







sustainable development report
30 June 2012

better together... we deliver

Committed to excellence in all we do, Sasol is an international integrated energy and chemicals company that leverages the talent and expertise of our more than 34 000 people working in 38 countries. We develop and commercialise technologies, and build and operate world-scale facilities, to produce a range of product streams, including liquid fuels, chemicals and electricity.

While continuing to support our home-base of South Africa, Sasol is expanding internationally based on a unique value proposition, which links our diverse businesses into an integrated value chain supported by top-class functions.



building partnerships that deliver

Challenges such as climate change, clean fuels, air quality, safety and transformation are the realities that accompany our growth aspirations. Hand-in-hand with our partners at every level of our business, we continue to make changes to how we operate to address these challenges, while also building on the opportunities they provide.

Besides our strategic emphasis to harness gas as a feedstock for our conversion technologies and facilities, we are investing in clean fuel technologies and energy efficiency improvements. We are committed to continuously improve our operations, and are investing in a wide range of initiatives aimed at advancing sustainable development.

Our common vision, common objectives and shared values – which underpin our strategy for sustainable profitable growth – all reinforce the view that our stakeholders are vital partners in our success. Working side by side with our business, government and social partners, we look to the future with confidence.







At Sasol, we recognise that a real and informed commitment to sustainable development is integral to achieving our long-term strategic objectives as a company. This recognition motivates our commitment both to understanding, and being responsive to, the interests and expectations of our stakeholders, and to partnering with them in finding lasting solutions to the pressing sustainability challenges we face. ""

David E. Constable chief executive officer

about this report

The sustainable development report covers all Sasol's business activities including exploration, research and development, construction, production, marketing and sales, in all the countries in which we operate, for the period 1 July 2011 to 30 June 2012.

We have included data for the following joint ventures: National Petroleum Refiners of South Africa (Natref), Sasol Petroleum International Mozambique, ORYX GTL in Qatar, Arya Sasol Polymer Company in Iran, and Merisol in South Africa. We have not included quantitative performance data for those operations where we do not have operational control or do not exercise significant influence. However, issues of significant interest to stakeholders in these operations are covered in the general narrative. Further information on our joint ventures, and their principal sustainable development-related risks, are provided on our website,

This report reviews our management approach and performance relating to social, economic and environmental issues that impact the long-term success of our business, as well as the economies and communities in which we operate and the natural environment. While this report may be of interest to all our stakeholders, it focuses on issues that are seen to be of particular interest to socially responsible investment (SRI) analysts, sustainable development professionals and civil society bodies. In response to stakeholder feedback, we have shortened this printed report, focusing on what we have identified as the most material issues. Additional information may be found on our website. A summary of this report is also available on our website.

In addition to the annual integrated report and sustainable development report, we communicate our performance through various other channels, such as employee newsletters, investor reports and direct communication from management. Most of our larger operations have additional sustainable development-related communication processes, such as site-based reports or community forums, aimed at engaging our neighbouring communities.

Our sustainable development reporting process is informed by the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines (G3.1), as well as its Oil & Gas and Mining & Minerals sector supplements. Once again, we believe our report rates as an A+ report in terms of the GRI. We have also used the United Nations Global Compact's advanced level reporting criteria in our communication on progress, and we declare that we meet the 24 advanced criteria.

Through our reporting process we seek to move beyond compliance and encourage robust dialogue with our stakeholders, with the aim of building trust and informing our strategy. Please address any queries or comments on this report to: Stiaan Wandrag, manager: Sustainable Development (e-mail: stiaan.wandrag@sasol.com).

GRI GRI 3.1 – 3.13



A detailed GRI table, providing responses to each of the GRI G3.1 criteria, is provided on our website, www.sasolsdr.com.



A detailed review of Sasol's primary brands, products and services, operational structure, the countries in which we operate, and the primary markets we serve is provided on our website, www.sasolsdr.com. GRI 2.1 – 2.8.

How to read our sustainable development report

Our sustainable development report, which forms part of Sasol's annual integrated reporting process, provides cross-references to our other reporting publications, shown below:



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



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



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



SD — Our annual report covering environmental, social and governance matters. Prepared in accordance with the GRI G3 framework.

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Inside back cover Sasol's 2012 sustainability development report carbon footprint





We have provided

focus stories that give additional insight into how we are delivering on our sustainable development commitments.

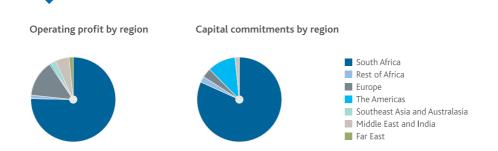
our global presence

where we operate

Sasol has exploration, development, production, marketing and sales operations in 38 countries across the world.



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



 $The \ map \ above \ provides \ a \ broad \ indication \ of \ Sasol's \ global \ presence, \ and \ does \ not \ show \ exact \ locations.$

For details regarding our global operations, refer to our global presence in our annual integrated report.



our sustainability performance at a glance

how we delivered against our group-wide targets

We improved our safety performance, setting a new record for the group, and continued to reduce our environmental footprint.

safety

Working together towards our long-term goal of zero harm, we manage our activities to eliminate incidents, reduce safety risks and drive our group imperative of Operations Excellence.

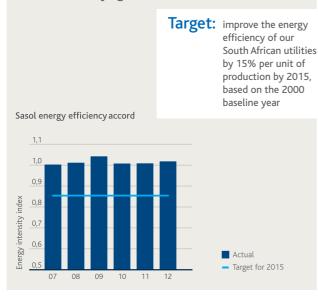
> Target: achieve an RCR* of less than 0,35 by 2013



* The recordable case rate (RCR) is a standard international measure for reporting workrelated injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses for every 200 000 employee hours worked.

energy efficiency

We continue to make changes to how we operate our businesses to become more energy efficient. We have reinforced this level of commitment to action through various voluntary agreements.



transport incidents

Our focus on transport safety has delivered an improvement in managing this key safety risk.

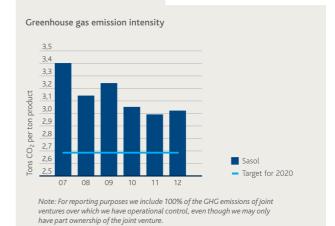
Target: achieve 30% reduction over five years, based on the 2009 actual transport indicator Transport incident rate (Incidents per 100 kilotons product transported) 50 40 0,4 Number of incidents Target rate

greenhouse gas emissions intensity

We regularly review the group's long-term absolute greenhouse gas (GHG) emissions targets, as we seek to transition to a lower-carbon world.

> **Target:** reduce emissions intensity by 15% in all our operations

> > by 2020



our sustainability performance at a glance continued how we managed our material sustainable development challenges

objectives in the National Growth Path and the National Development Plan Vision 2030.

	Our performance in 2012	Our commitments	Comments
Developing and retaining a skilled and diverse workforce	 Employee turnover rate: 6,3% (South Africa) and 4,1% (international). Provided skills training for 812 employees; allocated 585 bursaries; managed 5 281 individual senior development programmes. Coached and mentored 554 workplace coaches and 39 leadership coaches. Implemented Technical Skills Business Partnership Initiative to train 900 artisans to contribute to South Africa's skills pool. Completed employment equity plan for 2013 – 2017. Renewed emphasis placed on empowering women; established a women empowerment strategy and Sasol women's network. 	Continue to develop and empower high-performing, values-driven employees. Up-skill and empower local talent in all the regions in which we operate. Achieve equitable gender representation at every management level. Ensure we are inclusive of people with disabilities.	"Of the top ten largest companies in the country, Sasol has the largest number of black women directors on its board. And they spend more than R650 million on skills development, of which R432 million focuses on black people." Nicholas Maweni, managing director, Black Management Forum "I would like to congratulate Sasol in making chemistry learning and teaching at school more exciting through distribution of its 'Chemical Curricular Pack'." Naledi Pandor, Minister of Science & Technology
Promoting safety and health	 Tragically we recorded four work-related fatalities. Group recordable case rate including illnesses improved from 0,42 to 0,39. Lost workday case rate improved from 0,16 to 0,14. 461 recordable cases, including 164 lost workday cases and 240 medical treatment cases. Reduced number of significant fires, explosions and releases (42 compared with 52 last year). 23 new cases of noise-induced hearing loss and 20 new cases of pneumoconiosis. 	Continue to strive for zero harm. Retain our focus on our group-wide and business-specific safety improvement plans aimed at strengthening our safety culture with an emphasis on process safety. Focus on consolidating a set of safety essential requirements for Sasol, and on risk management and the integrity of key controls. Continue to develop a culture of winning with hearts and minds.	"Safety starts with me – if any task is unsafe, I will not do it!" Flip de Wet, managing director, Sasol Technology "I truly believe that all accidents can be prevented. I'm not saying it's an easy task, but it's certainly possible if we work together." Lean Strauss, senior group executive, international energy, technology and new business development
Responding to the changing regulatory context	Maintained extensive regulatory and policy liaison with government through our various project initiatives, with a strong focus on current and anticipated regulatory developments relating to climate change, atmospheric emissions, water and waste. Significant investments to reduce atmospheric emissions and improve ambient air quality in Secunda and Sasolburg, South Africa. Contributed to the development of South Africa's labour legislation framework and accords between business, labour and government on local procurement and the development of a green economy. Engaged actively in seeking to contribute to the South African government's developmental	Ensure ambient air quality improvements in line with our commitments to authorities under the respective air quality improvement plans of the Vaal Triangle and Highveld priority areas in South Africa. Work with the South African government to find practical and sustainable solutions to address the climate change challenge, in balance with the country's economic development and growth drivers.	"Sasol is in support of legislation encouraging ambient air quality improvements. It is aligned with our demonstrated commitment to sustainable ambient air quality improvements in the areas where we have operations." Bernard Klingenberg, group executive, South African energy



Our performance in 2012

Our commitments

Comments

- Total greenhouse gas (GHG) emissions increased to 76 370 kilotons (Kt) up from 75 317 Kt in 2011
- GHG emissions intensity increased from 2,99 to 3,02, primarily as a result of data from Arya Sasol Polymer Company being included.
- Significant investments in energy efficiency, switching to economically viable lower-carbon feedstock, and identifying waste-to-energy recovery projects and renewable energy investments, supporting the transition to a low-carbon economy.
- Sasolburg's gas engine power plant on track to deliver base-load electricity capacity of 140 megawatts per annum, which will eventually lead to the decommissioning of coal-fired electricity generation, thereby contributing to reduced carbon intensity; Mozambique gas engine project of similar size is nearing final investment decision.
- Advanced Sasol New Energy's growth plans, which have the potential to position Sasol in promising new technologies to reach GHG mitigation objectives.
- Integrated climate change issues in various empowerment, community and employee activities including promoting the development of alternate building technologies and a solar water heating initiative for employees.
- R2 billion invested to date on reducing volatile organic compounds emissions in our South African operations, and a further R1 billion on reducing hydrogen sulphide (H₂S) emissions.

- Reduce the GHG emissions intensity of all our operations by 15% by 2020 from a 2005 baseline, and reduce our absolute GHG emissions by 20% for all new CTL plants commissioned before 2020, and by 30% for plants commissioned before 2030 (with the average 2005 CTL design as the baseline).
- Engage with South African Government in terms of a carbon budget system.
- Continue to investigate opportunities for carbon capture and storage, including through our activities with the South African Centre for Carbon Capture and Storage, and the CO₂ Technology Centre (TCM) in Mongstad, Norway,
- Meet our commitments to the Energy Efficiency Leadership Network Pledge.

"I am truly proud that we have reached this milestone, and have high expectations for the work ahead."

Ola Borten Moe, Norwegian Minister of Petroleum and Energy, Official opening of TCM on 7 May 2012

"At Sasol, we have already made changes to how we operate our business to transition to a lower-carbon, climate resilient economy. Through investments in energy efficiency and in finding and using gas from Mozambique, we've reduced our annual GHG emissions in South Africa by 10 million tons between 2004 and 2011 – that is a reduction of some 12% "

David E. Constable, Sasol chief executive officer, COP17 CFO Forum

Promoting water stewardship

Addressing

the climate

change

challenge

- Total water consumption decreased from 152,5 million m³ to 148,3 million m³.
- Total quantity of water recycled was 143 million m³ compared to 129 million m³ in 2011.
- Total water intensity of 5,86 m³ water per ton
- Agreed a water-intensity metric to be used by applicable Sasol businesses.
- Significant progress in our water conservation partnerships with three municipalities in the Vaal River system in South Africa.
- Progressed in developing a proposal for a water off-setting framework in collaboration with the South African Department of Water Affairs.

- Retain support for the UN Global Compact CEO Water Mandate and continue to achieve progress in all six key focus areas.
- Implement a comprehensive water campaign through our "Sasol Water Sense" initiative.
- Achieve further reductions in water intensity.
- Further strengthen our water stewardship activities.

"Emfuleni Municipality is working in partnership with Sasol and Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH to prioritise the saving of scarce water resources. By working together this is putting us on track to ensure water security for all our residents – and the wider SADC region."

Thembi Mkhize, chief director; Water and Sanitation, Emfuleni Local Municipality

The process used for identifying these material challenges is outlined on page 20 - 21.



chief executive officer's report

David E. Constable, chief executive officer

better together... we deliver

Dear stakeholder

At Sasol, we recognise that a real and informed commitment to sustainable development is integral to achieving our long-term strategic objectives as a company. This recognition motivates our commitment both to understanding, and being responsive to, the interests and expectations of our stakeholders, and to partnering with them in finding lasting solutions to the pressing sustainability challenges we face.

We are well aware that our economic, social and environmental challenges are increasing as we grow, both in Southern Africa and internationally. Challenges such as climate change, clean fuels, air quality, safety and transformation are the realities that accompany our growth aspirations. Consequently, it is imperative that we find solutions that make sense to our customers, investors, employees, government and other key stakeholders. It is equally important that we are positioned to benefit from the opportunities that are presented in responding appropriately to these challenges. However, while we appreciate that there is no silver bullet that will solve these challenges overnight, we know that the most

appropriate solution begins with informed awareness. I believe this is half the battle won and, invariably, makes the difference between a short-term fix and a long-term solution.

Armed with a proper understanding of what needs to be done and unprompted by legislative requirements, we continue to embed sustainable development principles in every aspect of our business. While the advances we have made are covered in detail in both our primary feedback to stakeholders, our annual integrated report, as well as in the supporting information contained in our sustainable development report, I would like to focus on some key features. Although not exhaustive, these aspects give an indication of how central sustainability considerations influence how we direct and manage our business.



Taking decisive action in 2012

In 2012, we redefined our common objectives, which comprise our common goal and definition of victory.

Our common goal – to make Sasol a great company that delivers long-term value to its shareholders and employees; a company that has a positive association for all stakeholders – confirms our focus on delivering value to our shareholders and employees, as the foundation for Sasol's sustainable growth. It also acknowledges the vital role all our stakeholders play in ensuring our long-term success.

Our definition of victory – to grow shareholder value sustainably – provides one overarching measure of our progress towards our common goal. It confirms our belief that only by growing shareholder value, can we grow value for all our stakeholders.

Furthermore, doing business in a safe, sustainable and responsible fashion is incorporated in both our strategic agenda and our annual top priorities, which together, focus the organisation on the actions we must take to enhance our strengths, and develop skills in the areas we need to improve.

