

sasol
reaching new frontiers



positive energy

sasol sustainable development report 2008

Cover: International rugby star, Bryan Habana offered to race a Sasol Chevron sponsored cheetah to raise awareness for cheetah conservation at the De Wildt Cheetah and Wildlife Trust near Pretoria, South Africa.

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positive energy (in a changing world)

As we continue to strengthen our competitive position as a provider of alternative energy solutions, significant growth opportunities are opening up for Sasol in a world grappling with volatile energy markets and supply concerns. Alongside our energy businesses, our chemical businesses are integral to the group's growth ambitions.

But it is the energy of our people, evidenced by their positive and progressive contributions across an extensive sphere of influence, that enables our group to pursue the opportunities of a world in the throes of change.



About this sustainable development report

- Sasol's reporting aims to provide a balanced, understandable, complete and easily comparable view of our business.
- Alongside the ongoing stakeholder interaction and communication expected of a responsible organisation committed to accountability, Sasol produces a full suite of reporting publications.
- In addition to this sustainable development report, stakeholders are advised to read:



Annual review



Annual financial statements

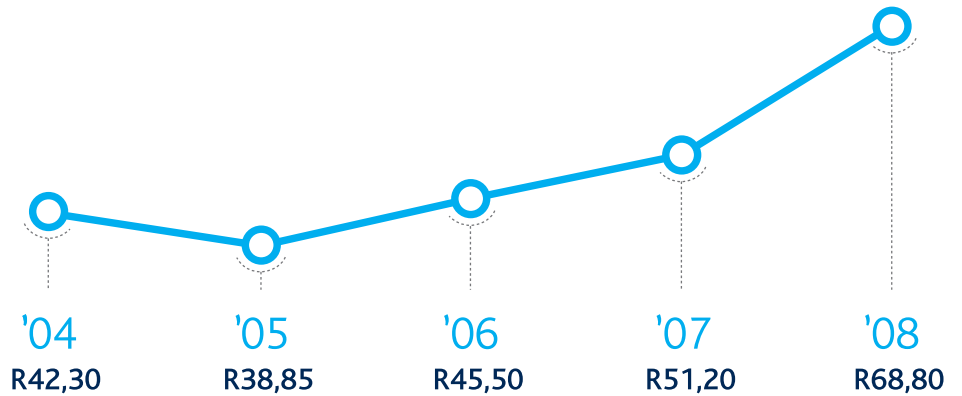


Form 20-F: produced in accordance with US Securities and Exchange Commission (SEC) regulations

- These reports provide a complete view of the group's strategy, businesses, performance against objectives, and prospects.
- Stakeholders are advised to refer to important information about the forward-looking statements used in this report, on the inside back cover.



wealth created per share



five years of reaching new frontiers

2005 Sasol Infrachem commences natural gas reforming at Sasolburg to substantially **reduce emissions** to the atmosphere.

2006 Brunsbüttel operation in Germany awarded first prize by the German Chemical Association for its waste water reduction project.

2006 Recordable case rate **reduced by 24%** to 0,93 from 1,23.

2006 Launch of R2,5 million integrated energy centre (IeC) in Limpopo, the first of five forming part of Sasol's R15 million investment in poverty nodes.



2007 Record RCR of 0,72 achieved (0,93 in 2006).

2007 Sasol participates in the international Carbon Disclosure Project (CDP).

2007 Winner of Ernst & Young Excellence in Sustainability Reporting award.

2007 Winner of Association of Chartered Certified Accountants (ACCA) Best Sustainability Report.



2008 RCR improved to 0,50.

2008 First clean development mechanism (CDM) project approved.

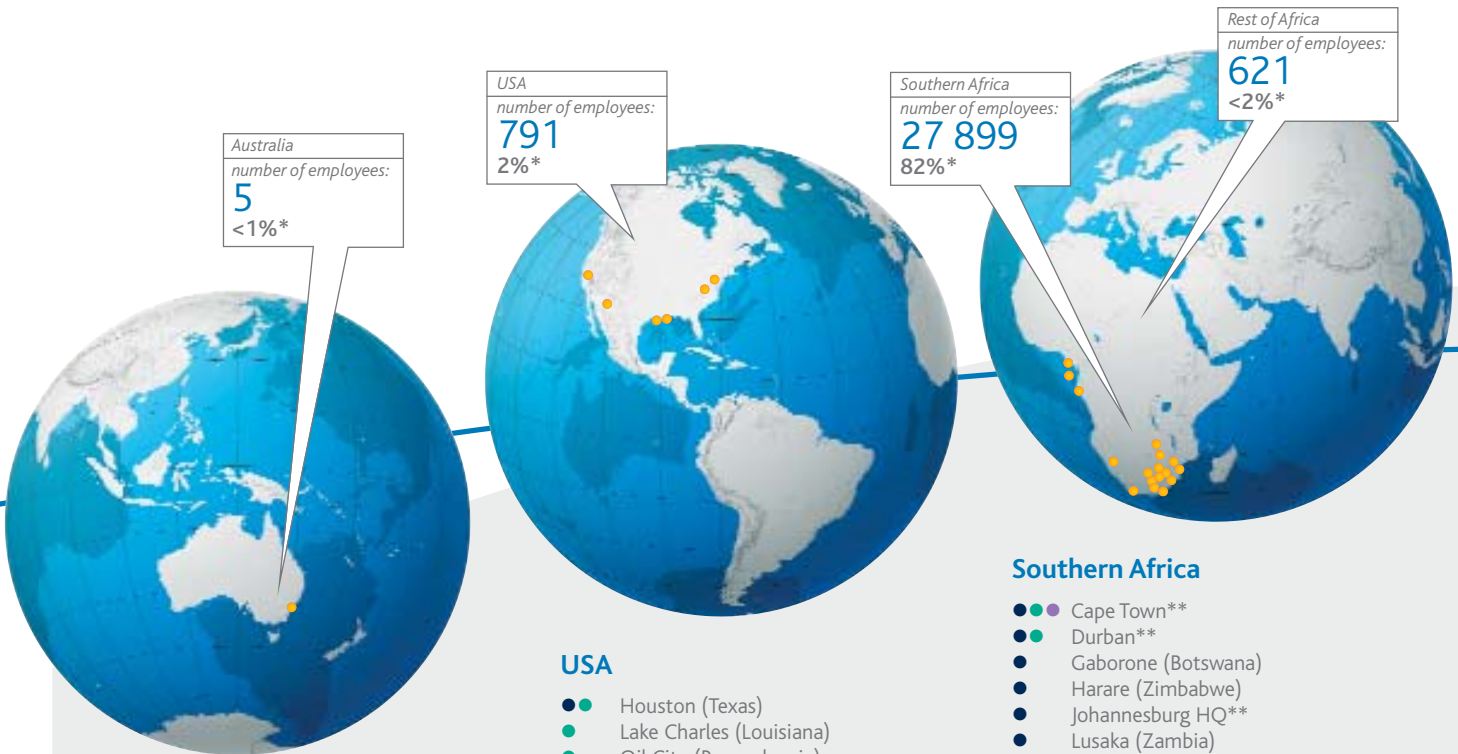
2008 Black empowerment deals, including Eyesizwe Coal and Siyanda Biodiesel are progressed.

2008 We invest R54 million in 427 undergraduate and 89 postgraduate bursaries.

2008 Sasol Inzalo – Single largest broad based BEE ownership equity transaction ever undertaken in South Africa.

2008 Qualifying among the top 10% in the oil and gas producers cluster on the Dow Jones Sustainability Index (DJSI).





Australia
number of employees:
5
<1%*

USA
number of employees:
791
2%*

Southern Africa
number of employees:
27 899
82%*

Rest of Africa
number of employees:
621
<2%*

Australia

- Sydney

USA

- Houston (Texas)
- Lake Charles (Louisiana)
- Oil City (Pennsylvania)
- Richmond (California)
- San Francisco (California)
- Shelton (Connecticut)
- Tucson (Arizona)

Southern Africa

- Cape Town**
 - Durban**
 - Gaborone (Botswana)
 - Harare (Zimbabwe)
 - Johannesburg HQ**
 - Lusaka (Zambia)
 - Maputo (Mozambique)
 - Newcastle**
 - Phalaborwa**
 - Sasolburg**
 - Secunda**
 - Vilanculos (Mozambique)
 - Windhoek (Namibia)
 - Offshore exploration (Mozambique)
- ** South Africa.

Rest of Africa

- Escravos (Nigeria)
- Offshore exploration (Gabon)
- Offshore exploration (Nigeria)

*% of total employees.

