance with that of some of the recognised "best in class" in the various business sectors in which we operate. We recognise the challenges associated with fully meeting the growing expectations for increased transparency and are committed to improving our activities in this field.*
- ***Inclusiveness:*** *We consult with many stakeholder groups on many issues, using a variety of different means (see page 45). In addition to consultation processes undertaken as a part of daily business activities, we have also undertaken engagement processes specifically to solicit input into the nature and content of our sustainable development strategy and report. As outlined on page 47, we commissioned independent consultants to undertake a focused stakeholder engagement process. Full and frank disclosure of the outcomes of that process is included in this report. We have sought as far as possible to respond to stakeholders' inputs regarding our reporting practices (see page 53). We recognise, however, that there may be scope for a more systematic approach for closing off more general issues raised by stakeholders.*
- ***Auditability:*** *The performance information on which this report is based is derived from our structured internal information gathering system developed with the goal of delivering data that is accurate, complete and reliable (see page 79). 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. The disclosures working group of the Sasol board reviews and signs off the quantitative commentary contained in this report.*
- ***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 to include those GRI parameters that are seen to be material to our business, focusing in particular on issues identified during stakeholder consultation processes (see page 45)and on our assessment of sustainability risks and opportunities identified through our internal risk management and Form-20F reporting processes. A quantitative summary of our performance data is included in the performance tables at the end of the report.*
- ***Relevance:*** *In choosing the issues to report on, we have been guided by the input received by our target stakeholders as identified during our stakeholder consultation processes, by a benchmarking review of the sustainability reports of our peers and by our participation in various industry representative bodies.*
- ***Sustainability context:*** *We believe by summarising our economic, social and environmental performance this report demonstrates what sustainability means for our company, building on identified stakeholder interests, and highlighting how this has been integrated within company strategy. This understanding is further developed through our stakeholder processes, and is informed by our participation in the working groups of industry bodies such as CEFIC, ACC and CAIA. In this report we have focused in more detail on four key issues that we deem of particular relevance to the sustainability context in which we operate: energy security, safety, skills development and BEE in South Africa.*
- ***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 endeavours to provide an unbiased and honest account of our performance over the last year. 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. With regard to the performance data tables and the associated graphs, we have divided our companies into three categories – chemicals, energy and resources – thereby facilitating more appropriate comparison with relevant industry peers. On the high-profile issues of safety and GHG emissions we have included specific benchmarks of our performance against some of the "best in class" in the various sectors in which we operate.*
- ***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. We have responded to stakeholders' inputs on the nature of our reporting activities to ensure clarity and accessibility.*
- ***Timeliness:*** *Between the publication of our first environmental report in 1996 and our 2002-2004 sustainable development report, we have been producing external sustainability-related reports on a biennial basis (every two years). Our initial focus on environmental issues has expanded to include health and safety concerns, and more recently to reflect broader sustainability issues. From the 2005 financial year onwards we have published our sustainable development reports annually. These reports complement additional existing internal and external reporting structures.*

UN Global Compact – communication on progress

The UN 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. The following table provides an overview of our implementation of the 10 principles. More detailed information is available throughout the report. Relevant pages and sections of the report may be identified by cross-referencing to the relevant section of our index to the sustainability reporting guidelines of the GRI, on page 83.

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. During the year we commissioned an independent UNGC case study on Sasol's implementation of Principles 1 and 2, for input into the 2006 UNGC Learning Forum in Ghana. Once completed, a copy of this report will be available on the UNGC and Sasol websites.	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. As noted above, this year we commissioned an independent case study to review the implications of UNGC Principles 1 and 2 for our investments into developing countries.	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. We are currently reviewing and revising our HR policies and procedures to ensure consistency across all our operations globally. These will include provision for consultation with employees and employee organisations in accordance with all relevant local labour legislation.	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. As noted above, we are currently reviewing and revising our HR policies and procedures to ensure consistency across all our operations.	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

6. *The elimination of discrimination in respect of employment and occupation.*	*We are committed to the principle of promoting employment equity in the workplace. In our South African operations we have 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 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 integration of SH&E minimum requirements within the Sasol business development and implementation (BD&I) model.*	*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 reported 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 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. 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 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*