In 2012, we made impressive strides in our safety performance. But safety milestones and positive trends have little value if we continue to experience tragic losses. It is with great sadness that we recorded four fatalities in the past financial year. On behalf of Sasol, I, once again, extend my deepest condolences to the families, friends and colleagues of Vusi Vena, Vincent Ralinala, Lucas Mokobaki and Nkosinathi Masiphula. Our unrelenting focus on safety will continue as we firmly believe that zero harm is indeed attainable.

From a growth perspective, we took decisive action to progress our gas-to-liquids (GTL) opportunities and to temper our coal-to-liquids (CTL) aspirations, underpinned by the increasing role of gas as a bridge to a lower-carbon economy. This was coupled with our decision to focus our near- to medium-term growth aspirations on natural gas feedstocks in North America.

Along with our efforts to ensure the stability, reliability and maintainability of our operations, we continued to advance our many interventions relating to energy efficiency and water and air quality, driven by clear and ambitious reduction targets. Through these interventions, we work to balance the inseparable challenges of environmental sustainability and growth.

Sasol's operations continue to be a powerful catalyst for socioeconomic development in the countries where we operate, and particularly our home base, South Africa. Working together with our stakeholders, we deliver a viable, cost-effective alternative that safeguards energy security, as well as downstream manufacturing growth, in-country investment and the monetisation of resources. Importantly, we also develop and transfer skills to the local workforce.

In recognition of our sustainability efforts to date, the World Business Council for Sustainable Development (WBCSD), a CEO-led organisation of forward-thinking companies, invited Sasol to be one of only three South African-based firms to become a member of its council. We are encouraged by this acknowledgement which further spurs on our efforts.

Taking action in 2013

Our top priorities for the 2013 financial year cut across a number of key areas of our business. They focus specifically on what we need to do better to set us up for future success. Our businesses, enabled and supported by our functions, are working together with our external stakeholders to achieve our safety, operational, growth, stakeholder focus and cultural transformation priorities. ""

Besides our internal objectives and targets, we will continue to be guided by our commitments to various international sustainable development initiatives, such as the United Nations Global Compact, which we have been a signatory to since 2001.

Ultimately, it is through the hard work and resilience of our people that we will be able to deliver on our common objectives, our strategic agenda and our top priorities for the coming financial year. Our drive to entrench a high-performance culture, which will be accelerated, is premised on a diverse, values-driven, engaged and energised workforce. To achieve optimal results, we recognise the importance of transformation and diversity and inclusion, not only in South Africa, but in all of the regions in which we operate. Diversity, not only in respect of gender, nationality, race, religion and culture, but also in skills and thinking, is critical to our success as a company with global growth ambitions.

The value we place on "people", one of our shared values, extends to our commitment to strengthening our relationships with key stakeholders. The basis for these dealings lies in acting with integrity, and building respectful and trusted relationships with all stakeholders.

Looking beyond the horizon of our near- to medium-term strategy, we will also progress the development of our longer term corporate strategy in the 2013 financial year. This will set Sasol's strategic direction beyond 2020 - to focus on delivering sustainable shareholder value, by meeting the needs and expectations of all our stakeholders.

Notwithstanding the challenges we face as a global corporate citizen, we are excited about the future, and the positive impact Sasol will have in the years ahead.

David E. Constable chief executive officer 7 September 2012





Let's be frank: there is no silver bullet that will solve the climate change challenge. The journey to a lowercarbon economy will take time. It must start with a worldwide awareness of the issues. an awareness of the potential impacts of climate change, and importantly, an awareness of the consequences and possible solutions. 77

David E. Constable, chief executive officer.

Keynote address at the WBCSD COP17 CEO breakfast, December 2011

Leading meaningful change

In June 2011, Sasol, together with other corporates, officially constituted the COP17 CEO Forum, to encourage business leaders to develop a better understanding of the climate change issues we all face. It was also a call for business, in South Africa, to stand together as "Team South Africa" in the lead up to the seventeenth Conference of the Parties (COP17) of the United Nations Framework Convention on Climate Change (UNFCCC) held in Durban from 28 November to 9 December 2011.

Finding the right balance in climate change-related policies

By the start of COP17, the forum had a membership of close to 50 CEOs. These men and women worked with the South African and international governments and other members of the world's business community to develop a climate change response for South Africa. The belief that guided this engagement was that the response should balance the transition to a lower-carbon and climateresilient economy, while sustaining economic growth and increasing South Africa's competitiveness, specifically to help address the country's socioeconomic challenges.

With the focus of the forum being to support the South African government in the lead up to and at COP17, its members agreed to disband in February 2012. However, as individual companies we continue to work closely with the South African government developing climate change policy solutions.

As we look to COP18 in Qatar, we will continue to engage with all relevant stakeholders on climate change-related policies and initiatives, in the quest to find workable and sustainable solutions.

Delivering on our stated environmental commitments

At Sasol, we continue to make changes to how we operate our business to support the transition to a lower-carbon, climate-resilient economy, while remaining sensitive to the urgent developmental needs of the country and retaining global competitiveness. Through investments in energy efficiency and in finding and using gas from Mozambique, we voluntarily reduced our annual GHG emissions in South Africa by 12 million tons between 2004 and 2012. We reinforced this level of commitment to action through voluntary agreements, such as the Energy Efficiency Accord signed in 2005, the Green Economy Accord signed in November 2011, and the Energy Efficiency Leadership Network Pledge, which we committed to in December 2011.

Our work to continuously improve the environmental performance of our operations also extends to the more efficient use of water in our processes, and in improving the management of air quality in the communities in which we operate.

Informing discussions on climate change

During the year, we submitted detailed comments on the South African climate change response white paper, engaged extensively with National Treasury and other government departments on fiscal policy related to climate change, and provided input to recent policy developments relating to clean fuels, energy generation and independent power producers.

In South Africa, where the majority of our greenhouse gas emissions occur, we welcome the government's initiative to develop a national policy aimed at addressing an efficient and effective response to the global climate and energy challenges.

We believe that this can only be achieved through an integrated policy that is appropriate to the unique circumstances of South Africa, and that seeks to find a balance between environmental objectives, economic efficiency and social equity, while remaining mindful of energy security requirements, growth imperatives, and the socioeconomic impacts associated with a transition to a lower-carbon economy.

our common vision and common objectives

what we aspire to and work towards

= our common **vision** =

To grow profitably, sustainably and inclusively, while delivering value to stakeholders through technology and the talent of our people in the energy and chemical markets in Southern Africa and worldwide.

our common objectives

To be strong and sustainably profitable, we have to know what we are working towards and what is expected of us as individuals, as teams and as an organisation.



our common goal + our definition of victory

To make Sasol a great company that delivers long-term value to its shareholders and employees; a company that has a positive association for all stakeholders. To grow shareholder value sustainably.

For more details on our strategy, refer to page 14.







our shared values

what we stand for

During the year, we reviewed our six shared values, revising them where necessary to support our common objectives more effectively. We defined the behaviours associated with our shared values to underscore individual accountability on the part of everyone at Sasol. Our partners and suppliers are expected to align their behaviour to our shared values.

our shared values

We introduced key changes to four of our shared values:



We are committed to zero harm and all that we do, we do safely.

People

We create a caring, engaged and enabled work environment that recognises both individual and team contributions in pursuit of high performance.

Integrity

We act consistently on a set of values, ethical standards and principles.

Accountability

We take ownership of our behaviour and responsibility to perform both individually and in teams.

Stakeholder focus

We serve our stakeholders through quality products, service solutions and value creation.

Excellence in all we do

We deliver what we promise and add value that goes beyond what is expected.

We amplified 'winning with people' to 'people', broadly stated, to underpin the importance we place on people as a key success factor, irrespective of whether they are winning or weathering difficult times.

We introduced 'accountability', a value to instil a high-performance culture.

We broadened 'customer focus' to 'stakeholder focus', recognising that all our stakeholders require our continued focus and attention.

We consolidated 'continuous improvement' with 'excellence in all we do'.

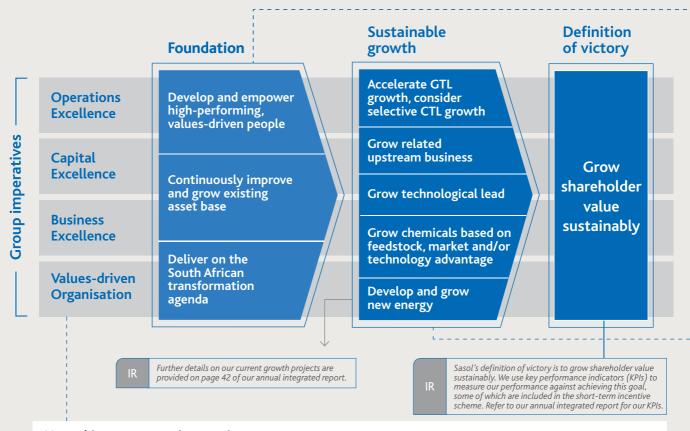
key changes



our strategy

for near- to medium-term profitable growth

We are confident that the strategic pillars and the imperatives we prioritise as a group will support the achievement of our definition of victory: to grow shareholder value sustainably. This one overarching measure of our progress towards our common goal confirms our belief that only by growing shareholder value, can we grow value for all our stakeholders.



Unpacking our group imperatives

Group imperatives are strategic priorities that require group-wide focus. During 2012, two imperatives – Functional Excellence and Planning and Optimisation – fell away. Planning and Optimisation is now embedded in our everyday business processes as a group function, while Functional Excellence has, to a large extent, been closed off as we now look to the SAP consolidation programme to harness efficiency and cost savings across the group. Similarly, our Marketing and Sales Excellence imperative has been broadened to Business Excellence.

Operations Excellence

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

Capital Excellence

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

Business Excellence

This new imperative encompasses Marketing and Sales Excellence with a broader focus on improving our approach to doing business. This will ensure that we know exactly how to maximise financial impact. Through this imperative, sales, volumes, inventories and margins are financial levers we intend to use more effectively in our day-to-day business dealings.

Values-driven Organisation

Values define us and ultimately determine Sasol's success. It is not only for leaders to be values driven, so this imperative broadens the previous group imperative of values-driven leadership to all employees.



Our foundation pillar

Develop and empower high-performing, values-driven people

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

Continuously improve and grow our existing asset base

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

Deliver on the South African transformation agenda

As a proud South African company, we view black economic empowerment (BEE) as a moral obligation and a business imperative. During 2012, Sasol Mining exceeded the targets for BEE equity ownership ahead of the 2014 deadline. We established the Sasol women's network, as well as a women's empowerment strategy for the group. Our skills development programme seeks to build capacity both within Sasol and the broader community.

Our sustainable growth pillar

Accelerate GTL growth, consider selective CTL growth

We are accelerating the application of our GTL offering, the economics of which are attractive based on the large price differential between gas and oil. We will consider selective CTL growth, on a case-by-case basis, given that coal remains an important contributor to the energy mix; we are investigating an Indian CTL opportunity.

Grow related upstream business

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

Grow technological lead

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

Grow chemicals based on feedstock, market and/or technology advantage

Chemicals are an integral part of Sasol's portfolio. We have introduced strategic flexibility by giving those businesses that are not integrated into our value chain an opportunity to grow independently based on their competitive advantages.

Develop and grow new energy

Our focus is to ensure that power generation becomes Sasol's third major value chain. We are leveraging Sasol's key competitive advantage, which is developing and commercialising new technologies and implementing and operating facilities based on these, to also pursue growth in low-carbon and renewable energy alternatives.

our priorities for 2013

what we will focus on

Our annual priorities highlight both the strengths we aim to enhance, and the new areas within which we need to develop and hone our skills. We will continue to focus on specific initiatives in the 2013 financial year to build on the solid foundation of our existing businesses, and to advance our growth projects and wide-ranging sustainable development initiatives.











Improve safety performance

- Zero fatalities
- RCR (including illness) of less than 0,35
- · Measurement and reporting of leading indicators

Enhance operational performance

- Ensure operations stability, reliability and maintainability through Operations Excellence
- Drive cost containment and discipline, simplicity and reduced bureaucracy
- Commence group-wide fit-for-purpose and cost-effective SAP platforms
- Reduce the environmental impact of our operations

Accelerate sustainable growth

- Implement world-class project execution through Capital Excellence
- Accelerate the development of new business opportunities through New Business Development
- Develop a long-term corporate strategy
- · Accelerate New Energy initiatives

Drive a high-performance culture

- Instil a culture of teamwork and collaboration as One Sasol
- Drive transformation, diversity and inclusion in South Africa and abroad
- Increase focus on performance management and recognition

Strengthen relationships with our key stakeholders



Mpumalanga Premier David Mabuza, and Maurice Radebe, Group Executive, Corporate Affairs and Enterprise Development, Sasol, after the signing of the Memorandum of Understanding for sustainable development initiatives in the province.

our response to global change

better together... managing the changing business context

The challenging global economic environment – along with growing questions around access to energy and resources, increasing inequality, climate change and business ethics – is prompting companies to re-think their processes, products and business practices. We have to ask ourselves: how best do we stay competitive and grow sustainably against the backdrop of climate change and diminishing resources and the need for energy security, economic development, job creation and skills development? What does a sustainable business model look like for Sasol?

Subscribing to national and global sustainability initiatives

From a governance perspective, global and national initiatives reflect society's changing expectations about the roles and responsibilities of business. Sasol subscribes to several of these initiatives including the UN Global Compact, the Global Reporting Initiative (GRI), the UN CEO Water Mandate, the World Business Council for Sustainable Development, and the King Code of Governance Principles for South Africa 2009 (King III Code).

These initiatives continue to evolve. Recently, political, business and civil society leaders met in Rio de Janeiro, Brazil, for the United Nations Conference on Sustainable Development (Rio+20). They aimed to secure renewed political commitment to sustainable development, assess progress in meeting agreed commitments and address new and emerging challenges, including the implications of the move to a "green economy". But the failure of political leaders to reach agreement at Rio on an ambitious set of commitments led to raised expectations of business to demonstrate leadership in this area.

The Corporate Sustainability Forum, which Sasol contributed to in Rio, represented businesses from around the world. The forum submitted an outcome document that lists more than 200 different business initiatives that support sustainable development. It was agreed the forum would help develop new sustainable

development goals and seek to bring greater scale and quality to corporate sustainability practices. We, at Sasol, are committed to playing our part in these developments, in the belief that sustainability is a critical economic imperative and an important source of competitive advantage.

Balancing complex sustainability drivers

From a broader macroeconomic perspective, energy demand continues to increase. This is underpinned by trends such as the growing population and rapidly increasing consumer class in Asia, as well as continuing industrialisation and urbanisation in emerging economies. To meet this growing demand, as well as heed calls for reduced use of carbon-based fuels and for economic development, is a significant challenge. As a growing international integrated energy and chemicals company, with its home base in an emerging economy, we recognise the interconnected nature of these challenges. As part of our growth strategy, we intend to leverage our competitive advantages in providing energy to meet this demand. Given the challenges, it is essential that we work together with our business, government and social partners to navigate the complexities of often-competing sustainability drivers. Our effectiveness depends on mutual co-operation and understanding at a global level. An appreciation of the scale, urgency and interconnectedness of all sustainability issues remains vital.