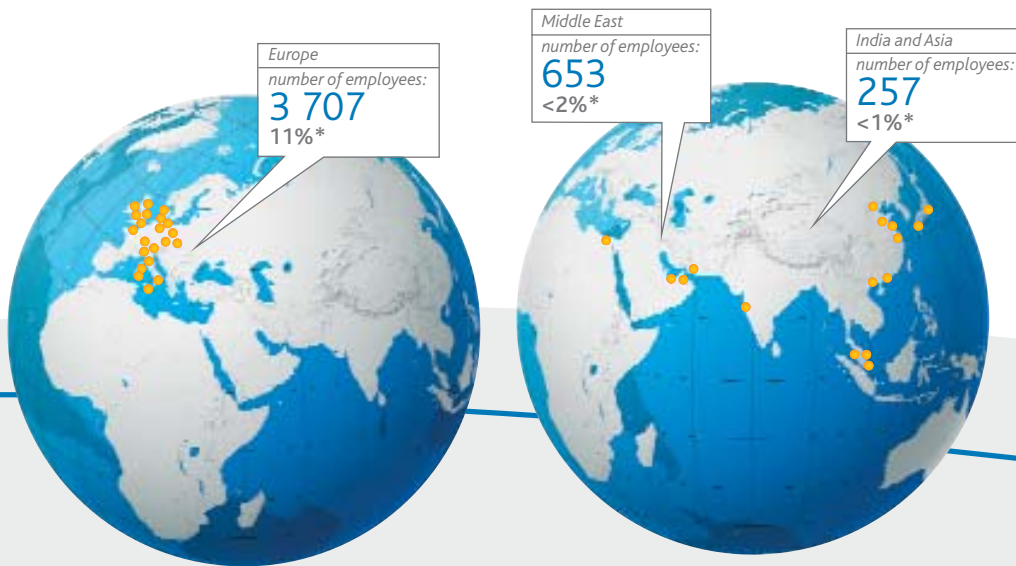
about sasol

Sasol is an integrated energy and chemicals company. We add value to coal, oil and gas reserves, using these feedstocks to produce liquid fuels, fuel components and chemicals through our unique, proprietary technologies. We mine coal in South Africa and produce gas in Mozambique and oil in Gabon, and our chemical manufacturing and marketing operations span the globe. In South Africa we refine imported crude oil and retail liquid fuel products through our network of retail convenience centres. We also supply fuels to other distributors in the region and gas to industrial customers.

Based in South Africa, Sasol is represented in some 33 countries and employs about 34 000 people. In response to the growing international interest in our coal-to-liquids (CTL) and gas-to-liquids (GTL) offerings, we continue to expand our international presence. In the last year, we increased capacity in our offices in Beijing, China, and Mumbai, India.

Formed in 1950, Sasol started producing synthetic fuel in 1955. Sasol is listed on the JSE Limited in South Africa and the New York Stock Exchange in the USA.

| Key to map | | | | |
|----------------------------|----------|---------------|-----------|------------|
| ● Manufacturing/production | ● Office | ● Exploration | ● Project | ● Research |



Europe

- Antwerp (Belgium)
- Augusta (Italy)
- Birkenhead (United Kingdom)
- Birmingham (United Kingdom)
- Bratislava (Slovak Republic)
- Brunsbüttel (Germany)
- Crotone (Italy)
- Castletown (Isle of Man)
- De Meern (The Netherlands)
- Farnham (United Kingdom)
- Hamburg (Germany)
- Herne (Germany)
- Linz (Austria)
- London (United Kingdom)
- Marl (Germany)
- Milan (Italy)
- Moers (Germany)
- Nováky (Slovak Republic)
- Paderno Dugnano (Italy)
- Paris (France)
- Porto Torres (Italy)
- Sarroch (Italy)
- St Andrews (United Kingdom)
- Terranova dei Passerini (Italy)
- Witten (Germany)
- Vordingborg (Denmark)

Middle East

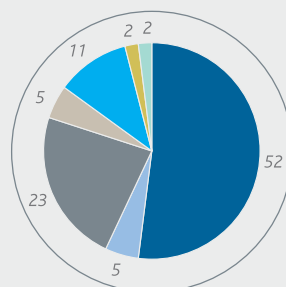
- Alexandria (Egypt)
- Bandar Assaluyeh (Iran)
- Dubai (United Arab Emirates)
- Ras Laffan (Qatar)

India and Asia

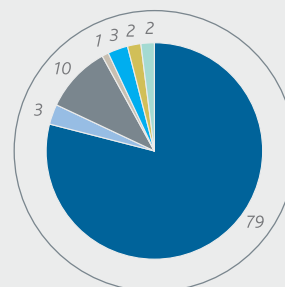
- Beijing (China)
- Dongguan (China)
- Hangzhou (China)
- Hong Kong (China)
- Kertih (Malaysia)
- Kuala Lumpur (Malaysia)
- Mumbai (India)
- Nanjing (China)
- Oita (Japan)
- Shanghai (China)
- Singapore
- Tokyo (Japan)

Geographic analysis

Turnover 2008 (%)



Operating profit 2008 (%)



- South Africa
- Rest of Africa
- Europe
- Middle East, India, Asia
- North America
- South America
- Southeast Asia

Chief executive's statement

investing positive energy in everything we do

"Social and environmental sustainability are critical in securing the future of the energy industry"

Pat Davies, chief executive



At Sasol we believe that, beyond the desire to be a responsible company, a strong business case exists for sustainable development. The sustainable development view ensures that we consider long term business performance, use our resources prudently, adhere to all relevant legislation, treat our employees, service providers and surrounding communities fairly, and manage our risks effectively. Operating in this manner ensures that we make savings in the long-term, and become more respected as an employer, supplier, customer, and custodian of natural resources.

We continue to participate in a number of international forums in order to ensure that we keep abreast of the very latest thinking on environmental issues and to understand how other companies' approach their sustainability challenges. This, in turn, helps us shape how we develop new technologies and engage constructively with our stakeholders. Some of the forums we have participated in over the last year include the World Economic Forum, a discussion on greenhouse gases at the Energy Governors meetings and the G8 discussion on climate change.

Our focus on sustainable development has, once again, yielded positive results. Our safety performance continues to improve, with our group-wide recordable case rate (RCR) decreasing by 31% from 0,72 in 2007 to 0,50 in 2008. Despite the achievement

of reducing the RCR, there were three tragic work-related fatalities. Our focused safety efforts will continue towards ensuring that we have no work-related fatalities.

Once again, our continuing strong financial performance provides the foundation for our sustainable development. It enables us to provide significant socioeconomic benefits to many stakeholders and to implement initiatives and make investments aimed at further progressing our business objectives.

It is pleasing to report on the following sustainable development achievements, which are a tribute to the efforts of all at Sasol:

- Our broad-based black economic empowerment (BEE) equity transaction, Inzalo, the single largest BEE equity transaction in South Africa, was finalised in July 2008. This saw the transfer of 10% interest in Sasol Limited to South African employees, the black public and the Sasol Foundation. The response to the black public invitation far exceeded any expectation in terms of its broad-based appeal and the invitations were more than three times over subscribed. The Sasol Foundation will receive R4 billion of share capital through the deal.
- Although we still have much to improve, we are pleased to report a 20% reduction in the rate of transportation incidents.

- Our first registered Clean Development Mechanism (CDM) project for the reduction of nitrous oxide emissions from our Sasol Nitro operations in South Africa has just received its first credits. We envisage this to be the first of many CDM projects through which we will reduce our greenhouse gas emissions in a financially sustainable way.
- We recently established a New Energy unit, which will co-ordinate our efforts around achieving further energy efficiency improvements, in particular, the identification, development and introduction of cleaner energy options in existing and new operations.
- We endorsed the UN Global Compact CEO Water Mandate in March 2008, which will help to guide our initiatives in sustainable water resource management in the areas in which we operate.
- In the last year, we made significant progress in developing safety and environmental roadmaps to advance our sustainability performance in a well planned manner.
- In August 2008, we qualified among the top 10% in the oil and gas producers cluster on the Dow Jones Sustainability Index (DJSI).

Despite our progress towards our sustainability targets, we still face some important challenges:

- While we have improved significantly on our safety record, we recognise that there remains scope for improvement if we are to be aligned with the best in the world. Safety remains our first priority and a core value of everyone at Sasol.
- We continue to regard the issue of greenhouse gas emissions as a core strategic challenge, and we believe that meeting the growing global demand for energy will have to go hand in hand with development of technological solutions to reduce GHG emissions.
- Our current and future success depends on our ability to attract, retain and develop highly skilled individuals, of which there is currently a national and global shortage. In the last year, we increased our skills development budget to R345 million, or 4.2% of our payroll. We have also recently established a business partnership with five other large organisations focused on developing technical skills. By way of this initiative Sasol has committed to train 900 artisans, operators and miners in the next four years at a cost of R116 million, over and above our own training needs. The first group of learners began their training in August 2008.
- We have been requested by several environmental experts to communicate more openly regarding our achievements, and also to stretch our sustainability targets.

- We would like to increase our engagement with authorities and play a more prominent role in the Long Term Mitigation Scenario (LTMS) planning for carbon emissions in South Africa.

We have a multi-faceted approach to sustainability challenges. We encourage dialogue on key sustainability challenges, such as the tension between energy provision and reducing greenhouse gases. In addition, we include sustainability criteria into business performance measures. Our technical innovation and collaborative approach with both local and international industry associations, government bodies and tertiary education bodies assists us in finding solutions to the challenges we face.