acronyms

ACC	American Chemistry Council
ACCA	Association of Chartered Certified Accountants
AFA	Aid for Aids
Aids	Acquired immunodeficiency syndrome
ALDP	Accelerated leadership development programme
ART	Antiretroviral treatment
BAT	Best available technology
BAU	Business as usual
BEE	Black economic empowerment
b/d	Barrels a day
BUSA	Business Unity South Africa
CAIA	Chemical and Allied Industries Association
Capex	Capital expenditure
CCS	Carbon dioxide capture and storage
CDM	Clean Development Mechanism
CE	Chief executive
CEFIC	European Chemical Industries' Council
CEPPWAWU	Chemical Energy Paper, Printing, Wood and Allied Workers Union
CIETA	Chemical Industries' Education and Training Authority
CNL	Chevron Nigeria Limited
CO_2	Carbon dioxide
CoP	Community of practice
CSI	Corporate social investment
CTL	Coal-to-liquids
DJSI	Dow-Jones Sustainability Index
DME	Department of Minerals and Energy (South Africa)
EAP	Employee assistance programme
EE	Employment equity
EIA	Environmental impact assessments
EPA	Environmental Protection Agency
ETS	Emissions Trading Scheme
EU	European Union
FDI	Foreign direct investment
FER	Fires, explosions and releases
GEC	Group executive committee
GHG	Greenhouse gas
GJ	Gigajoules
GPS	Global Product Strategy
GRI	Global Reporting Initiative
GTL	Gas-to-liquids
GWP	Global warming potential
H_2S	Hydrogen sulphide
ha	Hectares
HBDC	Highveld Ridge Business Development Centre
HCFCs	Hydrochlorofluorocarbons
HIRA	Hazard: identification risk assessments
HIV	Human immunodeficiency virus
HPV	High production volume
HR	Human resources
ICCM	International Conference on Chemicals Management
IeC	Integrated energy centre
IEC	International executive committee
IGCC	Integrated Gasification Combined Cycle
ILO	International Labour Organisation
IPCC	Intergovernmental Panel on Climate Change
IRRC	Investor Responsibility Research Centre
ISO	International Organisation for Standardisation
ISSRC	International Sustainable Systems Research Centre
JIPSA	Joint Initiative for Priority Skills Acquisition
JV	Joint venture
kt	Kilotonnes
LCA	Life cycle assessment
LFB	Liquid fuels business
LPG	Liquefied petroleum gas
m^3	Cubic metres
MEC	Member of executive council
MNGP	Mozambique Natural Gas Project
MSDS	Material safety data sheets
Mt	Million tonne
N_2O	Nitrous oxide
NA	North America
NACA	National Association of Clean Air
NEAF	National Environmental Advisory Forum
NEPAD	New Partnership for Africa's Development
NGO	Non governmental organisation
NNPC	Nigerian National Petroleum Corporation
NOx	Nitrogen oxide
NYSE	New York Securities Exchange
OHSAS	Occupational health and safety management system
PIP	Practice in place
PMI	Performance management Inc.
PSM	Process safety management
R&D	Research and development
RACT	Reasonable affordable control technology
RCR	Recordable case rate
REACH	Registration, Evaluation and Authorisation of Chemicals
SABS	South African Bureau of Standards
SACWU	South African Chemical Workers Union
SAEC	Southern African executive committee
SAICE	South African Institute of Chemical Engineering
SAICM	Strategic Approach to International Chemicals Management
SAIMechE	South African Institution of Mechanical Engineering
SAPIA	South African Petroleum Industry Association
SEC	Securities and Exchange Commission
SEDA	Small Enterprise Development Agency
SH&E	Safety, health and environment
SHARP	Sasol HIV/Aids response programme
SI	Système International
SIP	Safety improvement plan
SOX	Sarbanes-Oxley Act of 2002
SOx	Sulphur oxides
SQAS	Safety and Quality Assessment System
SRI	Socially Responsible Investment Index
tpa	Tonne per annum
TRI	Toxic Release Inventory
UN	United Nations
UNEP	United Nations Environment Programme
UNGC	United Nations Global Compact
US	United States
USA	United States of America
VCI	German Chemical Association
VCT	Voluntary counselling and testing
VOC	Volatile organic compounds
WRI	World Resources Institute

sasol's 2006 sustainable development report

feedback form

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Please let us know what you think about Sasol 2006 Sustainable Development Report or our sustainability performance in general.

Does Sasol's 2006 Sustainable Development Report address the issues 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 Sasol's 2006 Sustainable Development Report in terms of

	Excellent	*Good*	*Fair*	*Poor*
1) Content and scope	☐	☐	☐	☐
2) Design and layout	☐	☐	☐	☐

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* ☐

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Credits
Sasol's 2006 sustainable development report has been produced and published by the Sasol Safety, Health and Environment Centre in partnership with the Sasol group corporate affairs department. The report forms part of an ongoing commitment to keep Sasol stakeholders informed on key group aspirations, viewpoints, achievements and challenges in the field of sustainable development.

Forward-looking statement
We may in this document 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, amongst 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 vary 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 most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on October 26, 2005 and in other filings with the United States Securities and Exchange Commission. Such forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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