Better together... delivering value in a changing world

Turbulent times require vision, leadership and innovation. We believe there is both risk and opportunity in change. Our strategy is to create value by optimising our foundation businesses and accelerating growth, based on our proprietary and licensed technologies. In this way, we will continue to drive sustainable progress in a changing world.

Maximising contribution, minimising impact

We recognise that our ability to create value requires us to grow and sustain all our capital assets, including environmental, human, social, manufactured and financial capital. We apply approaches and business practices that enhance and strengthen these to ensure long-term value for all our stakeholders. To do this effectively, we understand that we need to work as one team - One Sasol.

We believe there is a strong link between successfully addressing socioeconomic and environmental challenges, and achieving our strategic growth objectives. We approach our sustainable development challenges by applying our strategic group imperatives of Operations Excellence, Capital Excellence and Business Excellence, and building a Values-driven Organisation. Our sustainable development goals are focused on creating a high-performance organisation and finding solutions for a lower-carbon energy future, primarily through our gas-to-liquids (GTL) technology, while investigating other lower-carbon and renewable energy sources. Our chemical businesses, underpinned by responsible product development and stewardship, remain a vital part of our growth aspirations.

Sasol is expanding globally; with that growth comes increased responsibility to maximise our contribution to society, particularly in the communities in which we operate, and to minimise our impact on the environment. Our sustainable development goals support this expansion through value protection and risk management activities, as well as through identifying and realising opportunities for value creation. We believe that our proven ability to develop and commercialise innovative technology, and to operate facilities based on these technologies at scale, will enable us to remain competitive in an increasingly turbulent business environment.

At its most fundamental level, growing our business is ultimately dependent on managing our risks in less stable political environments, on our ability to attract and retain the best and most appropriately skilled employees, on ensuring continued access to vital natural resources and feedstock, and maintaining positive and trust-based relationships with our key stakeholders. These include governments, customers, suppliers, business partners, employees, unions, providers of capital, and the communities in which we operate. Achieving each of these elements requires us to operate in an informed, responsive and socially responsible manner.

For more details on our relationships with our key stakeholders, refer to our key relationships in our annual integrated report.

Given our track record for innovation and excellence over the last six decades, we believe that we are well placed to find workable solutions that maximise the opportunities and address the challenges.







our material sustainability challenges

better together... proactively managing risk and stakeholder expectations

Identifying and responding to our material sustainability issues is critical to our ability to execute our sustainable growth strategy. Our identification process encompasses an assessment of our group-wide risks, identified through our internal risk assessment process, as well as careful consideration of the interests and expectations of our internal and external stakeholders.

Applying our well-developed risk process

We identify group-wide risks through a well-developed enterprise-wide risk management programme (ERMP), designed to ensure the effective implementation of our strategic objectives. The ERMP enables the Sasol board and group executive committee to take decisions that balance risk and reward, according to the group's risk tolerance and appetite levels. The process aims to embed risk management in all decision-making processes, including planning, projects, business operations, investments, disposals and closure.

The Sasol board is responsible for governing risk management processes in the group in line with corporate governance requirements. Oversight of the ERMP and consideration of our top sustainability risks falls to the group risk and safety, health and environment (SHE) committee (see page 22). Oversight of risk management at business and function level takes place through internal risk and governance committees, executive committees and the various businesses' boards. The risk and SHE committee and the audit committee work closely to ensure that risk management is working effectively and complies with the relevant standards. This integration between the committees ensures compliance with the King Code of Governance Principles for South Africa 2009, for example by managing risks associated with economic crime and information technology.

During the year, a new position of chief risk officer was established. The group's risk function is responsible for the design, implementation and monitoring of our integrated risk management processes across the group. This includes reviewing business risk reporting to the group executive committee and the risk and SHE committee of the Sasol board at least annually.

Based on this process the following critical risks, by category, have been identified for the group.

Strategic growth

- Competitors introducing viable superior or alternative technologies
- · Not delivering on our CTL and GTL strategic growth objectives
- Not succeeding with the engineering, construction and commissioning of new plants

Human resources

- · Insufficient management or technical skills
- Failure to address transformation, localisation, diversity and cultural requirements in South Africa and the other countries in which Sasol operates
- · Disruptive industrial action

Operational

- · A major SHE incident or liability
- Risk of major unplanned production interruptions along Sasol's integrated value chain
- · Increasing utility and infrastructure risks in South Africa

Regulatory

- · Non-compliance with applicable laws, regulations and standards
- Risk of climate change and related policies impacting Sasol's operations, growth strategy and earnings

Financia

 Risk of macroeconomic factors impacting Sasol's ability to sustain the business and execute the growth strategy



Taking a responsible approach to shale gas development

Our recent investment in shale gas assets in Canada adds significantly to our long-term value proposition and increases our presence in North America. It is also consistent with the transition to a lower-carbon economy. We recognise that there are environmental and reputation risks associated with the process of hydraulic fracturing ("fracking") required for the production of shale gas, we believe that shale gas assets can be developed safely and responsibly, to unlock the significant socioeconomic benefits associated with developing this abundant resource.

Minimising the environmental impact of fracking

Applying the technology that was first developed in the 1940s, over one million wells have been fractured to date. The potential for groundwater contamination has been highlighted as a risk associated with fracking. However, this risk is minimised through the application of rigorous engineering design standards and diligent execution of drilling operations, underpinned by stringent permitting and licensing processes. In addition, the industry has made great strides in reducing the amount of fresh water that is used and that may require treatment and disposal.

Our partner, Talisman Energy, is the first Canadian oil and gas company to introduce a comprehensive set of shale gas operating principles relating to the disclosure of fracturing fluids, engaging stakeholders, reducing emissions, and ensuring continuous improvement in water conservation (for more information, see www.talisman-energy.com).



Our online report includes details on our Global Stakeholder Management Solution, and a review of our approach to managing the environmental impact of Sasol's shale gas activities.



Proactively managing prevailing issues

During the year, we enhanced our issues management process, which seeks to address those matters that are likely to impact our common objectives, strategy and growth targets. In identifying the issues, we ensure that the pertinent implications of policy and regulatory changes as well as the socioeconomic and reputational drivers are properly understood. Equally important, we seek to take proactive steps to limit the possibility that a particular issue becomes a longer-term risk for the group.



More comprehensive disclosure of our top issues and top risks is given in our annual integrated report and our Form 20-F filed with the SEC

Responding to our stakeholders' interests

The risks identified through our internal risk process are tested against the interests and expectations of our stakeholders, with a particular focus on those stakeholders who influence our ability to deliver on our strategic objectives. Understanding and being responsive to our stakeholders impacts on some critical intangible assets, among them the Sasol brand and the group's reputation.

We identify stakeholders' interests through engagements that take place as part of regular business activities, as well as through specific processes such as focus groups, surveys, personal interactions and feedback on our financial and sustainable development reports. Through these processes, we are able to understand and be responsive. This helps us build and maintain trust, which is essential to the long-term viability of our business.

We have developed a global stakeholder management strategy and a stakeholder engagement charter which are relevant to all Sasol's operations and the management of all relationships. The charter is a public commitment to principled, value-based engagement and sets out the desired behaviours for all Sasol employees.



A detailed stakeholder relations document is provided on our website, available at www.sasolsdr.com.

An overview of our principal stakeholders, how we engage with them and their expectations, is provided in our key relationships in our annual

Identifying our material sustainability focus areas

On the basis of our internal risk assessment process and feedback from our stakeholders, the Sasol group executive committee (GEC) and the group risk and Safety, Health and Environment (SHE) committee have identified the following strategic sustainability-related focus areas that have a direct impact on our ability to deliver on our business strategy and growth objectives. Each focus area includes a more detailed set of associated material issues:

Developing and retaining a skilled and diverse workforce This is critical in meeting our global growth objectives and is of increasing significance given growing competition for skills. Our ability to attract, retain and develop scarce talent is based on providing a safe and stimulating work environment that reflects the diversity of the communities in which we operate, and in which employees' rights are fully respected.

We are addressing the skills challenge internally through our employee development and training programmes, and externally through our significant investments in skills development initiatives, as well as in the communities where our employees live.

Promoting safety and health

Ensuring a safe and healthy workforce has obvious implications for productivity and efficiency, and is critical in avoiding potential harm. Safety is continuously cultivated through our entrenched and visible zero harm initiatives. We follow a holistic approach to employee health and wellbeing that encompasses a broad spectrum of programmes and initiatives.

Responding to the changing regulatory context

The rapidly changing regulatory context reflects the shifting nature of societal expectations. We recognise the importance of having robust systems in place to monitor regulatory and public policy developments and to ensure legal compliance throughout our operations. Through our Public Policy and Regulatory Affairs function, we liaise closely with government and contribute actively to policy reform processes. We believe constructive engagement with government – individually and through industry associations – produces the most effective and efficient outcomes to environmental and socioeconomic challenges.

Addressing the climate change challenge

Finding appropriate responses to climate change that balance economic development, job creation and energy security, represents one of the most significant challenges of our generation. As a carbon-intensive company, we recognise that we have a particular responsibility and opportunity to contribute to finding appropriate solutions. We have set ourselves clear carbon-intensity reduction targets over the medium and long term and are exploring opportunities for lowering the carbon intensity of our products taking into account the entire product lifecycle. We believe our strategic commitment to growing our GTL portfolio, coupled with investments in Sasol New Energy (SNE), represent an important bridge to a new lower-carbon economy.

For more information on our GTL growth plans see page 10.

Promoting water stewardship

Water is a critical feedstock for our business. As many of our operations are located in water-scarce areas, we are implementing internal water efficiency measures and developing water-conservation partnerships with various stakeholders. These partnerships address critical infrastructure issues, including the provision of domestic water supply as well as other beyond-thefence conservation initiatives. Our success in identifying energy efficiency opportunities supports ongoing reductions in both carbon emissions and water use.



Further on in this report we describe our management approach, review our 2012 performance and outline our future commitments and activities for each of these focus areas and their associated

our sustainable development management framework

better together... taking a structured and comprehensive approach

Since formally adopting sustainable development as a group-wide strategic business objective in 2000, we have embedded these principles into our activities. Our sustainable development management framework provides our businesses with the policies, governance structures, targets and reporting systems needed to manage the risks and opportunities that sustainable development presents.

Taking executive responsibility for sustainable development

At the Sasol Limited board level, the risk and safety, health and environment committee (risk and SHE committee) considers sustainability issues. It also reviews all fatal and other serious incidents. Its responsibilities include examining and assessing the integrity of the company's risk management processes, including all SHE and sustainability-related risks. The committee shares its findings and recommendations on risk assessment and risk management policies, material risks and sustainability matters with the audit committee, which is responsible for overseeing the integrated reporting process.

IR

The composition and activities of these and other board committees are outlined in more detail in our annual integrated report.

The group executive committee (GEC), comprising the chief executive officer, chief financial officer and seven other executives, is the group's highest executive decision-making body. It formulates and monitors implementation of group strategy and policy. The executive director: sustainability and business transformation has responsibility, inter alia, for Strategy, Public Policy and Regulatory Affairs, Human Resources and Stakeholder Relations, while responsibility for SHE performance improvement rests with the group executive: mining and business enablement. Various subcommittees support the work of the GEC, including:

- The group executive SHE committee, chaired by the chief executive officer, which addresses SHE governance issues; it meets quarterly and is attended by GEC members, functional heads and the managing directors of our businesses.
- Various project mandating committees, each of which is chaired by a GEC member; these committees manage issues of strategic importance relating to public policy on climate change, air quality, waste and contaminated land.
- The issues alignment and integration committee, a

- subcommittee of the GEC chaired by the executive director: sustainability and business transformation; this subcommittee's main purpose is to align and integrate the group's response to issues that have a significant impact on the group.
- The Sasol business transformation process committee, a subcommittee of the GEC chaired by the executive director: sustainability and business transformation; this subcommittee's main purpose is to co-ordinate the core competencies required for Sasol to manage business transformation successfully.

Co-ordinating operational performance through the Sasol SHE centre

At a functional level, responsibility for reviewing and co-ordinating SHE and sustainable development performance across the group rests with the Sasol SHE Centre. The centre is supported by more than 200 technical specialists in the recently established Professional and Specialised Services (PSS) function, and provides specialist advice and governance support to our businesses on SHE-related matters and broader sustainable development initiatives. The SHE Centre also co-ordinates the presentation, oversight and monitoring of safety training across Sasol. It is also responsible for developing and monitoring the implementation of SHE performance and guidelines.

All Sasol projects, and all joint ventures under our operational control, are governed by an integrated SHE policy and by a hierarchy of SHE performance standards, essential requirements and group targets. In those businesses where we do not have operational control, we exert influence over material sustainable development issues at the level equivalent to a Sasol board subcommittee, as and when appropriate. Each business is required to track performance against these targets and to submit quarterly performance reports to their respective boards, which escalate them as appropriate. These reports outline each business's major risks and liabilities; identify progress against the group's sustainable development targets; and report on any major incidents and events of non-compliance.









Our sustainable development reporting and auditing process is subject to external verification audits. These include the International Organisation for Standardisation (ISO) 14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001 certification audits, regulatory compliance audits and third party Responsible Care® verification audits. All our operating businesses have achieved ISO 14001 and OHSAS 18001 certification. A number of our German operations are also Eco-Management and Audit Scheme (EMAS) certified.

Enhancing effectiveness in providing SHE services

Over the past year, we made progress in embedding a more streamlined and standardised SHE services support function through our Functional Excellence programme. The programme was initiated in May 2008, with the aim of promoting more effective alignment across Sasol's enabling functions - such as Human Resources, Supply Chain Management, SHE, Information Management and Finance – through standardised policies, structures, capabilities, processes and technology. The process has improved the delivery of SHE services in areas such as risk management, adopting leading SHE indicators, process hazard analysis and managing SHE talent. More specifically, the development of more standardised processes has contributed to the improvements seen this year across all our safety metrics.

Supporting global initiatives

Sasol participates in various international voluntary initiatives relating to sustainable development.

- We play an active role in developing and implementing the global chemical industry's Responsible Care® initiatives. We participate in working groups of the European Chemical Industries' Council (CEFIC), and South African Chemical and Allied Industries' Association (CAIA).
- Since 2001, Sasol has been a signatory to the United Nations Global Compact (UNGC), and in March 2008 we endorsed the UN Global Compact CEO Water Mandate.
- We participate in the Global Product Strategy (GPS) initiative of the International Council of Chemical Associations (ICCA) to help to improve the global chemical industries' product stewardship performance.

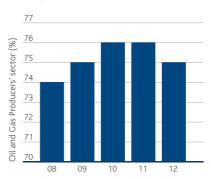
- We support the principles of the Extractive Industries Transparency Initiative (EITI) and are considering publicly endorsing it.
- Sasol participates in the annual Carbon Disclosure Project (CDP).
- We are corporate members of numerous local and international business, engineering, scientific and other organisations.

Sasol has once again qualified for inclusion in the Dow Jones Sustainability Index (DJSI) in the Oil and Gas Producers' sector with an overall score of 75%. This is the sixth year in a row that we have been included in the DJSI. Sasol was again included in the JSE SRI universe during 2011.



Our online report includes a comprehensive list of our key memberships globally.

Sasol DISI score



4.12 - 4.13







governance, ethics and human rights

better together... applying international best practice

Following the unacceptable incidents of anti-competitive behaviour in Sasol in previous years, we have continued to focus on implementing robust compliance systems and procedures to ensure high standards of corporate governance and ethical behaviour throughout the organisation. The new nominations, governance, social and ethics committee provides oversight in this regard.