Earlier this year, the Sasol Limited Board meeting was held in China to illustrate our commitment to promoting sustainable growth there. Within South Africa, we are enthusiastic about the growth opportunity offered by Project Mafutha, the proposed new CTL plant. We have committed substantial resources to pre-feasibility studies, and are confident that this will be a good investment not only for Sasol, but will also provide much societal and economic benefit. We are working hard to improve current CTL technology and energy efficiency for the new operation, and we are also exploring non-carbon forms of energy supply as well as carbon dioxide sequestration. We look forward to delivering this project in partnership with government.

On 1 October 2008, the European Union found that members of the European wax industry formed a cartel and violated antitrust laws. A fine of EUR318.2 million was imposed by the European Commission on Sasol Wax. Sasol became the sole shareholder of Sasol Wax GmbH in July 2002 and at the time was unaware of the anti-competitive activities. When we did become aware of them in 2005, they were immediately stopped. These activities are counter to the values and ethics and way we conduct our business, and we have intensified our efforts to prevent reoccurrence. While this fine is substantial, an appeal is being considered.

This is our ninth report on sustainable development performance. You will notice that we have once again sought to be transparent regarding the challenges that we face, and have tried to help readers understand them more comprehensively. We continue to encourage questions on our approach to addressing the challenges, and it is through this inclusive approach that we believe problems will be solved collectively, in the broad joint interests of the societies we serve.



Pat Davies
Chief executive

scope of this report

This report has been published with reference to the G3 sustainability reporting guidelines of the Global Reporting Initiative (GRI) – see page 93 for specifics on how the report meets these guidelines – and reviews Sasol’s economic, social and environmental performance for the period between 1 July 2007 and 30 June 2008.

The report covers the activities of all Sasol’s operations globally in which Sasol holds a minimum of 50% shareholding, and/or has operational control. Data is reported on a 100% basis even where the Sasol shareholding is less than 100%. Following the termination of the planned divestiture of Olefins & Surfactants facilities (O&S) in March 2007, we have once again included these operations in our quantitative performance reporting for the 2008 financial year. Separately owned non-Sasol organisations within our boundaries (rented or leased) are excluded for reporting purposes. Although excluded, Sasol seeks to influence their performance – particularly on safety – through training, sharing best practice and as part of their contractual obligations.

Due to the fact that about 85% of our workforce is based in South Africa, which is the country of our head office and our most significant operations, the report has a predominant focus on our activities in South Africa. In this year’s report we have, however, tried to include more information on our international operations. A map of our global operations is provided on pages 2 and 3.

Reporting against the GRI G3 guidelines


- G3 Profile Disclosures: all are reported on.
- G3 Management Approach Disclosures: these are reported on in each indicator category in the relevant sections of the sustainability development report.
- G3 Performance Indicators and Mining and Minerals Sector Supplement Performance Indicators: Sasol has reported on these indicators where they are deemed as material as appropriate. In certain instances, we report at a higher level than deemed sufficient by the GRI due largely to

the availability of data. We aim to address these areas of our reporting in the future. We maintain a reporting focus on the issues that we regard as most material to our operations. In our own assessment we have achieved at least a B+ level of compliance with the GRI G3 reporting guidelines, and had this checked by a third party.

Assurance

As outlined in the statement on page 7, some of the data in this report has been independently assured by PwC. To facilitate comparability with our previous reports, we have aimed to be consistent in the parameters reported year-on-year. In some instances, however, these have been amended and updated to ensure greater integration of reporting practices throughout our increasingly globalised company, as well as to implement best practice. Any changes in the reporting parameters are explained in relevant sections of the report.

Feedback

We encourage you to share your thoughts with us on this report, either by completing the attached feedback form, or by contacting us directly. You are also welcome to contact us through the website link with comments or questions: .

For further information, please contact:

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E-mail: stiaan.wandrag@sasol.com



independent assurance report of the assurers to sasol limited

The full auditor's report is available on the website: [↗](#).

Introduction

We have been engaged by Sasol Limited ("Sasol") to conduct an assurance engagement on selected subject matter reported in Sasol's sustainable development report 2008 ("the report"), for the purposes of expressing a statement of independent assurance, for the year ended 30 June 2008 ("the assurance report"). The assurance report is prepared for the benefit of Sasol, to be disclosed at Sasol's discretion, in conjunction with the report, and in accordance with the terms of our engagement. The assurance report applies only to the hard copy publication of the report, and as set out on the pages referenced below.

The following subject matter in the report (page 92) was selected for an expression of reasonable assurance:

- Total production (kilotons)
- Recordable case rate (RCR)
- Total number of fatalities
- Total energy use (thousand gigajoules)
- Total material use (kilotons)
- Total water use (1 000 m³)
- Direct carbon dioxide emissions (kilotons)
- Indirect carbon dioxide emissions (kilotons)
- Number of fines, penalties and settlements
- Amount of fines, penalties and settlements (in US dollars)

And the Global Reporting Initiative's (GRI) application level (page 93).

The following subject matter in the report (page 92) was selected for an expression of limited assurance:

- Number of reportable fires, explosions and releases
- Total water recycled (1 000 m³)
- Sulphur dioxide emissions (kilotons)
- Non-methane hydrocarbon emissions (kilotons)
- Hydrogen sulphide emissions (kilotons)
- Methane emissions (kilotons)
- Nitrous oxide emissions (kilotons)
- Total greenhouse gas emissions (kilotons)
- Hazardous waste (kilotons)

- Non-hazardous waste (kilotons)
- Recycled waste (kilotons)

And BEE procurement in Rand value (page 61).

Directors' responsibility

Sasol's directors are responsible for the preparation and presentation of the selected subject matter in accordance with internal corporate policies and procedures, and the Global Reporting Initiative's (GRI) new generation (G3) guidelines.

Responsibility of the independent assurers

Our responsibility is to express to the directors an opinion on the selected subject matter contained in the report, for the year ended 30 June 2008, based on our assurance engagement.

Work performed

We conducted our engagement in accordance with the International Standards for Assurance Engagements 3000, "assurance engagements other than audits or reviews of historical financial information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain either reasonable or limited assurance on the selected subject matter as contained in our terms of engagement.

Sasol's internally developed Sasol sustainable development (SD) report guidelines and definitions, based on the GRI Sustainability Reporting Guidelines, were used as the assurance criteria to evaluate the selected subject matter. The "Notes on measurement" in the "Basis of reporting" (page 91) provides detail on the definitions of the selected subject matter as described in Sasol's SD report guidelines and definitions. In terms of evaluating the B+ application level, the specific application level criteria as stipulated by the GRI new generation (G3) guidelines, have been used.

Our work consisted of:

- reviewing processes that Sasol has in place for determining material subject matter to be included in the report;
- obtaining an understanding of the systems used to generate, aggregate and report data at the fifteen selected sites and business units in South Africa;
- conducting interviews with management at the sampled operations and at head office;
- applying the assurance criteria in evaluating the data generation and reporting processes;

independent assurance report of the assurers to sasol limited continued

- performing a controls walkthrough for limited assurance, and further key controls testing for reasonable assurance;
- testing the accuracy of data reported on a sample basis for reasonable assurance;
- reviewing the consolidation of the data at head office to obtain an understanding of the consistency of the reporting processes compared with prior years and to obtain explanations for deviations in performance trends;
- reviewing the consistency between the subject matter and related statements in Sasol's sustainable development report; and
- reviewing the accuracy of Sasol's self-declaration of the GRI (G3) application level in the report.

Inherent limitations

Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used for determining, calculating, sampling or estimating such data. The "Basis of reporting" (page 91) highlights key issues, limitations and any uncertainties affecting the accuracy of Sasol's performance data reported. It is important to understand the reliability of the selected subject matter in the context of these limitations.

We have not carried out any work on data reported for prior reporting periods, nor have we performed work in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our opinion to the agreed subject matter.

The evidence-gathering procedures for limited assurance are more restricted than for reasonable assurance and therefore less assurance is obtained with limited assurance than for reasonable assurance.

Conclusion – reasonable assurance

On the basis of our reasonable assurance procedures, the subject matter selected for assurance for the year ended 30 June 2008, has been prepared, in all material respects, in accordance with corporate policies and procedures and is free from material misstatements.

Conclusion – limited assurance

On the basis of our limited assurance procedures, nothing has come to our attention to believe that the subject matter selected for limited assurance for the year ended 30 June 2008, has not been compiled in accordance with the corporate policies and procedures or is materially misstated.



PricewaterhouseCoopers Inc.

Director: Carmen le Grange
Registered auditor

Johannesburg

29 October 2008

Section 1

our report at a glance

Our report is divided into four sections to make it easier to navigate and find matters of specific interest. The tracker graphic on the right-hand side of each section page is intended to help you identify your location in the report.

This first section of the report provides a concise overview of our sustainability report. It includes:

- a summary of our key achievements, disappointments and challenges;
- a summary of our quantitative performance data and our progress against group targets;
- a review of the actions we have undertaken to address the principal challenges identified in our 2007 sustainable development report, and an outline of our ongoing commitments in each area; and
- a description of our overall approach to sustainability reporting.



key achievements, disappointments and challenges

Principal achievements

- Continuing strong financial performance, providing the foundation for our sustainability performance.
- Continuing improvements in our overall safety performance, with a 31% reduction in the recordable case rate.
- Our broad-based black economic empowerment (BEE) deal, Inzalo.
- The approval of our first carbon credits through a Clean Development Mechanism project.
- Endorsing the CE recommendations to the G8 leaders on Post-2012 Climate Policy at the 2008 World Economic Forum.
- The establishment of a New Energy unit and progress in implementing and developing further energy efficiency initiatives.
- Qualifying among the top 10% in the oil and gas producers cluster on the Dow Jones Sustainability Index (DJSI).

Principal disappointments

- Three work-related fatalities.
- An increase of 33% in the number of reportable fires, explosions and releases.
- Submission of broad based BEE certificates from suppliers has been slower than anticipated.
- Sasol Wax was fined EUR318,2 million for cartel activity.

Ongoing challenges and key focus areas

- Further entrenching a shift in behaviour and attitude towards safety.
- Managing our greenhouse gas emissions.
- Managing atmospheric emissions in South Africa in the absence of finalised regulatory standards.
- Developing, attracting and retaining sufficient talent to meet our growth objectives.
- Promoting meaningful BEE throughout our operations and within our sphere of influence (South African operations).
- Ensuring access to water and electricity to meet long-term growth plans.
- Accelerating reduction of transportation incidents and related impacts.

Performance summary

| Key performance parameters | 2006 | 2007 | 2008 |
|---|----------|----------|----------|
| Employee numbers | 29 658 | 31 820 | 34 157 |
| Recordable case rate | 0,93√ | 0,72√ | 0,50√ |
| Employee and service provider fatalities | 4√ | 4√ | 3√ |
| Fires, explosions and releases | 15√ | 21√ | 28√ |
| Logistics incidents | 35 | 52 | 42 |
| Production (kilotons) | 21 937 | 21 200 | 24 218√ |
| Greenhouse gas emissions (kilotons – CO ₂ equivalent)* | 71 888# | 69 836# | 72 673√ |
| Emission intensity (CO ₂ equiv/ton product) | 3,28 | 3,29 | 3,00 |
| Hydrogen sulphide (H ₂ S) (kilotons) | 78 | 74 | 71√ |
| Nitrogen oxides (NO _x) (kilotons) | 160 | 162 | 166√ |
| Sulphur oxides (SO _x) (kilotons) | 223 | 219 | 225√ |
| Hazardous waste (kilotons) | 254√ | 138√ | 97√ |
| Non-hazardous waste (kilotons) | 910 | 1 003 | 979√ |
| Water use (1 000 m ³) | 142 722√ | 140 469√ | 154 602√ |
| Electricity purchased (thousand gigajoules) | 31 016√ | 31 106√ | 34 846√ |

* An explanation of each of the above measures – as well as additional performance data – is provided on page 91.

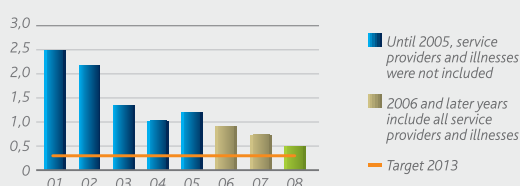
√ Indicates a data parameter externally verified by an external assurance provider, in accordance with the statement on page 7.

Figures restated since reported in the 2007 SD report.

• CO₂ emissions do not include emissions from transportation. 2007 emissions do not include O&S emissions. It is more appropriate to compare 2008 figures with those of 2006.

progress against group-wide targets

Recordable case rate – RCR (Recordable cases per 200 000 hours)

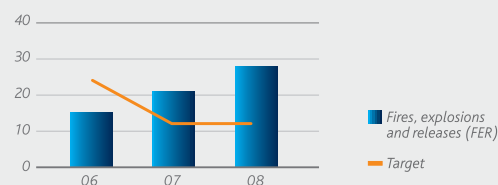


Safety (RCR)

Our long-term goal is zero harm, and we manage our activities according to a philosophy of “zero exposure to harm”.

Target: to achieve a 10% reduction year-on-year in the recordable case rate (RCR) so that we reach less than 0,3 by June 2013. This statistic includes injuries and illnesses for employees, hired labour and service providers.

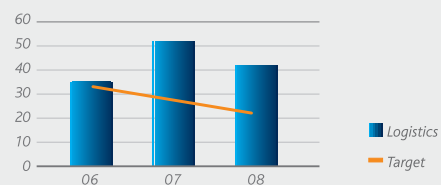
Process safety incidents (number)



Process safety incidents

Target: to achieve not more than three significant fires, explosions and releases per quarter by July 2011, and a 50% reduction in minor fires, explosions and releases on the 2006 baseline by July 2011, with the ultimate goal of zero incidents. The indicator for measuring our process safety performance is currently under review with the aim to normalise it.

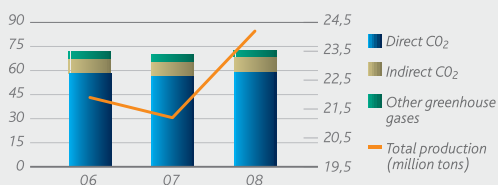
Logistics incidents (number)



Logistics incidents

Target: to achieve a 50% reduction in significant logistics incidents per ton of product transported, on the 2004 baseline, by July 2009.

Greenhouse gas emissions (million tons)

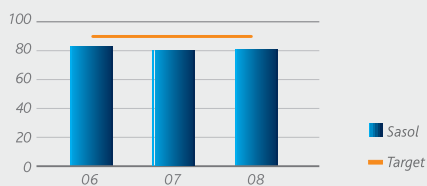


Greenhouse gases

Target: to reduce GHG emissions by 10% per ton of product by July 2015. Revised and additional targets are being finalised.

CO₂ emissions do not include emissions from transportation. 2007 emissions do not include O&S emissions. It is more appropriate to compare 2008 figures with those of 2006.

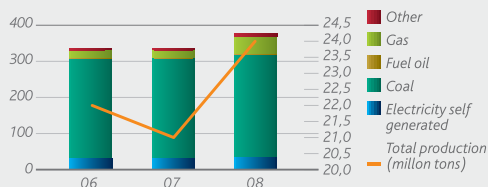
Implementation of responsible care codes (%)



Responsible care®

Target: to achieve at least a 90% practice in place overall average for Responsible Care®, and 90% specifically for product stewardship, by July 2011, confirmed by external verification.

Energy use (thousand gigajoules)



Energy use

Target: identifying and implementing additional energy efficiency initiatives remains a priority and is part of our commitment to reduce greenhouse gas emissions. In South Africa, targets are being finalised as part of the power conservation programme with Eskom, the national electricity provider. We already agreed to improve the energy efficiency of our South African utilities by 15% per unit of production, by 2015.





challenges, progress and commitments

The following table outlines our actions to address the principal challenges that we identified in our 2007 sustainable development report, and outlines our commitments for the year ahead.

| Key challenges <i>(as identified in our 2007 report)</i> | Our progress | Our commitments |
|--|---|---|
| <p>Safety see page 37</p> <p>Further entrenching a shift in behaviour and attitude towards safety.</p> | <ul style="list-style-type: none"> ● Continued to improve safety performance with RCR improving from 0,72 in 2007, to 0,50 in 2008. Despite this improvement, there were still three fatalities. ● Extended behaviour based safety (BBS) and further developed the process safety management (PSM) system in South African operations. ● Developed the safety roadmap to review progress and plot the path to reaching the targets. ● Undertook significant work to improve the safety of service providers. ● Developed our internal PSM skills, set up a standardised permit to work system for the whole of Sasol, and are developing a common approach to root cause analysis. | <ul style="list-style-type: none"> ● Meet our new and more challenging safety target. ● Meet declared targets relating to process safety management and logistics incidents. ● Implement initiatives to promote a safety culture and mindset of safe behaviour throughout Sasol. ● Report regularly on safety performance and benchmark against high class performers in the industry. |
| <p>Climate change see page 44</p> <p>Reducing our global greenhouse gas emissions.</p> | <ul style="list-style-type: none"> ● Optimised business units' plans to reduce their GHG emissions. ● Established the New Energy unit to go beyond "business as usual". ● Advanced our energy efficiency projects; savings amounted to 40 MW. ● Completed feasibility studies into selected renewable energy projects. ● Developed carbon calculators for new projects and existing plants as well as for personal carbon footprints. | <ul style="list-style-type: none"> ● Revise our GHG targets, and develop targets for the reduction of South African emissions by 2020 and the reduction of emissions for future CTL plants to be built by 2020. ● Continue to aim for a reduction in absolute emissions below current levels by 2050. ● Secure registration of new CDM projects, and utilise CDM project funding to finance otherwise non-viable environmental improvement projects. ● Focus further on GHG reductions through energy efficiency and renewable energy projects. ● Further our investigations into carbon capture and storage. ● Drive communication campaigns regarding our role in reducing emissions. |