Implementing our code of ethics

The Sasol code of ethics – which addresses issues such as corruption, bribery, conflicts of interest and human rights – governs our approach to ethical behaviour and fair business practice. The code and its accompanying guidance document, both of which have been in place since March 2004, describe the principles that should inform the decisions of all employees. Related to the code of ethics, a separate economic crime prevention policy was approved in December 2006, and we have a longstanding policy not to make any political contributions.

The code of ethics is applicable to all Sasol employees and directors and covers the interactions of our employees, contractors, suppliers and service providers, as well as our subsidiaries and joint ventures. The code is communicated to our employees and the employees of subsidiaries and joint ventures. In addition, we undertake awareness and training initiatives. Every two years, senior and middle management and identified "high risk" employees are required to formally certify that they understand the code of ethics and the guidelines to the code.

The group ethics office, group forensic services and group assurance services manage implementation of the code. Internal audit provides the board with assurance that the compliance processes are working as designed. Ethics officers and champions are appointed for each business, with various group functions also serving as focal points for dealing with ethics issues. During the year, ethics management was moved from the risk management portfolio to become a separate function within Sasol. The function has a dedicated general manager supported by a team of four people. This investment in resources and skills is intended to further enhance our ethics management practices.

The extent to which employees live according to the Sasol values is part of our system of performance management. Sasol's value of integrity is defined as acting consistently on a set of ethical standards and these ethical standards are captured in the Sasol code of ethics. Our employee review process includes feedback on the implementation of values and ethics. We take disciplinary action against employees for unethical conduct and our disciplinary code makes provision for serious sanctions, including dismissal. Each business has been given checklists to guide them in all aspects of ethics management. These include oversight, processes, risks, communications and awareness, management of ethics calls, senior management accountability and governance over ethics management.

Enhancing the management of ethics

Sasol has an independently managed anonymous reporting facility (Ethicsline – www.sasolethics.com/sasol@ethics-line.com) that allows employees to report any violations of our code of ethics.

Breaches of the code are reported either via the Ethicsline, or directly to forensic services, and are managed through defined disciplinary and forensic investigation processes. Cases are reported on a quarterly basis to governance committees, and to the audit committee. Actions taken in consequence of investigations and enquiries include termination of employment (in respect of employees) and cancellation of contracts (in the case of suppliers and contractors).

During the year, we implemented a group ethics system, a custom-designed technology solution providing strict access controls for ethics investigations, and enhanced reporting on investigations and trends. There were 519 calls made to the Ethicsline in the year. Of the 1 198 allegations made, almost half were in respect of the ethical principle of responsibility, which relates to the application of resources, stakeholder interests, legal compliance, corporate governance and safety.









Real or perceived allegations by ethical principle

Ethical principle		Real or perceived allegations received			
Responsibility	(43%)	513			
Honesty	(18%)	210			
Fairness	(19%)	234			
Respect	(20%)	241			
Total		1 198			

We investigate all cases and have a formal process in place to track, report and close out all calls. All potentially high risk and sensitive matters are reported to the audit committee. We have finalised investigations into almost 900 of the allegations, with 305 allegations still under investigation. There was substance to 110 (12%), with a further 79 (9%) being partially substantiated. Of the 110 (12%) allegations, no unethical behaviour was found (for example, allegations that an employee is only coming into the office three times a week could be justified by a flexi-work agreement that the caller was not aware of). There was no evidence to prove or disprove the balance of 594 (67%) allegations. As this is often due to a lack of information provided by anonymous callers, we are working to enhance the quality of reports by raising awareness of how to make an ethics report.

Using independent benchmarking to make improvements

The results of an independent ethics risk assessment by KPMG Inc. in 2011 were encouraging. This was Sasol's second ethics risk assessment, involving more than 2 000 employees in the voluntary survey. On seven of the eight dimensions measured, Sasol scored higher than the average for the South African organisations on the KPMG Inc. database, with the score on the eighth dimension being the same as the average.

The survey identified various areas in the ethics programme that need attention. These include further developing the ethics management function and framework, revising the ethics governance structures and enhancing the visibility of such structures, revising the whistle blowing and anti-retaliation policy, and developing a comprehensive communication strategy. We have revised our policy on conflict of interest and a draft proposal has been submitted for group executive committee approval.

Respecting human rights

Due to the nature and location of our activities, we recognise that we have a particular responsibility to ensure effective management of human rights risks. Many of our activities are in the extractive sector, which traditionally is vulnerable to these risks, and several of our current or anticipated investments are significant joint ventures in countries exposed to human rights infringements. To manage these risks, we exercise due diligence in our activities in accordance with the UN Guiding Principles on Business and Human Rights that were approved in June 2011. Our human rights policy, which has been in place since 2004, forms part of the guidelines to the group's code of ethics. Our internal due diligence process requires that we perform country risk assessments before entering any given country. These assessments include screening for potential human rights noncompliance or violations. We evaluate all of our investment decisions against the Sasol code of ethics, and, as a signatory of the United Nations Global Compact, endeavour to ensure compliance with domestic and international human rights regulations and principles.

Aligning policy to international best practice

Our progress in integrating human rights issues more effectively within our activities has been slower than anticipated. We recently appointed a consultant to expedite the assessment of our human rights policy and provide recommendations on the way forward. Our main objective is to ensure a more structured and integrated approach to human rights in our global operations. In light of our current growth ambitions, we have undertaken to:

- Review our existing policy and guideline on human rights;
- Conduct a formal assessment of our impact on human rights and put in place specific plans to avoid or minimise potential human rights impacts; and
- More thoroughly integrate human rights into our management systems.

GRI SO2, SO3, SO4 GRI HR1 – 9











Safety is a shared value at Sasol. We are committed to zero harm in everything we do. Our shared safety value means that we must not only ensure that our people are healthy and safe, but that the environment in which we work is also healthy and safe.

Delivering a steady improvement in safety performance

In the past decade, our recordable case rate has improved steadily and at the end of 2012, our group RCR* (including occupational illnesses) stood at an all-time low of 0,39 (compared to 0,42 at the end of 2011). Our goal is to further reduce the RCR to below 0,35 by June 2013 and, furthermore, to reduce our significant fires, explosions and releases (FERs) by 24%. Tragically we had four fatalities in the year and our sincere condolences go out to the families of the deceased.

In 2010, we introduced a new, group-wide safety improvement plan framework in terms of which businesses develop specific plans based on their risks and needs against a backdrop of broader group-wide initiatives.

In 2012, we included leading indicators in our short-term incentive scheme, placed focus on process hazard analysis and developed a holistic incident investigation process with particular emphasis on the sharing of learning.

Introducing new safety training tools

Sasol Mining employees, in particular, work in challenging conditions. They often work in confined spaces with large machinery, surrounded by rock. This requires a comprehensive and proactive identification of hazards and unwanted incidents so that appropriate risk controls can be implemented and managed.

So, in 2012, we commissioned three new simulators at Sasol Mining in Secunda, at a cost of more than R10 million, to assist with training continuous miner operators, shuttle car operators and roof bolters. The shuttle car and roof bolter simulators are world firsts, and were built especially for Sasol.

The simulators are full-motion 3D platforms that simulate the piece of equipment used underground, giving the learner operators the opportunity to develop competency in using the machines before exposing them to the real-world environment and risks of mining. These men and women spend time on the simulators until they are competent, before progressing to the machine on site.

The simulators are part of Sasol Mining's newly devised six-tier training methodology, capturing the journey for a learner from being a novice to reaching competence. It begins with theoretical training at Tier 1, aimed at building knowledge and comprehension. Sasol Mining has made a large investment into e-learning programmes at this tier, with most presented in English, Sotho and Zulu. At Tier 2 the learner progresses to a simulator or simulated environment, where he or she can learn and experiment in a safe environment.

Tiers 3 and 4 are based at our underground training section where the learner is exposed to the real piece of equipment for the first time, to get a feel for the equipment in its proper environment. The section is staffed with dedicated learning practitioners who guide and coach the learner operators. At Tiers 5 and 6, the learner is sent to a production section. Training continues and he or she is then evaluated against the required key performance indicators for the section. After gaining sufficient skills, these people will be given the go-ahead by an accredited supervisor to commence working.

Caring for service providers

In terms of our safety value, "we expect the same competence and safety performance from contractors as we do from employees". From an accountability perspective, service provider safety performance is fully integrated with the Sasol businesses' performance and we actively engage with service providers to encourage safe practices and behaviours. At Sasol Olefins & Surfactants in Germany, for example, we provide cash incentives to suppliers whose employees display safe working behaviour. Furthermore, service providers are required to develop safety plans and specific job risk assessments and we actively encourage initiatives such as industrial theatre in order to refresh and renew the safety message.

In 2012, we revitalised our general safety induction programme. The one-day course is applicable to Sasol employees and service providers alike across the entire group with further specific training given at separate businesses. We expect to put 70 000 service providers through this programme during its first year of implementation.

^{*} The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses for every 200 000 employee hours worked.

developing and retaining a skilled and diverse workforce



Sasol's human resources (HR) strategy focuses on enabling the execution of the Sasol business strategy so as to achieve Sasol's definition of victory: to grow shareholder value sustainably.

Given the refinements in our strategic agenda in the year, we reviewed our strategic priorities for HR, however, our people philosophy and strategic themes remain relevant and unchanged.

To ensure effective delivery on our business requirements, and to deliver on our goal of a transformed, integrated HR function that drives a high-performance culture, we have identified focus areas for the year ahead.

These focus areas are:

- Appropriate staffing of our growth projects;
- Improving cross-business and international mobility of employees;
- Focusing on the delivery of our learning strategy, with a particular emphasis on the development of high-potential employees;
- Achieving a step change in the delivery of our diversity agenda, and further driving cultural transformation; and
- Launching our HR academy.

Employee statistics

At year-end, Sasol had 33 294 employees, comprising 29 439 (permanent and non-permanent) employees in our South African companies and 3 855 (permanent and non-permanent) employees in our international companies. The total number of employees including our joint ventures was 34 916. We recorded a loss of 664 jobs for the year (excluding joint ventures).

Our employee turnover rate in our South African operations was 6,3%, of which 4,2% was voluntary turnover and 2,1% was involuntary. In our international companies, the employee turnover rate was 4,1%, comprising 1,7% voluntary turnover and 2,4% involuntary turnover.

Investing in skills development

Our success depends on our ability to attract, retain and develop appropriately skilled individuals.



We are committed to developing skills at all levels – from basic literacy through to advanced scientific and technical skills – within the organisation, as well as externally.

- Our Global Venture Support (GVS) unit: this seeks to ensure the sustainable supply of skilled and experienced people to meet Sasol's growth ambitions. The pool of individuals provides important shutdown and commissioning support for the start-up of Sasol projects around the world. Currently, 466 technical personnel are engaged in this support process, ranging from project and commissioning engineers, to technicians receiving experiential exposure in our operations. To prepare for international growth, and to promote job creation in the countries in which we operate, international employees are brought to South Africa to receive training specific to our operations, while at the same time being exposed to the Sasol culture.
- Developing talent through our investment in bursaries: Sasol runs one of the largest bursary schemes in South Africa. Our total investment for the year was R40,8 million, with the focus primarily on developing skills in science, technology and engineering. We currently have 585 undergraduate and postgraduate bursars. Graduates from our bursary scheme and other newly graduated recruits are placed on a structured Novice Professional Development Programme for a specified period of up to three years. Currently, nearly 300 people are being trained in this way.
- Investing in artisans: having successfully completed the Oil, Gas and Chemical Manufacturing Skills Development project, our focus is now on the Technical Skills Business Partnership (TSBP) initiative. Its aim is to train 900 artisans over and above our own needs as a further contribution to the South African national skills pool. There are currently 231 learners in the TSBP skills pool, with an additional 404 having already qualified as artisans.

Developing Sasol's leaders: Sasol's leaders are required to work in complex, multi-cultural situations, and need to manage the balance between delivering for today and investing for tomorrow. We place high value on leadership development and offer a range of programmes and initiatives aimed at achieving this. During the year, 5 281 employees attended formal leadership development programmes. We are currently formalising our coaching and mentoring programmes with the aim of further deepening succession pools and ensuring the transfer of institutional knowledge.

As we drive towards a high-performance culture, it is clear that we need to have the right talent, in the right roles, at the right time, delivering business results. Success lies in our people, the values we live and the culture we instil.

David E. Constable, chief executive officer

Enhancing workforce diversity

We acknowledge that diversity is key to our global growth and success. For Sasol, diversity relates to all aspects of peoples' differences and similarities including race, religion, gender, disability, culture, sexual orientation, nationality, thinking and skills.

Embracing a culture of inclusion is critical to ensuring that our diverse talent is strategically managed and nurtured to deliver successful business outcomes. We are committed to enhancing diversity and driving employment equity goals.

Workforce diversity profile for South African operations

	Male			Female				Foreign nationals			
As at 30 June 2012	А	С	I	W	А	С	I	W	Male	Female	Total
Top management	7	1	4	60	3	1	2	3	1	0	82
Senior management	34	8	25	180	9	2	6	34	8	1	307
Middle management	921	114	417	2 308	304	61	229	804	117	18	5 293
Junior management	3 958	250	325	4 210	914	147	184	1 468	80	23	11 559
Semi-skilled	6 934	67	71	1 030	1 006	54	47	559	352	4	10 124
Defined decision	1 334	20	4	178	386	4	0	25	39	0	1 990
Total permanent	13 188	460	846	7 966	2 622	269	468	2 893	597	46	29 355
Non-permanent employees	42	1	1	18	36	0	5	10	1	2	116
Grand total	13 230	461	847	7 984	2 658	269	473	2 903	598	48	29 471

Workforce diversity profile as per the Department of Labour guidelines

- A = AfricanC = ColouredI = Indian
- 1. Non-permanent employees longer than three months are counted as permanent employees, and explains the difference with the numbers reported on page 47.
- 2. Expatriates are included in our numbers as foreign nationals, only if they are paid via the South African payroll.



This table is also available on the website with a percentage breakdown.

A detailed breakdown of our investment in skills development is provided in the performance table on page 47.



Our online report includes additional details on our human resources strategy, including Sasol Synfuels' technician development schemes, Sasol Technology's University Collaboration Programme, Promoting Skills Development through the Inzalo Foundation, Sasol's training programme for chartered accountants, as well as various additional skills development efforts.

developing and retaining a skilled and diverse workforce continued

Seeking to improve employment equity

Although some progress has been made in employment equity in our South African operations, we have not yet achieved our June 2012 targets in this regard. Retention remains a challenge and under-representation is widespread among women at more senior management levels. Our employment equity plan for the next five years to 2017 seeks to improve the profile of under-represented diversity groups across all management levels to at least 40% of the economically active population.

Focusing on women and people with disabilities

We are sharpening our focus on empowering women and improving their representation at all levels. This will be realised through our new women empowerment strategy and network, which is aimed at empowering and supporting women in taking charge of their personal development and growth. We are also committed to providing processes and systems that are inclusive of people with disabilities. Businesses are implementing awareness-raising initiatives to encourage employees to undergo medical verification with the aim of increasing the profile of people with disabilities. The targeted recruitment of people with disabilities forms a critical aspect of our employment equity plan.

Investing in people

Developing careers

We have continued to emphasise the strategic application of talent management solutions and practices.

We have finalised detailed career ladders, job profiles and competency frameworks for most of our workforce to ensure they are able to deliver on their job requirements.

Following engagement with unions and other stakeholders, we agreed to provide some 58 career guides to our bargaining unit employees. Like our skills training programmes, these guides aim to assist employees in developing their careers. We believe this process has contributed to increased trust and morale among our people and we expect that it will enhance employees' competency levels and facilitate movement up various career ladders in a fair and consistent manner.

Through our integrated talent management system, we have enhanced our performance management process by shifting the focus to improving the quality of performance agreements and career development plans. We have identified and are managing the critical talent risks, including the scarcity of skills in specific fields and the strength and depth of our succession pools.

Ensuring competitive compensation for our employees

Our approach to remuneration aims to keep Sasol competitive by contributing to the attraction, retention and motivation of the right calibre of employees. Annual budget increases are determined in relation to market movements, inflation indicators and company performance. These are then translated into individual increases, taking into account the nature of the employee's role, market benchmarks, and the employee's personal performance in fulfilling the role. To ensure we deliver on our strategic and operational objectives, we have implemented various performance-related incentive schemes to provide links between performance and pay.

Where this is not in conflict with bargaining council negotiation structures, our performance management policy requires employees to be part of a structured performance management and appraisal process. While the specifics differ between businesses and geographic locations, financial, safety performance and employment equity in our South African operations are included as a minimum in every employee's performance contract. We also have corporate indicators related to environmental factors. The group's targets and design principles for all incentive schemes are reviewed annually and are approved by the remuneration committee.

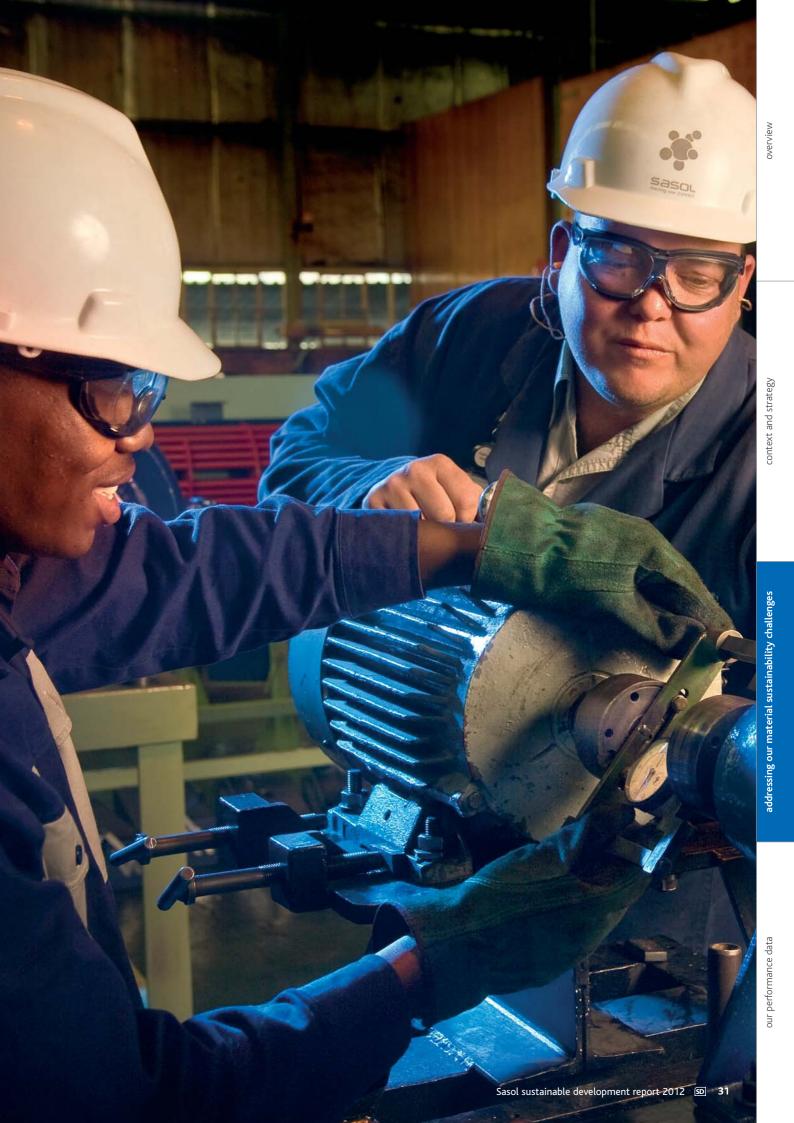
Fostering a positive climate of employee relations

As a signatory to the UN Global Compact, Sasol upholds the principles of the International Labour Organisation (ILO). We endeavour at all times to maintain fair, open and constructive relations with all employees within the legal framework of the countries in which we operate. Formal contracts are in place with all employees to regulate employment relationships in accordance with local legal requirements and with relevant aspects of the ILO core conventions that have been adopted into national law.

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 and partnerships with all representative unions and works councils, who enjoy consultative or negotiating powers on issues of mutual interest. More than 60% of our employees in South Africa (our largest area of operation) are members of trade unions. Union representatives are present in our formal joint management-worker health and safety committees. They also serve on the board of our medical scheme and on the boards of retirement funds. During July 2011, our South African operations experienced strike action following an impasse in wage negotiations within the National Bargaining Council for the Chemical Industry (NBCCI). As a result, we lost 46 065,3 person-days of production.



Our online report includes additional information on our mentorship and training activities and our managing others leadership development programme.



promoting safety, health and wellbeing



Safety remains a top priority and a core value for everyone at Sasol. We are committed to achieving our safety goal of zero harm, and we strive to manage our activities to eliminate incidents, minimise risk and promote excellence in operations performance.

Our safety strategy is built on a strong foundation of leadership and competency, and is strengthened by clear policies and procedures relating to incident investigation, safety risk management, behavioural science and best practice performance standards.

Implementing the safety improvement plan

We have developed and implemented a safety improvement plan (SIP) framework comprising eight key themes (these themes were reviewed in more detail in our 2011 sustainable development report). In 2012, we further entrenched the SIP, focusing on three key areas based on an analysis of the frequency and severity of incidents across the group. These areas are mining safety, process safety and transport safety. In addition, we have continued our group-wide efforts to strengthen incident investigation, implement our "winning with hearts and minds" campaign, and engage service providers. Here, we provide a brief review of our approach in each of these safety focus areas:

- Embedding the culture: "safety minutes" are an integral part of all formal meetings and are an opportunity to reflect on shared learnings.
- Mining safety: as mining traditionally has greater safety risks, we have embarked on a significant effort to improve safety performance in this area. This commenced in 2011, when 40 Sasol Mining employees from various management levels, including union representatives, were selected to develop a mining-specific safety improvement plan. Through this process, ten focus areas were identified and we appointed leaders with responsibility for specific actions and timeframes. In 2012, we made good progress to implement the plan, as reflected in our improved safety performance at Sasol Mining.



- **Process safety:** we have implemented a process safety management system in each of our businesses. Process hazard analyses have been undertaken and all significant safety incidents are being reported and thoroughly investigated.
- **Transport safety:** our products are transported by more than 200 approved logistics service providers. To reduce the safety risks (mostly associated with driver error), and to minimise environmental impacts, a major part of our transport safety strategy is to prioritise the movement of product firstly via pipeline, then rail, and finally by road. In future, imported fuel components that were previously transported via road from Durban to Secunda will be transported via the new multi-product pipeline, leading to a reduction of as many as 1 000 vehicles on the road per month. During the year, we expanded our safety and quality assessment system (SQAS) accreditation of our service providers to cover the transport of our non-dangerous products. As a result, we expect a reduction in incidents. Additional elements of our transport safety strategy include creating a centralised SQAS auditing function with greater capacity to improve the level of service provider accreditation.
- Incident investigations and learning insight: over the past year we implemented a programme to improve the quality of safety incident investigations. The aim was to develop an in-field practical investigation technique and to support this with a revised group-wide standard. We appointed skilled individuals to review the events leading up to incidents, to analyse the underlying risk management and other business practices that failed to prevent the incidents, and to identify the associated root cause. We have emphasised establishing a climate in which employees are open to discuss the facts and identify the improvement areas. And to encourage uptake, we have integrated the process into the group incentive scheme.
- Winning with hearts and minds: an important element of our SIP framework is the focus on the behavioural and psychological components that have a direct impact on employees' motivation and willingness to work safely. We have formed a crossfunctional team to drive this as a strategic imperative.
- Engaging service providers: although we have made significant efforts to standardise safety management practices with our service providers, we have recognised the need to engage more actively with them. This has led to a number of strategic discussions with the executives of service providers in the construction industry. Among the issues we are working to address are skills shortages, training and competency.

Great business results hold little value if they come at the cost of our people. Our long-term successes depend on the safety of our Sasol people and our service providers. Although we have seen marked improvements over the last two years through the business unit safety improvement plans across the organisation, we must maintain our relentless focus on zero harm and seek to raise the bar further on our safety performance. **11**

David E. Constable, chief executive officer

Our 2012 safety performance

Regrettably, four of our employees died in work-related incidents during 2012. The circumstances behind each of these fatalities are reviewed below. We believe that zero fatalities at our facilities are possible, and we will continue to strive for our goal of zero harm.

Sasol fatalities in 2012

- On 25 August 2011, Vusi Vena, a process controller at Natref, drowned
- On 18 September 2011, Vincent Ralinala, a maintenance operator at Sasol Synfuels, was fatally injured by a tripper car.
- On 30 September 2011, Lucas Mokobaki, a shift boss at Sasol Mining, was fatally injured after being struck by a feeder-breaker.
- On 17 February 2012, Nkosinathi Masiphula, a continuous miner operator at Sasol Mining, was fatally injured by a fall of ground incident.

In addition, two more employees, Piet Steyn and Willem Momberg, died on 26 September 2011, while on duty with the Mine Rescue Services proto team during a rescue operation at Harmony Gold.

The reduction in the number of fatalities this year reflects an improvement apparent across most of our occupational safety and health statistics during the year.

- Recordable case rate (RCR): the group RCR including illnesses improved from 0,42 to 0,39 and our lost workday case rate improved to 0,14. During the year, there were 461 recordable cases, comprising 164 lost workday cases, 240 medical treatment cases, and 53 illnesses.
- **Process safety:** we have seen a continuing decline in the number of significant fires, explosions and releases (42 this year as compared with 52 in 2011).
- **Injury severity index:** this metric has been introduced to complement the generic RCR (which includes fatalities, lost work day and medical treatment cases) to give an indication of the average severity of our incidents. The 12-month moving average in our incident severity index has improved to 5,59 from 8,93 in 2011.
- **Transport incidents:** this year there were 36 significant transport-related incidents, compared to 47 last year. Our transport incidents rate (measured as the number of significant incidents per 100 kilotons of product transported) improved to 0,12 from 0,15 in 2011.



Our online report includes comparative industry benchmarks of Sasol's RCR performance and of our mining-related illnesses.

promoting safety, health and wellbeing continued

Our strategic approach to occupational health

We seek to reduce all of our occupational health risks through our occupational health programme. For all relevant employees and service providers we undertake a baseline analysis and the monitoring, prevention and management of illnesses, as well as rehabilitation and we also provide a return-to-work programme. We manage any compensation claims and payments for disabilities in accordance with legislative requirements. Our principal occupational health risks relate to noise-induced hearing loss (NIHL) and pneumoconiosis, with exposure to these being greatest in our mining operation.

Rolling out a comprehensive occupational health strategy

We manage the provision of our occupational health services centrally through the Professional and Specialised Services (PSS) function, which reports to the group SHE Centre. At Sasol Mining, these specialists work closely with the ventilation engineering specialists to further reduce workplace exposure.

Among the major strategic priorities we have identified so far for health and wellness are:

- Minimising occupational and community exposure risk;
- Understanding 'duty of care' principles and updating the group's health standards, particularly in countries where health standards may be lagging international best practice;
- Increasing our focus on communication;
- Strengthening our engagement with government departments;
- Ensuring the efficacy of personal protective equipment (PPE); and
- Renewing our focus on HIV/Aids.

We have approved a Sasol health risk ranking standard as the basis for a simple, standard and shared integrated risk management framework that clearly defines Sasol's essential requirements in managing health risks.

Our 2012 occupational health performance

This year there were 23 new cases of noise-induced hearing loss (32 in 2011) and 20 new cases of pneumoconiosis (23 in 2011). For more details of our performance on key occupational health risks over the past five years see page 47.

As our mining operations represent the area with the highest number of reportable cases, we have benchmarked the performance of Sasol Mining against the illnesses reported by other coal mining companies in South Africa. For this, we used the latest available data from the Chamber of Mines and the Department of Mineral Resources. While the Sasol Mining hearing loss rate is less than the South African gold mining industry average of 3,0 in 2010, it is higher than the average rate of 1,4 in the coal mining industry in the country. Not all hearing loss cases are directly noise induced, and in many instances are due to the chronic medication of illnesses such as tuberculosis. However, the management of hearing loss in Sasol Mining remains a concern and is a priority focus area.

We also continue to focus on coal-miner pneumoconiosis. Due to the manifestation of pneumoconiosis symptoms more than ten years after exposure, the current statistics reflect a legacy issue, aggravated by the high average workforce age in Sasol Mining, which is now over 50. In the past decade, exposure to coal dust in Sasol Mining has declined thanks to improved dust control management.

Our strategic approach to employee wellness

The aim of Sasol's wellness programme is to provide a working environment where our employees can operate in a healthy, energised and engaged manner that contributes to their personal development and to the company's success.

Our wellness strategy seeks to enhance individual productivity by:

- Proactively reducing health risks by providing access to health care;
- Educating, informing and empowering employees to take responsibility for their own health and wellbeing;
- Promoting a healthy work-life balance; and
- Supporting and sensitising managers to the wellness needs and expectations of their employees.

Registration on wellness programme¹

Registration on v	vellness programme	1	1	Patients on Highl	Active Anti-Retroviral Therapy (ARV) (HAART) ²			
2012	2011	2010	2009	2012	2011	2010	2009	
2 410	2 205	1 805	1 458	2 000	1 796	1 418	1 136	

- Employees who tested positive but who are monitored without supplying ARVs.
- 2. Employees receiving ARVs.









Providing relevant employee assistance programmes

Our employee assistance programme (EAP) focuses on the psychosocial health of our employees and their dependants. The programme's rate of engagement in 2012 was 20%. The provision of face-to-face counselling is well utilised, reflecting both the employees' needs as well as their confidence in the EAP services. We have also commissioned ICAS, our EAP partner, to provide a range of interventions to build awareness and capacity on the wellness challenges Sasol people face.

During the year, we ran 182 wellness events that reached more than 2 985 employees. Given the impact of the recession on our employees, we introduced a financial wellbeing intervention, focusing on addressing employees' different needs. To date, 475 employees have been through the financial support



Our online report includes details on the occupational health programme at Sasol Solvents Germany, our employee wellness management initiatives, and our On the Money initiative.

Reducing the incidence of HIV/Aids in the workplace

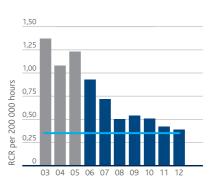
Reducing new HIV infections remains an important priority for Sasol. The Sasol HIV/Aids response programme focuses on preventing new infections through awareness, education, access to testing, counselling and treatment, and on identifying and providing support services to HIV-infected employees and their families.