| Key challenges <i>(as identified in our 2007 report)</i> | Our progress | Our commitments |
|---|--|--|
| <p>Skills development <small>see page 54</small></p> <p>Developing, attracting and retaining sufficient talent to meet our growth objectives.</p> | <ul style="list-style-type: none"> ● Developed an integrated model of how different human resource processes affect each other, and mapped out our talent pipeline to identify priority areas for intervention. ● Invested R345 million in employees' training and development. ● Achieved 42 849 development interventions. ● Increased investment in our bursary scheme to R54 million – maintaining our position as one of the largest bursary providers in South Africa. ● Continued to invest significantly in artisan training. ● Provided further investment to South African universities. | <ul style="list-style-type: none"> ● Intensify the focus on our employees with regards to career development, learning and growth. ● Build the capabilities of our employees to develop the innovative solutions required to address our current and future challenges. ● Ensure ongoing focus on our leadership development. ● Contribute meaningfully to addressing the skills shortage and unemployment concerns in South Africa. |
| <p>Black economic empowerment <small>see page 58</small></p> <p>Promoting meaningful black economic empowerment throughout our operations and within our sphere of influence (South African operations).</p> | <ul style="list-style-type: none"> ● Finalised South Africa's single largest black economic empowerment (BEE) equity transaction, Inzalo, in July 2008. ● Improved representation of designated groups to 68,6% of our workforce. ● Improved representation of historically disadvantaged groups at managerial, professional and supervisory level to 51%. ● Made good progress towards meeting the targets of the Mining Charter and Liquid Fuels Charter. | <ul style="list-style-type: none"> ● Focus further on the gender issue within the company, particularly for black women. ● Further increase our BEE procurement spend in accordance with the new codes. ● Meet our employment equity targets. |
| <p>Water <small>see page 65</small></p> <p>Ensuring access to water to meet long-term growth plans.</p> | <ul style="list-style-type: none"> ● Endorsed the UN Global Compact CEO Water Mandate. ● Reduced water intensity and improved water efficiency of our new plant designs. ● Jointly hosted a dialogue on water management with industry colleagues, government and external experts. | <ul style="list-style-type: none"> ● Work towards our vision of operating a zero waste-water discharge facility in Sasolburg. ● Seek to reduce our water consumption. ● Engage with industry colleagues to share best practice and experience with regards to water management, including salts. ● Engage with government on addressing the water needs of South Africa. |



sasol's approach to sustainability reporting

Sasol has been reporting regularly on sustainable development performance since our first stand-alone environmental report published in 1996. Transparent reporting on our sustainability performance forms an important part of our strategic commitment to sustainable development. It contributes to enhanced levels of trust with our internal and external stakeholders, and to improved risk management and better social and environmental performance. This transparency is fully aligned with our goal of being a globally respected, world-class company characterised by values-driven leadership.

Our annual sustainability reporting process includes a summarised sustainability performance report within our annual financial review, a separately published sustainable development report, a brief summary report for all our employees and the provision of more detailed information on our website. In addition, some of our facilities provide individual site and company-specific reports that have been developed primarily for their neighbouring communities, accessible through our website.

In developing our 2008 sustainable development report we engaged our stakeholders through:

- hosting a dialogue on water sustainability in South Africa, to which external stakeholders in industry, government and research were invited;
- holding a high-level dialogue with external thought-leaders to discuss the sustainable development considerations of Sasol preparing for further coal-to-liquids and gas-to-liquids projects;
- conducting a series of interviews with selected external stakeholders on black economic empowerment in Sasol;
- inviting external expert stakeholders to comment on our approach to our material issues; and
- engaging our employees through surveys on sustainability, awareness of global warming and climate change, and a series of focus groups.

The outcomes of these dialogues and interviews, as well as input from our internal 2008 SH&E conference – to which we invited external thought leaders in climate change, safety and scenario planning – constituted our primary mechanism of engaging stakeholders specifically for the purposes of this year's sustainability report.



Listening to our stakeholders

Every year we invite feedback on our sustainable development efforts through channels such as our sustainable development report, stakeholder dialogue sessions, and website. Below are comments that we have received over the last year from institutional investors, shareholders, NGOs and members of civil society and our response as to how we have attempted to address these concerns.

| What we heard our stakeholders say | How we have responded |
|---|--|
| <h3>Safety</h3> | |
| <p><i>Provide more substantive information on safety and service provider management.</i></p> <p><i>Disclose how management is incentivised to balance production and safety.</i></p> <p><i>Reflect on past major incidents from which you have learnt.</i></p> <p><i>Include more information on how Sasol provides training to its service providers.</i></p> | <p>Further details are provided under our logistics management section on page 39.</p> <p>Safety is included in the performance appraisal of employees and management and forms part of Sasol's incentive scheme. In a similar way improvement in environmental performance is addressed through key performance indicators.</p> <p>This is achieved primarily through the safety, health and environmental forums. Major incidents with general learning opportunities are handled on an ad hoc basis. These processes have highlighted a need for more incisive root cause analysis, which is being developed. We also leverage learning from incidents at other companies.</p> <p>We provide safety training for our service providers, the details of which are included in the material issue on safety. See page 37.</p> |
| <h3>Greenhouse gases</h3> | |
| <p><i>Address the risk of climate change to the business model more fully.</i></p> <p><i>Stretch the climate change target for Sasol.</i></p> <p><i>Provide more focus on issues surrounding renewable energy and Sasol's plan towards changing to usage of renewables at its facilities.</i></p> <p><i>Provide the results of the LCAs of your CTL and GTL plants.</i></p> | <p>We are addressing climate change as one of our material sustainability issues (see page 44). We have recently established a New Energy unit which will explore the potential of new energy markets.</p> <p>Our emission reduction targets are being revised to be more challenging. An absolute target will be set, which will take into account our planned global expansions. See the material issues section on climate change on page 44.</p> <p>This has been given new emphasis through the recent establishment of our New Energy unit. This issue is discussed in the material issues section on climate change. See page 44.</p> <p>Our latest CTL life cycle assessment (LCA) results confirm our preliminary findings in the 2005 studies. Our previous studies used the well-to-wheels method while the updated study used a more accurate systems boundary expansion LCA method as per the ISO14040 series. See page 48.</p> |



sasol's approach to sustainability reporting continued

| What we heard our stakeholders say | How we have responded |
|---|---|
| Human rights | |
| <p><i>Illustrate how human rights impact on Sasol's global business. Provide details of where Sasol has not invested due to human rights.</i></p> | <p>Our joint venture negotiations include screening of the values of countries/ companies and provide guidance on walk-away scenarios. At the same time Sasol believes that through constructive engagement we can positively influence human rights in those countries we operate in.</p> <p>We have declined or postponed business opportunities in locations where the human rights have been in question.</p> |
| People | |
| <p><i>Provide more focus on people issues, especially development.</i></p> <p><i>Describe what is being done to advance the career paths of black employees.</i></p> | <p>Our material issues section on skills development provides detailed information on this issue. See page 54.</p> <p>Career management, including training and development opportunities and rotation programmes are discussed in the skills development section (see page 54), the black economic empowerment section (see page 58) and in the human resources section (see page 73).</p> |
| Health | |
| <p><i>Give more focus to the protection and monitoring of health.</i></p> | <p>We have provided a greater focus on occupational health, openly discussing our most pressing challenges in this regard. Refer to page 77.</p> |
| Corporate social investment (CSI) | |
| <p><i>Provide case studies on CSI</i></p> | <p>Case studies have been provided on the domestic fuel use awareness campaign and Sasol's work in Mozambique. See page 87. A complete summary of our CSI projects is available on our website.</p> |
| The sustainable development report | |
| <p><i>Revert to the 'bare all' approach of earlier years.</i></p> <p><i>Disaggregate some of the data tables at the back of the report.</i></p> <p><i>Print the report on recycled paper.</i></p> | <p>We have included more case studies and quotes about what we are getting right and where we need to improve. We have also included external expert comment on our stances on more contentious issues.</p> <p>We have disaggregated the GHG data. See page 47.</p> <p>This report is printed on Triple Green paper, which is environmentally friendly.</p> <p>The Sasol annual review and annual financial statements are printed on Magno Matt which is equally environmentally friendly.</p> |

informing the boundaries of the report

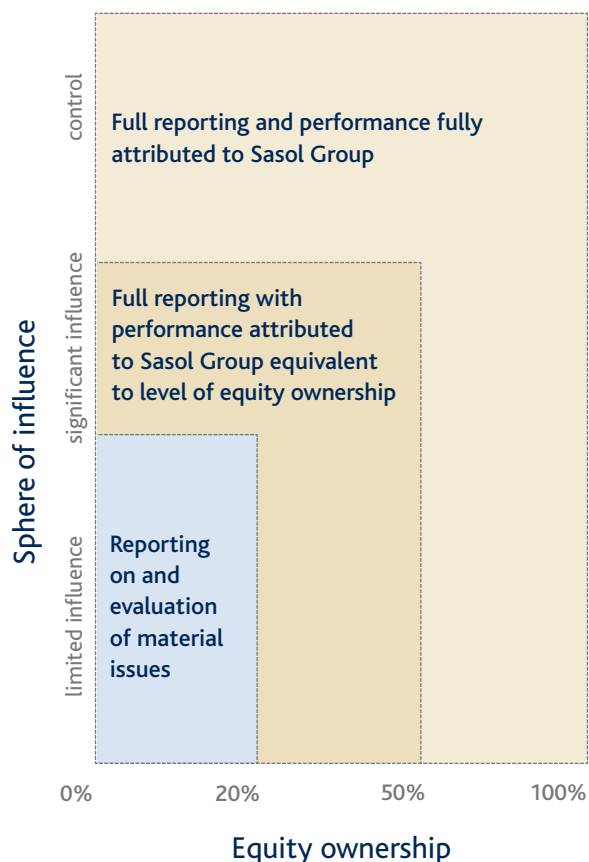
Our sustainable development management framework covers our international construction, exploration, production, research, and marketing and sales activities in all countries in which we operate. At year-end, through our businesses and joint ventures, we had activities underway in 33 countries:

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

Our larger production activities are concentrated in South Africa, Mozambique, Qatar, Germany, Italy and the USA.

Nigeria and Iran also host important production operations through joint-venture production facilities, and we are examining possible new investment opportunities in China and India.

A decision was taken in March 2008 that all Sasol businesses that hold equity in joint ventures (JVs) will start reporting on their sustainable development, SH&E management approach and performance indicators from 1 July 2008. We will not report on entities where we hold less than 20% equity, other than providing information on material issues. For those JVs where we hold between 20% and 50% equity ownership, we will report the statistics proportional to the equity we hold, and for those where we hold more than 50% equity ownership and/or we have operational or joint operational control, we will report as if they were 100% owned. Note that data for certain JVs are already included in our statistics. The diagram below illustrates our sphere of influence with regard to our JVs. For a table on JVs, please see: [☞](#).



Being recognised for the transparency of our sustainability reporting

We have been recognised as among the leaders in corporate sustainability reporting since our first stand-alone environmental report. This year we received the following accolades for our reporting practices:

- Sasol won two awards, for the second consecutive year, at the 2008 Sustainability Reporting Awards administered by the South African Association of Chartered Certified Accountants (ACCA) – Winner: Best Sustainability Report in the extractive industries sector, and Overall Winner: Best Sustainability Report.
- Sasol was again the winner of the 2007 Ernst & Young Excellence in Sustainability Reporting annual award.
- Sasol's 2007 sustainable development report was the only report from Africa to be short-listed for the 2007 Global Reporting Index Readers' Choice Awards, and made it to the final short list of 45 reports (out of the initial 800).
- For the second consecutive year, the Investment Analysts Society (IAS) recognised the quality of Sasol's investor communications with two awards: Best Reporting and Communication in its sector and the award for the Best Chairman's Statement.
- Sasol achieved second place in a survey conducted by AccountAbility, the corporate social responsibility network and the UNISA Centre for Corporate Citizenship on the accountability performance of the top 52 companies on the JSE.
- Sasol was listed on the Dow Jones Sustainability Index – representing the top 10% of companies in the oil and gas producers cluster.



Kim Fraser (Sasol), receives ACCA award for Winner: Best Sustainability Report in extractive industries sector and overall Winner: Best Sustainability Report from Nirri Nair (ACCA)



Bram de Klerk (Sasol) receives 2007 Ernst & Young Excellence in Sustainability Reporting annual award from Ajen Sita (Ernst & Young)

Section 2

our company and sustainable development framework

This section of the report provides a broad introduction to Sasol and outlines our approach to managing the challenges of sustainable development.

- We introduce each of the Sasol companies within our three operating clusters, describe the location of our activities, and provide a graphical overview of our integrated business model.
- We review our management framework at group level for sustainable development, providing a broad outline of the responsibilities, risks, targets and management systems for sustainable development.
- We describe our approach to stakeholder engagement, and provide a summary of the outcomes of our employee survey and focus groups on our sustainability performance and reporting practices.



sasol's integrated business model

Exploiting the benefits of our proprietary technology

international energy cluster

Sasol Synfuels International (SSI)

SSI pursues international synfuels opportunities based on coal-to-liquids (CTL) and gas-to-liquids (GTL) conversion technology. In partnership with Qatar Petroleum, SSI brought our first international GTL plant, Oryx GTL, into operation at Ras Laffan, Qatar in 2007. The company has established liaison offices in Beijing, Mumbai and Houston to promote our CTL interests in these regions.

Sasol Petroleum International (SPI)

SPI develops and manages our upstream interests in oil and gas exploration and production in Mozambique, South Africa, Gabon, Nigeria and the joint development zone between Nigeria and São Tomé and Príncipe. It produces gas and condensate from Mozambique's onshore Temane field and oil from Gabon's offshore Etame and Avouma fields. Globally, SPI also pursues gas exploration opportunities to enable it to supply feedstock to potential Sasol CTL plants.

other businesses

Sasol Technology

Sasol Technology manages our research and development, technology innovation and management, engineering services and project management portfolios. It helps our fuels and chemical businesses to maintain growth and competitive advantage through appropriate technology solutions and services.

Sasol Financing

Sasol Financing manages group cash and liquidity, credit rating processes, in-house banking, foreign exchange, interest rate and treasury risk management, and general treasury matters. It is also a business partner to Sasol businesses for specialised financing arrangements and financial risk mitigation.

south african energy cluster

Sasol Mining

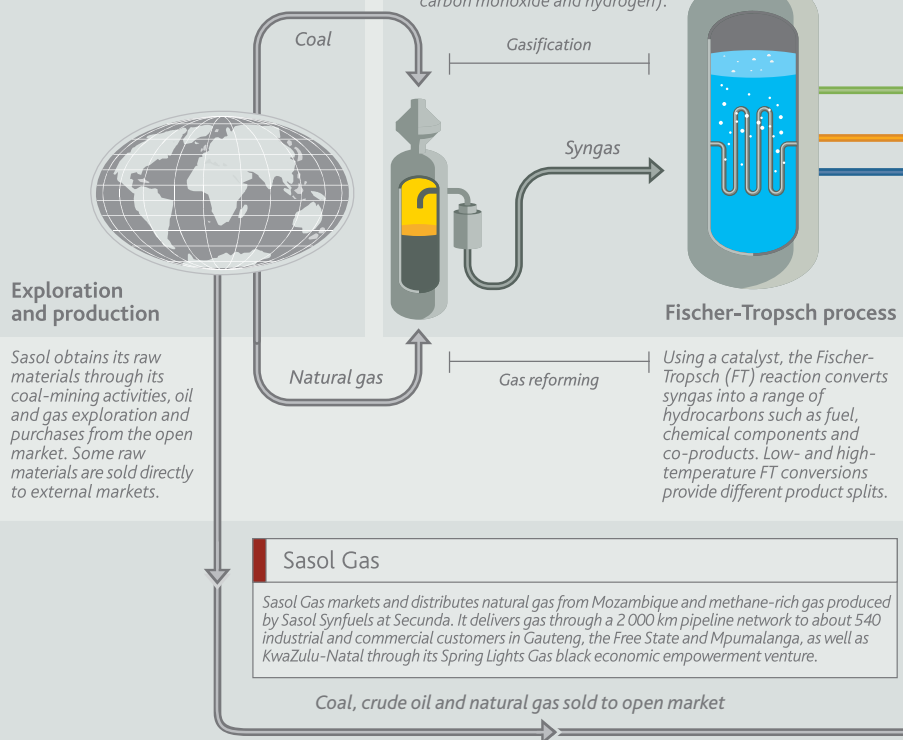
Sasol Mining produces about 40 million tons (Mt) of saleable coal per year, mostly for gasification feedstock and utilities coal for our complexes in Secunda and Sasolburg. Its main operations are the Sigma: Mooikraal Colliery near Sasolburg and the Bosjesspruit, Brandspruit, Middelbult and Syferfontein collieries and the Twistdraai export operations at Secunda.

Sasol Synfuels

Sasol Synfuels operates the world's only commercial, coal-based synfuels manufacturing facility at Secunda. It produces synthesis gas (syngas) through coal gasification and natural gas reforming. It uses our proprietary Fischer-Tropsch technology to convert syngas into synthetic fuel components, pipeline gas and chemical feedstock for the production of solvents, polymers, comonomers and other chemicals.

Syngas production

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



Exploration and production

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

Fischer-Tropsch process

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

Sasol Gas

Sasol Gas markets and distributes natural gas from Mozambique and methane-rich gas produced by Sasol Synfuels at Secunda. It delivers gas through a 2 000 km pipeline network to about 540 industrial and commercial customers in Gauteng, the Free State and Mpumalanga, as well as KwaZulu-Natal through its Spring Lights Gas black economic empowerment venture.

Coal, crude oil and natural gas sold to open market

chemical cluster

Sasol Polymers

Sasol Polymers has plants at Sasolburg and Secunda in South Africa and supplies ethylene, propylene, polyethylene, polypropylene, polyvinyl chloride, chlor-alkali chemicals and mining reagents to domestic and international customers. It also has joint-venture monomer and polymer interests in Malaysia and Iran, and joint-venture marketing facilities in China.

Sasol Solvents

Sasol Solvents has plants in South Africa and Germany and supplies a diverse range of solvents (ketones and alcohols), comonomers (hexene and octene), acrylates and associated products. It also has a maleic anhydride joint venture in Germany with Huntsman Corporation.