We recently reviewed our HIV/Aids policy, and also recently completed a new knowledge, attitudes and perception survey to compare results with the incidence rate and statistics from the 2002 and 2005 surveys.

Our HIV/Aids testing and treatment initiatives are supported by comprehensive communication about prevention, support and care. We have also trained peer educators and HIV/Aids co-ordinators to implement the HIV/Aids response programme across the group.

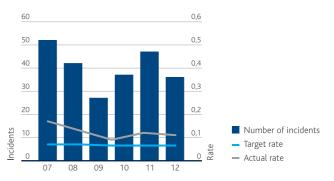
Employees have access to information, support and referral resources on the intranet and through printed media. We hold awareness sessions during induction training and at safety briefing sessions and wellness days. Sasol hosts peer educator training, which is facilitated by Aid for Aids.

Recordable case rate - RCR

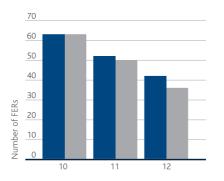


- Until 2005, service providers and illnesses were not included
- 2006 and later years included all employee illnesses and service provider injuries
- Target for 2013
- * The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses for every 200 000 employee hours worked.

Transport incident rate (Incidents per 100 kilotons product transported)



Number of significant fires, explosions and releases (FER)











responding to the changing regulatory context



One of the most material challenges facing Sasol is our ability to anticipate and respond effectively to the changing regulatory and policy context. Local, national and international law broadly reflects shifting societal priorities; as such, it defines the minimum expectations of responsible business behaviour and clearly describes the basis for maintaining our licence to operate.

It is critical to have robust systems in place to monitor and inform regulatory and public policy developments. So too, is it vital to develop constructive relationships with government and other key stakeholders, and ensure legal compliance throughout our operations.

Meeting changing policy and regulatory requirements has a profound impact on our current and planned operations. Not only are there considerable costs associated with ensuring compliance with new and increasingly stringent (and at times conflicting) regulations, there are also considerable opportunity costs associated with regulatory uncertainty. This constrains long-term investment in innovation. We believe it is in the interest of all stakeholders that authorities define clear and consistent regulations that find an acceptable balance between the increasingly complex and interconnected societal challenges. We are committed to work with government and other stakeholders in finding this balance and in promoting regulatory certainty.



Our strategic approach to regulatory change

Responsibility for maintaining positive relationships with governmental authorities, and for co-ordinating our contribution to public policy and regulation, rests with the executive director: sustainability and business transformation. The group Stakeholder Relations function manages our relationship with political and government officials, while our Public Policy and Regulatory Affairs (PPRA) function is responsible for co-ordinating our policy engagements with governments, business associations and other key stakeholders. In addition, our businesses engage with government at a local and regional level, including particularly on matters relating to operational issues such as the renewal of licences.

Engaging with regulators in a co-ordinated and consistent way

We engage directly with regulators and policymakers, as well as indirectly through relevant national and international business associations.

At an international level, we work through organisations such the International Chamber of Commerce (ICC), the World Business Council for Sustainable Development (WBCSD) and the International Council of Chemical Associations (ICCA). Our national operations engage through business organisations such as the American Chemistry Council (ACC), Business Unity South Africa (BUSA), Business Leadership South Africa (BLSA), the South African Chemical and Allied Industries' Association (CAIA), the Chamber of Mines and the South African Petroleum Industries Association.

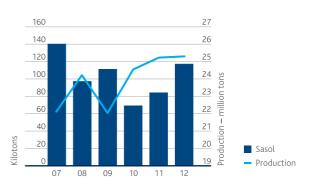
In terms of recent policy developments, the regulatory issues that have a particularly profound potential impact on our South African activities are those relating to potential carbon taxes and carbon budgets, clean fuel specifications, air quality and water management and solid waste. A project team within our PPRA and Strategy functions arranges our engagement with key stakeholders, including the South African government, on climate change and clean fuels. A separate project team addresses regulatory developments on air quality and waste management. Both of these cross-business and cross-function teams operate through mandated subcommittees of the group executive committee.

We believe that our consistent approach to engaging with government on critical regulatory issues is contributing to a more productive and mutually beneficial relationship. It is also encouraging more alignment between the regulatory requirements of different government departments in South Africa.

Through these engagements with government and other stakeholders, we seek to:

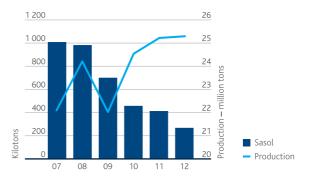
- Develop an improved understanding within Sasol of government's priorities, objectives and targets;
- Foster an informed appreciation by government of the extent of the challenges and opportunities that Sasol faces, as well as of the potential intended and unintended consequences of the government's various regulatory proposals;
- Clearly communicate Sasol's roadmap for achieving compliance with legislative requirements;
- Promote an understanding by government of the criteria for prioritising projects within Sasol's improvement plans and of our efforts to ensure alignment with government's strategic
- Establish a platform for future interactions based on mutual trust and respect.

Hazardous waste*

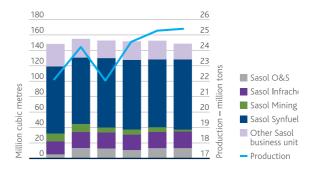


*Increase in hazardous waste was due to major shutdown during 2012.

Non-hazardous waste



Water use



EN20; EN22



Our online report includes details on: the implications of the South African National Environmental Management (NEMA): Air Quality Act; Sasol's position on the proposed carbon tax in South Africa; an update on legislative developments on waste management; our Gas Engine Power Plant; progress in achieving our VOC emission reduction targets, waste site remediation at Sasol Infrachem; and meeting new South African fuel specifications.

responding to the changing regulatory context continued

Our 2012 performance

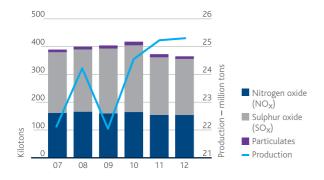
Continuing investments in air quality

The majority of the group's atmospheric emissions come from our largest solely owned facility, in Secunda, South Africa. We provide details of group emissions over the past five years on page 46. In recent years our investments have delivered significant improvements in ambient air quality.

By introducing natural gas into the country in 2004/2005 and transforming the Sasolburg complex at a cost of R12 billion, there have been a number of improvements. Hydrogen sulphide (H_2S) emissions have fallen 100%, greenhouse gas (GHG) emissions are down 39%, sulphur oxide (SO_X) emissions are 42% lower and nitrogen oxide (NO_X) emissions are 37% down. At our larger Secunda operation, we have recorded an improvement in GHG intensity of 17% over its lifetime. Notwithstanding regulatory uncertainty, over the past five years we have invested R2 billion on reducing volatile organic compound (VOC) emissions at Secunda, and a further R1 billion to reduce H_2S emissions.

In addition, we sponsored the pioneering Basa Magogo programme, which has assisted local authorities to meet their objectives to improve ambient air quality as well as community health by improving fuel-burning practices in local communities.

Atmospheric emissions



One of our priority focus areas is on further reducing the release of VOC emissions into the atmosphere. Our target is to achieve at least an 80% reduction in emissions of defined VOCs (benzene, toluene, xylene, ethylbenzene, 1,3-butadiene and acetaldehyde) on our 2009 baseline by the end of June 2020. We are planning several projects at Sasol Synfuels during the next three years, which will aim to realise an absolute reduction in VOC emissions of approximately 30 000 tons annually from 2015 onwards.

The categories upon which we base our annual environmental expenditure were detailed in the 2011 sustainable development report. In 2012, our total environmental expenditure was R1,4 billion compared to R1,5 billion for 2011. Sasol's total accrued environmental obligation at 30 June 2012 was R8,9 billion compared to R6,9 billion at the end of the 2011 financial year.

Promoting waste minimisation

We adopt a systematic approach to integrated waste management, with a strong focus on waste minimisation and beneficiation. In 2012, we made good progress in mapping out all the waste management processes in the group and in the completion of a needs analysis aimed at integrating waste information management for our Southern African operations. Our focus for the new financial year is on the continued effort in defragmentation of waste, through the development and implementation of practical strategies and procedures. In 2012, Sasol operations generated 117 kilotons (kt) of hazardous waste and 264 kt of non-hazardous waste.









addressing the climate change challenge



The challenge of balancing immediate energy and economic development needs with the desire to move to a lower-carbon future is profound. Recognising the pressure to shift to a lower-carbon future, we have been actively implementing measures to better understand and respond to the need for adaptation.

The success of our business in South Africa has been built on our GHG (greenhouse gas)-intensive coal-to-liquids (CTL) process, which has delivered significant benefits in terms of jobs, economic development and energy security. Responding to a changing climate poses a significant challenge for our business. This is both in terms of meeting anticipated legislative requirements and in adapting to the potential physical impacts, including the impact of increased extreme weather events.

Our strategic management approach to climate change

Accountability for our climate change strategy rests with Sasol's group executive committee (GEC), which receives advice and assistance from various GEC subcommittees and specialist committees (see page 22). The GEC, chaired by the chief executive officer, guides environment and climate change issues throughout the group, and co-ordinates development of the group's objectives, targets and projects in this area.

Responsibility for executing the climate change strategy, and for ensuring alignment in external communication, engagement and policy responses on climate change, rests with a project mandating committee within the group Strategy and Regulatory Affairs function. An important focus of the team is to ensure that Sasol's response to climate change is integrated within Sasol's core strategy, as well as to co-ordinate the engagement with the South African government on new climate change policy developments (see page 37).



Delivering against ambitious targets

As part of our climate change response strategy, we have adopted ambitious emission intensity reduction targets. We have committed to reduce the GHG emissions intensity of all our operations by 15% by 2020 from a 2005 baseline, and to reduce our absolute GHG emissions by 20% for all new CTL plants commissioned before 2020, and by 30% for plants commissioned before 2030 (with the average 2005 CTL design as the baseline).

An assessment of delivery against our climate change commitments forms part of the key performance indicators and personal appraisals and incentive schemes of relevant Sasol managers.

At an operational level we are striving to meet these targets in various ways, including by:

- Confirming our GHG emissions baselines in a manner that will facilitate measuring, reporting and verification;
- Promoting energy efficiency in our existing plants and processes;
- Utilising economically viable lower-carbon feedstocks;
- Improving our carbon-based technologies by building on the proven track record of Sasol Technology to commercialise
- Identifying waste-to-energy recovery projects;
- Investigating opportunities for carbon capture and storage (CCS);
- Identifying opportunities for offset initiatives; and
- Pursuing carbon-financing instruments such as the Clean Development Mechanism (CDM).

Responding to the opportunities of a lower-carbon future

Reducing GHG emissions forms part of the risk profile of all new projects exceeding R150 million and influences final investment decisions. For the past three years, we have used a carbon calculator to assess the GHG footprint of all new projects, enabling project teams to factor the cost of carbon into overall project costs. Where operations are not under Sasol's management control, we exert influence through representation on joint-venture boards to ensure the highest level of environmental compliance and performance.

At a group and strategic level, we see significant advantage in our technological expertise in alternative fuels technology, which places us in a unique position to leverage the widening differential between natural gas and oil prices.

We are able to improve energy security in developed and developing markets, and our continuous advances in reducing the GHG footprint of our core technologies is further strengthening our competitive advantage and long-term sustainability.

Our successful track record in developing and commercialising unique technologies at scale, coupled with our strong research and development capacity, creates valuable opportunities in the lowercarbon energy space. Sasol New Energy, for example, is investigating and investing in opportunities for renewable energy options such as concentrated solar power, wind and photovoltaic generation.

Our 2012 performance

We have been reporting on our direct GHG emissions since 1995 in our annual or sustainable development reports and, more recently, through our participation in the Carbon Disclosure Project (www.cdproject.net). Since 2002, we have reported in accordance with the GHG reporting protocol of the World Business Council for Sustainable Development and the World Resources Institute (www.ghgprotocol.org).

While the accuracy of our GHG emissions data has been acceptable for the purposes of our sustainability reporting over the past 15 years, the possibility of a carbon tax and sectoral carbon budgets being introduced in South Africa demands an increased level of accuracy. We have initiated a process, co-ordinated by the SHE Centre, to review our GHG targets for the group as well as clarify the necessary measurements, definitions and units of reporting. This may result in a future restatement of historic GHG data.

In 2012, our total emissions of greenhouse gases globally (measured in CO₂ equivalent) were 76,3 million tons (Mt), compared to 75,3 Mt in 2011 and 75,0 Mt in 2010. This figure includes direct emissions associated with our processes, including emissions arising from our own tanker fleets (Scope 1 emissions), as well as the indirect emissions associated with our electricity imports (Scope 2). The increase in our absolute emissions reflects the increase in production levels over the same period.







addressing the climate change challenge continued

Our GHG emissions intensity (tons CO_2 per ton of product) has weakened (see graph on page 5). For 2012, our emissions intensity was 3,02, up slightly from 2,99 in 2011. In our GHG measurements, we have included 100% of the emissions for the following joint ventures: Natref in South Africa, Sasol Petroleum International Mozambique, ORYX GTL in Qatar, Arya Sasol Polymer Company in Iran and Merisol South Africa. Data is not included for those joint ventures where we do not have a significant influence or operational control.

An external assurance provider has once again independently verified our direct and indirect emissions levels (page 51). Quantitative data on the GHG emissions at each of Sasol's businesses is provided in our annual integrated report.



A high level summary of these emissions is provided on www.sasolsdr.com.

The Sasolburg gas engine power plant is progressing on track to deliver baseload electricity capacity of 140 megawatts per annum. This state-of-the-art combined heat and power facility will improve the carbon intensity of energy generation in Sasolburg, reduce our reliance on the national electricity grid and eventually enable the decommissioning of existing coal-fired generation, while improving local air quality through reductions in NO_X, SO_X and particulate emissions.

We are nearing a final investment decision on a Mozambique gas engine project of similar size. Going forward, we are focusing on a basket of measures that support our commitment to managing environmental impacts and reducing our GHG footprint. These measures involve the exploration of long-term technology solutions outside the boundaries of our existing business portfolios. One of these solutions is carbon capture and storage (CCS). As a shareholder in the CO_2 Technology Centre in Mongstad, Norway, (officially inaugurated in May 2012) we are supporting the development of technology for the large-scale capture of CO_2 from dilute flue gas streams.

We also contribute to the South African Centre for CCS, as a member. The South African cabinet officially endorsed the centre's CCS road map for South Africa in May 2012. We continue to develop in-house knowledge on the application of clean coal technology through the development of underground coal gasification. In addition, we jointly hold three licences in Botswana to explore for coal bed methane gas. This project, which could change the energy landscape in the region, is in the environmental assessment phase.

During the year, we commissioned an adaptation study that assessed the impact of historic weather events on Sasol's operations in Sasolburg, Secunda and Mozambique. The study found evidence that weather-related events have had a significant negative financial impact on Sasol's operations in the past, and highlighted the need for improved data and risk management systems to ensure effective provision for climate adaptation.

In addition to addressing climate issues within our own operations, we have integrated climate-related consideration in various empowerment, community and employee activities; this includes promoting the development of alternate building technologies (through Sasol ChemCity), as well as a solar water heating initiative for employees.