Sasol Nitro

Sasol Nitro has plants at Sasolburg, Secunda and Bronkhorstspuit in South Africa and supplies ammonia, nitric acid, explosives, fertilisers, sulphuric acid, phosphates and blasting accessories. It markets the ammonia, sulphur and specialty gases produced by other Sasol businesses.

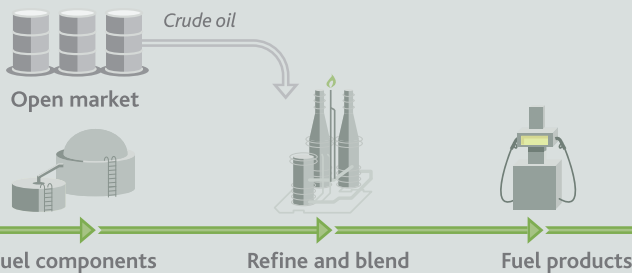
Sasol Limited located in Johannesburg, South Africa acts as the group's investment holding company.

Sasol Group Services provides certain specialised services to group companies.



Sasol Oil

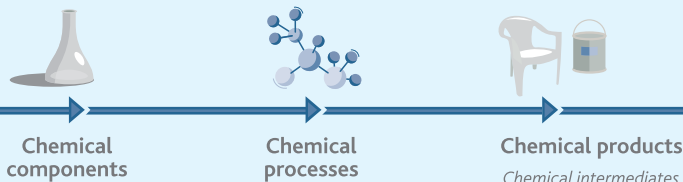
Sasol Oil markets fuels manufactured at Secunda and refined through its 63.6% share in the Natref oil refinery at Sasolburg. Products include petrol, diesel, jet fuel, illuminating paraffin, liquefied petroleum gas, fuel oils, bitumen and lubricants. It imports fuels to balance its product range and meet contractual commitments. Sasol Oil operates 406 Sasol and Exel retail convenience centres in South Africa and exports fuels to the rest of Southern Africa.



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

Co-products

Coal gasification and the FT process produce co-products for recovery and beneficiation. These include ammonia, crude tar acids and sulphur.



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

Third-party producer

Feedstock

Markets

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

Sasol Merisol

Our Merisol joint venture with Merichem of the USA has plants in South Africa and the USA and joint-venture production facilities at Sasolburg and in Japan. It supplies cresols, xylenols, alkylphenols and other phenolics and their derivatives to customers on all continents.

Sasol Wax

Sasol Wax has production and marketing operations in South Africa, Germany, Austria, the UK and the USA and sales operations in France, Denmark, Egypt, Malaysia and Australia. It is a world leader in the supply of waxes, petroleum jellies and liquid paraffins derived from Fischer-Tropsch and oil-refinery feedstock to customers worldwide.

Sasol Infrachem

Sasol Infrachem provides a services platform for reforming natural gas and providing utilities, infrastructure and site support at the Sasolburg complex. It is responsible for our Sasolburg site governance and our reputation management in the Free State province.

Sasol Olefins & Surfactants (Sasol O&S)

Sasol O&S has plants in Germany, Italy, Slovakia, the USA, China, Dubai and South Africa and supplies surfactants, surfactant intermediates, n-paraffins, n-olefins, C₆-C₂₂ alcohols, aluminas, zeolites and oleo chemicals to customers worldwide. It has a joint-venture alcohols plant with Wilmar China Investment (Yihai).



our sustainability management framework

We have developed, implemented and striven to continuously improve our management framework so as to provide our businesses with the policies, governance structures, targets and reporting systems needed to manage the risks and opportunities associated with sustainable development.

Our commitment to sustainable development is co-ordinated at corporate level and implemented at business level, with ultimate responsibility residing with our board of directors. Our chief executive Pat Davies holds the responsibility as the group’s chief safety, health and environment (SH&E) officer, providing direction in promoting a culture of values-based leadership and driving our sustainability improvement efforts. He is assisted on the group executive committee by Bram de Klerk – who has responsibility for SH&E and sustainable development issues, greenhouse gas management, skills development, and operational excellence – and by specialised board committees. One of these is the group risk, safety, health and environment (SH&E) committee (see corporate governance overview below).

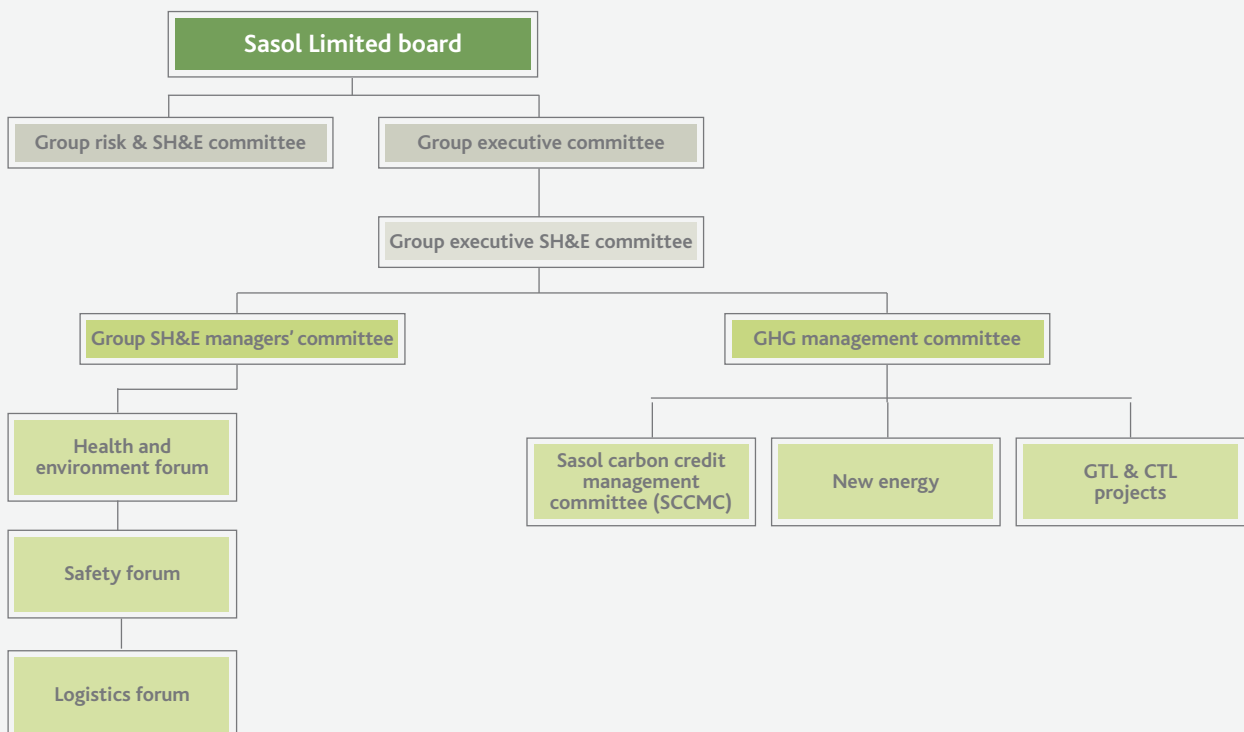
Our group executive committee (GEC) receives strategic and operations-specific inputs from all businesses, as well as from specialised committees. One of these is the group executive

SH&E committee, which reviews performance, and considers and approves recommendations on sustainable development and SH&E guidelines and policy.

We promote the sharing of experience through various networks of technical specialists throughout Sasol who share a common interest on a particular theme. Networks have been established to address a range of sustainability-related issues, including process safety, greenhouse gas management, product stewardship, air quality, and groundwater remediation.

The Sasol SH&E Centre, based at our Johannesburg head office, oversees group sustainability and SH&E management. The Centre is responsible for global SH&E and sustainable development strategic direction, policy, review and governance. It also provides specialist advice and support services to our business units.

At the operational level, senior management is held accountable for ensuring effective implementation of the Sasol’s SH&E policy. Each of our businesses has dedicated SH&E staff responsible to assist line management with SH&E implementation. The Sasol SH&E Centre maintains active communication with these staff members through the networks and the quarterly SH&E forums.





Role of a business unit SH&E manager Shaun Ramroop (Sasol Oil)

I am responsible for providing SH&E leadership for all businesses within Sasol Oil. These include manufacturing (Natref Refinery, Sasol Oil Secunda operations), supply chain (all depots and logistics) and sales and marketing (all retail sites, commercial businesses, Tosas and the fuel oil businesses). My key role within the business is to provide strategic support with respect to SH&E.

The SH&E plan is put into operation by the SH&E managers of the respective business units.

I ensure that Sasol Oil complies with company SH&E minimum requirements and legal requirements and that we meet our SH&E targets. In addition, I keep abreast of SH&E best practices, by regularly interacting with professional bodies and universities and by attending both local and international conferences. Lastly, I am the point of contact for my business with all external stakeholders when it comes to SH&E.