Our online report includes a detailed review of the risks and opportunities that climate change presents for Sasol, our carbon capture and storage initiatives, additional information on Sasol's New Energy Unit and a review of energy efficiency at our South African operations.

GRI

EC2, EN5, EN6, EN7, EN16, EN17, EN18









promoting water stewardship



Ensuring reliable access to our allocated supply of water, and in turn demonstrating responsible water stewardship are key priorities for Sasol.

Water is a critical feedstock for our business and many of our current or planned facilities are located in areas with water quantity, quality or delivery challenges.

Management of on-site water-related issues is co-ordinated through the various SHE structures outlined on page 22. In addition, in 2010 we established a dedicated sustainable water function within Sasol New Energy to identify and respond to the potential risks and opportunities associated with operating in a water-constrained future.

Driving a co-ordinated response

In 2012, we launched an important group-wide initiative (Sasol Water Sense: Protect, Share, Save), to improve alignment on water stewardship practices throughout Sasol. Water Sense provides a platform from which all water-related actions will be co-ordinated, and a basis from which to respond to water security risks, regulatory risks and the increased societal pressures associated with our various water footprints. The initiative also seeks to create a common identity for Sasol's water response strategy, coupled with a focused communication plan to highlight our various water stewardship activities. The group executive committee-approved mandate to execute the campaign is being pursued with group Corporate Affairs, the SHE Centre, Branding and Communication and Sasol New Energy.

Our holistic approach to water security and stewardship means we complement our activities aimed at minimising our direct impacts with work with stakeholders beyond the factory fence line to address issues throughout the water catchment areas within which we operate.



GRI

EN8, EN9, EN10, EN21



Our online report includes a case study on driving water conservation in municipalities.



Our performance

The framework for assessing our performance is provided by the UN Global Compact CEO Water Mandate, a public-private initiative launched in July 2007 to assist companies in the development, implementation and disclosure of water-related policies and practices. Our chief executive officer recently reaffirmed Sasol's endorsement of the CEO Water Mandate, which covers the following six areas: direct operations; supply chain and catchment management; collective action; community engagement; public policy; and transparency.

Minimising impacts in our direct operations

We prioritise promoting water use efficiency in our operations. Our largest operations in South Africa are dependent on the water-stressed Vaal River System, which supplies approximately 80% of our total water requirement. Although currently masked by above-average rainfall, the Vaal River System continues to experience an imbalance in which water demand exceeds the system's sustainable supply capability. While no compulsory water use efficiency targets have yet been set for industrial water users, the Department of Water Affairs (DWA) has been engaging with industry on how such compulsory targets could be determined and regulated.

Setting internal targets

Last year we set water-use efficiency targets for our operating facilities in Sasolburg (Sasol Infrachem) and Secunda (Sasol Synfuels). The target for Sasol Infrachem is a 15% water-use intensity improvement (m³/ton product) and for Sasol Synfuels a 5% intensity improvement by 2015 from a 2010 baseline.

We are entrenching water-use efficiency initiatives into the way we operate. The group executive SHE committee has agreed to introduce a water-intensity metric in all applicable businesses, alongside other mandatory Operations Excellence metrics.

This will serve to institutionalise reporting on water-use efficiency at an operational level. We believe that mandatory reporting on water intensity will drive further internal improvements and will greatly assist our corporate water stewardship drive and culture.

Our total water use decreased from 151,4 million m³ in 2011 to 148,3 million m³ in 2012. We recycled 142,7 million m³ of water in 2012 compared to 128,7 million m³ in 2011.

Unfortunately, due to two extremely heavy downfalls of rain in January 2012, the ash water levels in the Sasol Synfuels' Secunda plant increased to the point where they overflowed into the Bosjiesspruit River. We immediately took steps to mitigate as far as possible the overflow from the system. We obtained permission from the DWA to purchase additional raw water, which we then continuously released to dilute the impact of the ash water released into the river. Continuous water quality testing was conducted until the river's water quality had returned to normal background levels. We do not anticipate any long-term environmental pollution or degradation arising from this incident.

Supply chain and catchment management, collective action and community engagement

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

In 2011, we concluded three water conservation partnerships with municipalities located and reliant on the Vaal River System. This is in line with our commitment to collective action and catchment management. During 2012, these partnerships moved into the execution phase, which is being co-ordinated by the sustainable water group within Sasol New Energy.

The partnerships seek to drive water-conservation initiatives in the municipalities for the benefit of the catchment and its users. The partnerships comprise an R8 million investment by Sasol New Energy, with committed leveraged partner funding of R9 million, and include commitments to repair household leaks and to jointly reduce the substantial municipal water losses which occur. In the case of the Emfuleni Municipality, this could result in expected savings on its water bill of R62 million per annum. These investments will enable the continued funding of water-conservation and demand-management projects by the municipality far beyond the immediate scope of the initial three-year partnership project.

Public policy

Sasol participates in a number of government-led initiatives, including focused workshops on legal reform, water conservation, demand management and resources management.

In support of the water-conservation partnerships described above, we are exploring the development of a national water-offsetting model in collaboration with the DWA. The first draft of the model was presented at the Water Institute of South Africa (WISA) conference held in May 2012. We are working with the DWA and others to incorporate the water-offsetting concept into the South African government's water law review process; we believe this initiative has the potential to realise significant benefits in terms of meeting national water-conservation objectives. As part of our commitment to informing the development of sound public policy, we are represented on the DWA Water Sector Leadership Group, as well as the DWA Vaal River Strategy Steering Committee; both of these groups provide a high-level platform for engagement between the water sector and the South African government.

Transparency

In addition to disclosure on our water-related impacts in our annual sustainable development report, which we have been publishing since 1996, Sasol participated again this year in the international Water Disclosure Project run by the UK-based Carbon Disclosure Project (CDP). Many of our businesses have been engaging openly with external bodies on their water activities, responding transparently to formal requests from NGOs such as the South African Centre for Environmental Rights. During the year, we contributed US\$25 000 to a guide being developed by the CEO Water Mandate on corporate water disclosure practices, with a view to promoting corporate transparency in this area.

Focusing on water in our international operations

Many of our international operations and projects are in water scarce regions, such as Qatar and Uzbekistan. In Canada, we apply best practice in managing risk of ground water contamination and the amount of fresh water needed for our fracking operations. In Germany and Italy our main challenge is the disposal of water used in our plants.

our reporting boundary

This section provides a consolidated review of our quantitative performance data over the past five years relating to our material sustainability challenges.

The basis for identifying these material challenges is provided on page 20. This section also provides a brief summary of our performance on certain sustainability issues that do not fall within the remit of these material challenges.

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

- Our people: focusing on safety, occupational illness and skills development.
- The environment: greenhouse gas (GHG) emissions, air pollutants, solid waste, energy and material use, water, land and biodiversity, and legal compliance.
- Society: our economic value added, performance against the BEE (black economic empowerment) codes, and our corporate social investments

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

All data is collected by the individual operations and reported on

a quarterly basis to the Sasol group SHE Centre using a common database, and in accordance with the group sustainable development reporting guidelines and definitions. Data is collected and processed by the business units using the best available methodologies and techniques for measurement, calculation and analysis. The years referred to relate to Sasol's financial reporting period (i.e. 2012 relates to the period from 1 July 2011 to 30 June 2012).

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.

The Global Reporting Initiative (GRI)

The ✓ symbol indicates external assurance. For 2012, Sasol has declared an A+ level of reporting and this has been verified by a third-party assurance provider (see statement on page 51).



A detailed GRI table, providing responses to each of the GRI G3 criteria, is provided on our website, available at www.sasolsdr.com. Our online report also includes a review of our performance in terms of the UN Global Compact's Communication on Progress, as well as the Millennium Development Goals.







our people

	2008	2009	2010	2011	2012	Level of assurance
Employee numbers ¹	33 928	33 164	33 054	33 708	34 916	
Employee turnover	2 084	1 391	1 374	1 738	1 136√	Moderate
Safety						
Recordable case rate ²	0,50	0,54	0,51	0,42	0,39√	High
Employee and service provider fatalities	3	4	9	15	4√	High
Fires, explosions and releases ³	28	36	63	51	42√	High
Logistics incidents ⁴	42	27	37	47	36√	Moderate
Occupational illness ⁵						
Hearing loss	18	13	27	32	23	
Lung illnesses	32	30	25	26	29	
asbestosis	2	1	4	1	1	
tuberculosis ⁶	18	4	7	_	_	
mesothelioma	1	_	1	_	_	
pneumoconiosis	8	20	9	23	20	
other lung illness	3	5	3	3	8	
Other	4	1	3	_	1	
Skills development						
Investment in employee learning ⁷ (R million)	NR	386	421	673	819	
Investment in learning as a % of payroll	NR	4,3%	4,3%	6,5%	6,7%	
Investment in black employees ⁸ (R million)	NR	267	261	432	537	
Development interventions	NR	65 526	64 019	126 847	137 703	
Investment in bursary scheme (R million)	NR	45	51	38,5	40,8	
Undergraduate and postgraduate bursars	NR	761	769	654	585	
Employees currently on chartered accountant training						
programme	NR	28	26	22	20	
Employees in Sasol's maintenance artisan learner pools	NR	993	778	883	581	
Learner artisans that Sasol trained for petroleum industry as						
part of oil, gas and electrical manufacturing project since 2007	NR	1 050	417	947	947	
Learners in external technical skills partnerships		193	271	131	231	
Additional positions created in global venture support		700	700	700	700	
programme	NR	700 25	700 25	700 25	700 25	
Investment in South African universities (R million)	NR NR	700	700	484	466	
Technical personnel in global venture support programme						Modorata
Number of employees receiving leadership training	NR	9 785	9 253	4 077	5 281√	Moderate

Assurance refers to those parameters independently verified by the external assurance provider, in accordance with the statement on page 51. Not reported

- Data assured by ERM, the external assurance provider.
- 1 Employees include the total number of permanent and non-permanent employees, excluding contractors and associates' employees, and including a proportionate share of employees within joint-venture entities. The totals are thus higher than those reported on in the section on employee demographics, in which reference is made only to permanent employees.
- 2 The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses for every 200 000 employee hours worked. From 2006 onwards, our RCR includes both employees and service providers, and recordable injuries, as well as occupational illnesses for employees.
- 3 A fire, explosion or release (FER) incident is registered as "significant" when it meets any of the following criteria: (i) it involves a fatality or lost workday case; (ii) it results in damage of more than US\$25 000; or (iii) it causes a release in excess of the relevant threshold quantity for that chemical as defined by the Centre for Chemical and Process Safety (CCPS).
- Figures refer to all logistics-related events that result in any one of the following: (i) a recordable injury (including fatality) to any Sasol employee, or an injury to any other person that requires overnight hospitalisation; (ii)

- measurable or visible damage to livestock, vegetation, crops, fish or water systems, or a release of more than 1 000 litres of a chemical; (iii) property, product and/or transportation equipment loss (to Sasol) of more than US\$25 000, except in Europe, where it is greater than 25 000 Euros, or any fines or penalties involving Sasol; (iv) fire, explosion or reactive chemical incident involving a Sasol product; (v) any community evacuation of sheltering or any community alert given as a result of the incident, or any road closure lasting more than six hours; or (vi) the involvement of the international, national or local media.
- 5 Illnesses are recorded as work-related as a precautionary measure. The various evaluation authorities may subsequently classify them as not work related, in which instance they are removed from the records.
- 6 Before 2010, tuberculosis was by and large not work related, but for mines was reportable as a medical reportable illness. Clarification since 2011 was corrected to only reflect work-related tuberculosis.
- **Investment in employee learning** excludes the compulsory 1% or R109,6 million skills levy.
- Black employees refer to African, Coloured and Indian people for the purposes of South African employment equity considerations.

the environment

						Level of
	2008	2009	2010	2011	2012	assurance
Production performance						
Total production (kilotons)	24 218	22 039	24 548	25 228	25 302 ✓	High
Greenhouse gases (GHG) ¹ (kilotons)						
Direct methane (CH ₄)	354*	339 7	371	402	416 ✓	High
Nitrous oxide $(N_2O)^{****}$	0,683	0,604	0,335	0,220	2,370 ✓	High
Direct carbon dioxide (CO ₂) Scope 1**	58 722	54 465	56 265	56 966	57 367 ✓	High
Indirect carbon dioxide (CO ₂) Scope 2 Indirect carbon dioxide (CO ₂) Scope 3	9 718 NR	9 739 NR	10 814 NR	9 308 540	8 553 √ 922 √	High High
Total greenhouse gas (CO ₂ equivalent)	76 104	71 507	74 981	75 317	76 370 ✓	High
GHG intensity (CO ₂ equiv/ton product)	3,14	3,24	3,05	2,99	3,02	1 11811
Air pollutants (kilotons)						
Nitrogen oxides (NOx)	166	160	164	155	155 ✓	High
Sulphur oxides (SOx)	224	233	240	208	202 ✓	High
VOC indicator of performance	NR	47	47	46	47	J
Particulates (fly ash)	8,45	9,39	11,38	9,15	7,47 ✓	High
Waste ² (kilotons)***						
Hazardous waste	97	111	69	84	116 ✓	Moderate
Non-hazardous waste	979	697	454	409	264 ✓	Moderate
Recycled waste	1 435	1 583	1 617	1 208	937	
Total waste	2 511	2 391	2 140	1 701	1 318 ✓	Moderate
Energy use (thousand giga joules)						
Electricity (purchased)	34 846	34 572*	37 427	33 694	31 275	
Feedstock to electricity (self-generated)	18 206	17 189	25 405	29 864	30 944	
Feedstock to steam	282 670	272 847	278 247	266 185	276 426	
Transportation fuel	N/A 52 237	N/A 48 410	718 54 972	683 63 596	736 69 017	
Fuel gas Other energy use	6 838	46 4 10	9 785	16 137	7 739	
Total energy use	394 797	377 688	406 554	410 159	416 138 ✓	High
Material use (kiloton)						
Coal (dry ash free basis)	17 862	16 994	17 315	17 019	17 040	
Crude oil processed	4 564	4 493	4 331	4 890	5 492	
Nitrogen from air	2 103	2 388	2 574	2 220	2 451	
Oxygen from air	13 144	12 567	14 737	13 983	14 064	
Gas****	NR	NR	NR	NR	4 031	
Other (e.g. chemicals, feedstock)	22 801	20 680	22 062	6 778	7 673	
Total material use	60 474	57 123	61 019	44 890	50 752 ✓	Moderate
Water						
Total water use (1 000 m³)	154 602	152 318	151 391	152 526	148 372 ✓	Moderate
Liquid effluent (1 000 m³)	32 227	45 722	64 808	36 770	34 122	
Water recycled (1 000 m³)	131 385	130 562	139 308	128 719	142 754 ✓	Moderate
Land and biodiversity (hectare) ³						
Area affected by operations	4 370	3 744	3 779	3 679	2 671	
Area dedicated to conservation	4 553	4 553	3 869	3 456	3 046	
Land use and mining (hectare)						
Surface mining area	1 284	1 284	1 284	1 284	1 284	
Underground mining area	41 715	42 837	43 941	44 856	46 004	
Total area disturbed ⁴ Total area rehabilitated	42 999 1 596	44 121 1 659	45 225 1 689	46 140 1 689	50 373 542 ⁶	
	1 330	1 000	1 005	1 003	JTL	
Legal compliance ⁵ Fines, penalties and settlements (Number)	2	20	46	9	3	
Fines, penalties and settlements (Number) Fines, penalties and settlements (US\$million)	_	0,41	2,00	4,00	0,06	
Times, periatives and settlements (059million)		0,71	2,00	7,00	0,00	

Assurance refers to those parameters independently verified by the external assurance provider, in accordance with the statement on page 51.

** Refers to data that has been restated; the reasons for the restatement of data in previous years are provided in the sustainable development reports following that year.

** The Scope 1 emissions associated with the gas consumed by the new gas turbines in Secunda have not been included for the 2011 and 2012 dataset.

** Audited data will be included from 2013 onwards.

** Total waste as calculated for 2012 includes recycled waste as part of the total.

** The use of gas as a material use is significant and is reported as a separate line item from 2012.

** The increase of N₂O emmissions during 2012 is a once off adjustment.

** Not reported.

** Data assured by FRM, the external assurance provider.

NR

Data assured by ERM, the external assurance provider.



- 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 consideration of imported/exported electricity, heat and steam, which typically are supplied by external power and electricity-generating utilities. For Sasol sites based in Europe and North America, CO₂ emissions from electricity purchased is calculated based on country average emission factors. Total CO₂ equivalence is calculated by multiplying the tons released per year with its Global Warming Potential (GWP) relative to carbon dioxide, as published by the Intergovernmental Panel on Climate Change (IPCC). Total GHG (CO₂ equivalent) includes methane, carbon dioxide and nitrous oxide (NO₂).
- 2 Waste: The definitions of "waste" vary widely around the world. For reporting purposes, Sasol uses the applicable definitions of local authority regulatory authorities. In situations with insufficient guidance from local legislation or regulation, the definitions of hazardous waste are reported if it is (i) removed from the premises for disposal and/or treatment, or (ii) disposed of on-site (e.g. by landfill). These figures exclude coarse ash from gasification and fly ash from boilers. Non-hazardous waste is waste which requires disposal on a general waste landfill site. Recycled waste is materials left over from manufacturing or consumption, which may be re-used or recycled. Hazardous waste is waste which needs to be disposed of in a licensed hazardous waste landfill site, or incinerated or transported to a hazardous waste treatment, storage, disposal or recycling facility.
- Managing land use and biodiversity: We do not believe that we have operations in areas that have been declared biodiversity hotspots (areas identified as being critical or endangered eco-regions). However, we do have interests in areas of potential sensitivity, particularly as part of some of our upstream exploration and extraction activities. In accordance with our group-wide SHE minimum requirements, the protection of biodiversity issues is addressed formally in new projects through environmental impact assessments (EIAs) and in existing projects through environmental management plans and/or programmes (EMPs). We are also working to assess the biodiversity of the habitats in land currently owned, leased or managed throughout the group.

- 4 Total area disturbed: A subsidence risk of previously undermined areas, which have a low occupancy, has been identified at Sasol Mining; we have started engaging with affected landowners on this issue.
- 5 Legal compliance: The figures refer to all incidents of and fines for noncompliance with all applicable international, regional, national and local laws and regulations associated with safety, health and environmental issues. Payments include fines due to noncompliance with laws, regulations and permits, compensation payments and regular proactive payments made as a result of noncompliance with regulations where there is a potential for any enforcement action. The payments do not include levies, or costs for lawyers and product liabilities.
- 6 Previously there were two open cast mines that contributed to huge surface areas being disturbed and required extensive rehabilitation. Currently there are no open cast mines resulting in less or virtually no rehabilitation. Secondly, the mining methodology has been amended from high extraction mining resulting in virtually no surface subsidence and no rehabilitation required.

EN11, EN12, MM1, MM2



Our online report includes additional information on fines, penalties and settlements currently facing Sasol.







society

	2008	2009	2010	2011	2012
Economic value added (R million)					Y
Turnover	129 943	137 836	122 256	142 436	169 446
Less: purchased materials and services	(76 472)	(89 393)	(74 061)	(86 330)	(103 116)
Value added	53 471	48 443	48 195	56 106	66 330
Finance income	989	2 060	1 549	1 283	1 275
Wealth created	54 460	50 503	49 744	57 389	67 605
Employees	14 443	17 532	17 546	18 756	19 921
Providers of equity capital	6 877	7 260	5 806	7 040	10 274
Providers of debt	2 427	2 191	1 799	1 392	1 565
Governments – direct taxes	9 521	9 413	5 602	7 198	10 267
Reinvested in the group	21 192	14 107	18 991	23 003	25 578
Wealth distribution	54 460	50 503	49 744	57 389	67 605
Broad-based black economic empowerment (BBBEE) ²					
BEE verification certificate	Level 6	Level 5	Level 4	Level 4	Level 4
Preferential procurement (score out of 20)	4,9	10,9	14,36	15,8	17,5
Preferential procurement (R value) from all suppliers	R651 m	R7,4 bn	R11,8 bn	R13,4 bn	R20,5 bn
Responsible Care®					
Responsible Care® compliance	82%	85%	83%	86%	90%
Product stewardship ³	75%	62%	71%	74%	82%

- 1 Corporate social investments: Our community affairs programme seeks to promote people-centred, needs-driven sustainable development of communities. During 2012, the group committed R345,9 million to socioeconomic development globally, with most of this (R332,3 million) invested in South Africa, our principal host country. Our key priorities are determined by regulatory, business and community needs and are focused on the following five areas:
 - Education with the emphasis on improving school-based education in science, technology and literacy; facilitating access to higher education; enabling quality higher education; and developing critical and scarce work skills.
 - Job creation, focusing on the sustainable creation of employment particularly for unskilled or marginalised groups such as women and youth.
 - Health and welfare, with a priority emphasis on addressing key social challenges such as HIV/Aids, tuberculosis and malaria.
 - Arts, culture and sport development with a focus on local talent development.
 - Environment, by pro actively engaging communities to reduce their impact on the natural environment.

During the year, we invested R153 million in various education programmes (including R40,8 million in our corporate graduate scheme), as well as R157 million in job creation and skills development. In addition, we invested R20 million in health and welfare initiatives, R6,5 million in environmental initiatives and R3 million in arts, culture and sports development programmes. In addition, Sasol Mining has made investments of R4 million as part of their social and labour plans in accordance with the Mining Charter.

2 Our BBBEE performance: We obtained a level 4 BEE verification certificate in September 2012. While our scores are relatively good on the pillars of equity ownership, enterprise development and socioeconomic development, we recognise that we need to improve our performance on management diversity, employment equity, skills development and preferential procurement. The new mining charter requires us to report calendar years. It also includes refinement and a number of new conditions. Sasol Mining scored 94% on the scorecard of the revised Broad-based Socioeconomic Empowerment Charter for the South African Mining and Minerals Industry (the Mining Charter). We therefore remain in compliance with the revised Mining Charter and will be compliant with the full requirements of the charter by 2014. In support of South Africa's Liquid Fuels Charter, broad-based BEE group Tshwarisano LFB Investment (Pty) Ltd. owns 25% of our liquid fuels production, distribution and marketing operations, housed in Sasol Oil (Pty) Ltd. As at 30 June 2012,

- Sasol Oil has established 404 retail fuel facilities, including 174 dealer-owned sites. In October 2007, Sasol Mining announced the formation of a black women-owned mining company called Ixia Coal (Pty) Ltd. and concluded the 20% BEE equity deal early in 2010. Sasol ChemCity hosts the BEE centre of excellence office and manages the Siyakha BEE Procurement Initiative Trust; it is responsible for all enterprise development activities, co-ordinates business development and incubation, manages an eco-industrial park and develops downstream chemical and energy businesses. To improve our performance on procurement and to support a more sustainable pool of broad-based BEE suppliers, we are working with industry bodies, stakeholders and suppliers to the industry to ensure that we receive valid broad-based BEE certificates. During 2012, preferential procurement, as defined by the Codes of Good Practice, was R20,5 billion and represented 62% of total measured procurement spend. We have significantly improved our contribution to emerging medium enterprises, qualifying small enterprises, and black- and women-owned enterprises.
- 3 Product stewardship: In October 2011, we introduced a new chemical information management system (CIMS) designed to help Sasol with the implementation of product stewardship, focusing on lifecycle management and regulatory compliance throughout each stage on the lifecycle of our products. This system relies on representing the total inventory of chemicals in considering all products through the lifecycle, from source to waste, including procured chemicals such as cleaning products. During the reporting period, we continued to participate in various global initiatives on product stewardship: we have played a leadership role in promoting the safe use of chemicals through our involvement in the International Council of Chemical Associations' (ICCA) Chemicals Policy and Health Leadership Group aimed at reaching the strategic approach to international chemicals management (SAICM) 2020 goals; we contribute to the development of, and have adopted, the Globally Harmonised System of Classification and Labelling of Chemicals (GHS), and our experts have been advising the South African government representatives on the implementation of GHS through the South African Chemical and Allied Industries' Association (CAIA). We also participate in the UN subcommittee of Experts on the GHS, representing the South African Department of Trade and Industry and we have taken on the role of vice chair for a second biennium (2011 – 2012). All products exported to the European Union (EU) are in the process of being registered in compliance with EU regulations concerning registration, evaluation, and authorisation of chemicals (REACH). Full compliance might take up to 2018 according to the REACH time line for registration.



Our online report includes additional information on our corporate social investments, our BBBEE scorecard, the Sasol Inzalo Foundation, Sasol ChemCity, Sasol's integrated energy centres, and our progress in terms of meeting the Petroleum and Liquid Fuels Charter and the Mining Charter and our product stewardship activities.



assurance statement

Introduction

We have been appointed by Sasol Limited (Sasol) to conduct an independent assurance engagement in Accordance with AA1000AS on selected information related to Sasol's sustainable development report (SDR) 2012 for the financial year ended 30 June 2012.

Scope and subject matter

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

- Sasol's adherence to the AA1000APS AccountAbility Principles of Inclusivity, Materiality and Responsiveness for an expression of moderate assurance.
- Selected Key Performance Indicators on pages 47 48 as follows:
 - High assurance
 - Total production (kilotons) a)
 - Recordable Case Rate (RCR), including employees and service providers Ь)
 - Total number of fatalities
 - d) Number of reportable fires, explosions and releases (number of events)
 - Total energy use (thousand gigajoules) e)
 - f) Particulates (fly ash) (kilotons)
 - Sulphur oxide (SO_X) emissions (kilotons) g)
 - Nitrogen oxide (NO_X) emissions (kilotones) h)
 - Carbon dioxide (CO₂) direct (Scope 1) (kilotons)
 - Carbon dioxide (CO₂) indirect (Scopes 2 and 3) (kilotons) j)
 - Direct methane emissions (kilotons) k)
 - Total greenhouse gases (CO₂ equivalent) (kilotons)
 - Nitrious oxide (N₂O) (kilotons) m)
 - 2.2 Moderate assurance
 - Total material use (kilotons)
 - Ь) Total water use (1 000 m³)
 - Total amount of water recycled (1 000 m³) c)
 - d) Hazardous waste (kilotons)
 - Non-hazardous waste (kilotons) e) f) Total waste (kilotons)

 - g) Number of logistics incidents
 - h) Employee turnover (%)
 - Total number of learnerships offered
- Sasol's self-declared Global Reporting Initiative GRI (G3.1) A+ application level on page 2; and the self-declared United Nations Global Compact principles disclosure on page 2 for an expression of moderate assurance.

Summary of work performed

Standards and criteria used

We performed our work in accordance with the AA1000 Assurance Standard (AS) 2008 Type 2 requirements. We used the following assessment criteria when undertaking our work: AA1000 AccountAbility Principles Standard (APS) 2008; the Sasol Standard for Sustainable Development Reporting Requirements and Definitions; the GRI (G3.1); and the United Nations 24 Global Compact Advanced Criteria.

Level of assurance and engagement limitations

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

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

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

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Our work

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

- Face-to-face interviews to understand and test the processes in place for reporting on the AA1000 AccountAbility Principles and the KPIs;
- Obtaining an understanding of the systems used to generate, aggregate and report the data at the operations sampled:
- Site visits to operations, which involved applying the assurance criteria, testing key controls on a sample basis, testing collection, aggregation and reporting processes in place;
- Reviewing the consolidation of data at business unit level and Head Office;
- Reviewing the validity of Sasol's self-declaration of the GRI (G3.1) Application Level in the Report:
- Reviewing Sasol's disclosure against the United Nations Global Compact Principles Advanced Criteria
- Reporting our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work; and
- Reviewing the presentation of the sustainable development information in the Report for consistency with our work performed

Respective responsibilities and ERM's independence

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

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

Our assurance conclusions

- In our opinion, based on the work undertaken for moderate assurance, nothing has come to our attention causing us to believe that Sasol has not adhered to the AA1000 Principles of Inclusivity, Materiality and Responsiveness in all
- In our opinion, and based on the work undertaken for high assurance as indicated in the scope of work above, the KPIs as presented on pages 47 – 48 have been prepared in accordance with the defined reporting criteria in all material respects.
- In our opinion, and based on the work undertaken for moderate assurance as indicated in the scope of work above, nothing has come to our attention causing us to believe that the KPIs as presented on pages 47 – 48 have not been prepared in accordance with the defined reporting criteria in all material respects.
- In our opinion, based on the work undertaken for moderate assurance, nothing has come to our attention causing us to believe that Sasol's self-declared A+ level of GRI (G3.1) application on page 2; and the self-declared United Nations Global Compact Principles Advanced Criteria disclosure on page 2, has not been prepared in all material respects in accordance with the defined reporting criteria.

Our key observations and recommendations

Based on our work set out above, and without affecting our conclusions, we have issued Sasol with a management report detailing our key observations and recommendations for improvement.



Massimo Bettanin

Environmental Resources Management Limited (ERM)

Johannesburg, 26 October 2012



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Credits: Sasol's 2012 sustainable development report has been produced and published by the Sasol SHE Centre in partnership with the corporate communications department of Sasol Limited. The report forms part of an ongoing commitment to keep Sasol stakeholders informed on key group aspirations, viewpoints, achievements and challenges in the field of sustainable development.

Forward-looking statements: Contingent resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from a known accumulation by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is therefore uncertainty as to the portion of the volumes identified as contingent resources that will be commercially producible. Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on 12 October 2012 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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

Note on measurement: Besides applying barrels (b) and cubic feet (cf) for reporting on oil and gas reserves and production, Sasol applies Système International (SI) metric measures for all global operations. A ton (also spelt as tonne) denotes one metric ton equivalent to 1 000 kilograms (kg) or about 2 200 imperial pounds. Sasol's reference to a metric ton should not be confused with an imperial ton equivalent to 2 240 pounds (or about 1 016 kg). In addition, in line with a particular South African distinction under the auspices of the South African Bureau of Standards (SABS), all Sasol global reporting emanating from South Africa uses the decimal comma (e.g. 3,5) instead of the more familiar decimal point (e.g. 3.5) used in the UK, USA and elsewhere. Similarly, a hard space is used to distinguish thousands in numeric figures (e.g. 2 500) instead of a comma (e.g. 2,500). A billion is defined as 1 000 million.

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Dear reader

Please let us know what you think about Sasol's 2012 sustainable development report or our sustainability performance in general, by using the feedback tool on the website. You are also welcome to engage with us in dialogue on www.sasolsdr.com.











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