Understanding the business case for sustainable development at Sasol

We believe that large companies such as ours have an increasing responsibility to demonstrate leadership in addressing social and environmental challenges. Businesses are a component of society and can be an extremely influential part of the communities within which they operate. Beyond our desire to be a responsible company, a strong business case exists for sustainable development. We believe sustainability practices make good business sense for the following reasons:

- **Managing risk:** On the operational side, a commitment to sustainability encourages us to identify and manage our risks responsibly and to ensure effective compliance with legal requirements. By reducing incidents, we save on cleanup and other costs, including insurance premiums and legal liabilities.
- **Enhancing reputation:** We recognise that companies – particularly those that operate at a global level – are coming under increasing scrutiny from various stakeholders and that there are significant and potentially costly reputation risks associated with any perception of adopting unsustainable practices. In addition to avoiding damage to our reputation, we can in fact enhance our reputation by playing a lead role in addressing challenges such as climate change and the skills shortage in South Africa.
- **Freedom to operate:** By maintaining a sound record of legal compliance and by working constructively towards fostering trust with our stakeholders, we are able to maintain our ability to operate in the communities in which we do business. Being seen as a responsible company assists us in securing permission to expand or build new facilities.
- **Access to financial markets:** The introduction of initiatives such as the Equator Principles, the increasing growth in social investment funds, and initiatives such as the Dow Jones Sustainability Index (DJSI), the JSE Social Responsibility Index (SRI) and the Carbon Disclosure Project, have made it increasingly apparent that socially and environmentally responsible practices can improve access to financial markets and reduce the cost of capital.
- **Staff motivation and retention:** Our reputation has an important bearing on our ability to attract and retain the best employees at all levels, which is critical to our sustained growth. Furthermore, we believe employees who are happy in their workplace will tend to be more innovative and productive and will strive to look for continuous improvement opportunities in the company.
- **Eco-efficiency:** Through our cleaner production programmes, we have achieved valuable savings through improved energy and material efficiency and with reduced waste disposal and pollution costs.
- **Product market opportunities:** By being proactive in developing environmentally innovative products – such as our Sasol turbo™ – branded petrol and superior GTL diesel – we are able to position ourselves favourably in the marketplace, while at the same time contributing to improved environmental sustainability.

our sustainability management framework continued

Promoting our SH&E strategy

In terms of our SH&E strategy, our vision is to be a world-class company that is respected globally for our performance, processes and culture. To achieve this vision, we have set the following goals for each of our priority focus areas. Each of these goals is supported by more immediate short-term goals.

| Strategic focus areas | Our longer term goals |
|--|---|
| <p>Our long-term goal is zero harm, and we manage our activities according to a philosophy of “zero exposure to harm”. To advance along this path we have committed our global operations to meeting the following SH&E performance improvement targets:</p> | |
| <p>SH&E performance areas:</p> | |
| Safety and health | A recordable case rate (RCR) of less than 0,3 by 2013. |
| Process safety management (PSM) | PSM systems in place and practiced where applicable. |
| Climate change and greenhouse gases | <p>Our existing greenhouse gas (GHG) target is to reduce GHG emissions by 10% per ton of product by July 2015. Two new GHG targets are being finalised, one for the reduction of existing Secunda operations’ GHG emissions by 2020, and a second for the reduction of emissions for future CTL plants to be built by 2020. The ambition remains to reduce absolute emissions below current levels by 2050.</p> |
| Water management | To comply with, and where reasonably possible, exceed the expectations of the UN Global Compact CEO Water Mandate. |
| Energy efficiency | <p>Improve the energy efficiency of our South African utilities by 15% per unit of production by 2015. Additional targets are being finalised as part of the power conservation programme with Eskom, the national electricity provider.</p> |
| Volatile organic compounds | A group-wide target of achieving a significant reduction in the emissions of specific volatile organic compounds (VOCs) is under review. |
| <p>Cross-cutting goals to uphold SH&E principles and performance:</p> | |
| Address the risk of climate change to the business model more fully | <p>Sasol will ensure compliance with applicable legislation and will work towards ensuring that all entities comply with the more stringent of the SH&E minimum requirements, international legislation and national legislation.</p> |
| Governance and assurance | Alignment of audits for SH&E compliance, sustainable development and management systems. |
| Stakeholder relations | Communities value Sasol’s presence, and investors are satisfied with Sasol’s SH&E and sustainability performance. |

Material safety, health and environmental (SH&E) risks

This table identifies Sasol’s most significant risks and briefly describes the measures in place to address these risks. Each risk has been identified through formal risk assessment procedures. This involves the top-down identification of enterprise-wide risks that might prevent the company from achieving its strategic objectives along with the identification of risks from an operations or business unit level. This list is a subset of the risks that are described in the reporting requirements of the US Securities and Exchange Commission, eg. Form 20-F. We review the top risks from time to time to ensure that they are aligned with changes in context and strategic direction and improvements in business processes.



| Risk | Summary of measures taken to address the risk |
|---|--|
| Major fire, explosion or release of hazardous gas or vapour. | All Sasol sites have identified and quantified their major risks and mitigation measures and contingency plans have been drawn up and, where required, agreed with relevant authorities. Site risks, as well as mitigation and contingency plans, are reviewed as part of SH&E governance audits. We are implementing programmes to reduce the frequency and severity of these events by focusing on process safety management. |
| Major shipping or transport incident (fire, explosion, emission, spillage or pipeline rupture). | We developed and are in the process of rolling out a new strategy to improve our logistics management and reduce these incidents. The strategy was developed with some of our larger logistics service providers and comprises preventative controls – to improve the safety performance during the transport, handling and storage of Sasol products – and corrective controls – to ensure readiness in case of an emergency. |
| Climate change poses a significant challenge to our business. | Our management interventions include setting short- and long-term targets for reducing greenhouse gas (GHG) emissions. To achieve these targets we are advancing our projects to improve energy- and carbon-efficient technologies and processes; actively pursuing GHG mitigation-related financial instruments; assessing the GHG implications – including factoring in the cost of future emissions – of new and existing ventures; engaging in GHG-relevant (including government) partnerships; and investigating carbon capture and storage opportunities for future coal-to-liquids plants. |
| Changes in environmental laws (especially air, water and waste), resulting in higher costs of compliance. | Changes are currently underway in the South African National Environmental Management Act and National Mineral and Petroleum Resources Development Act. Sasol is working closely with the RSA government to understand, discuss and prepare for these changes, and we maintain working relationships with government departments in all the major regions in which we operate. |
| The potential health impact of long-term exposure to harmful chemicals. | Emission inventories are undertaken and tightly monitored in all our operations, with the aim being to demonstrate improvement. Operational personnel are subject to annual medical evaluations and are provided with personal protective equipment and necessary training. |
| Inherent SH&E risks in technology development (R&D, concept, design, construction and commissioning). | From R&D to commissioning, measures are implemented to reduce the SH&E risks inherent in our technology, and to ensure a clean production approach. Additional classification tools and checklists are being developed. |

our sustainability management framework continued

Material safety, health and environmental (SH&E) risks continued

| Risk | Summary of measures taken to address the risk |
|--|---|
| <p>Implementation of tighter product regulations, such as chemicals legislation in Europe.</p> | <p>We will complete the first Registration, Evaluation and Authorisation of Chemicals (REACH) milestone in compliance with the EU legislation – namely the pre-registration of Sasol produced or imported substances – by the end of November 2008. Thereafter, we will adhere to the given milestones for registration by categorising our substances according to the specified volume ranges and to those chemicals being regarded as of high concern. Regulations have been proposed in South Africa for the adoption of the Globally Harmonised System for the classification and labelling of chemical substances. We are working towards implementing these regulations in our operations.</p> |
| <p>Availability of skills and competence to design, construct, operate and maintain plants.</p> | <p>We have mapped out talent pipelines to identify priority areas for intervention to maximise skills attraction and retention. This will include a re-evaluation of our corporate development programmes, career development plans, bursary schemes, accelerated leadership programme and rotation schemes. We also participate in government initiatives and engage other employers regarding skills development.</p> |
| <p>Natural disasters and epidemics or pandemics (eg. SARS and avian influenza).</p> | <p>Business units review the probability and potential to disrupt business and have put plans in place to manage these threats.</p> |
| <p>Environmental liabilities due to past contamination (eg. mine water, air emissions and contaminated groundwater).</p> | <p>Sasol Technology has developed a group-wide approach to identifying and quantifying environmental liabilities in South Africa. The EU and USA sites' environmental liabilities were well characterised during the due diligence process, with relatively low residual risk. Ongoing work is undertaken to remediate contaminated land throughout our South African operations.</p> |

managing sustainability

Our safety, health and environment policy and SH&E minimum requirements

All our operations are governed by an integrated SH&E policy and by a hierarchy of SH&E performance targets. Each business is required to track performance against these targets and to submit quarterly reports to their respective boards. These reports outline each business's major risks and liabilities, identify progress against the group's sustainability targets and report on any major incidents and events of non-compliance. Consolidated corporate reports are submitted to each level of the hierarchy of governance committees. A review of our performance against each of these targets is provided on page 11.

Sasol aims to be proactive in its legal approach and to prepare for any upcoming changes in legislation. A significant achievement in the last year is the creation of a SH&E legal register, which will assist business units in identifying their legal obligations so as to put effective controls in place. There has been a marked increase in the number of business units commissioning independent SH&E legal compliance audits, which are now being done more frequently and with a broader scope of work. This has been matched by commitments to put corrective action plans in place.

Independently monitoring our performance

To ensure our performance is aligned with group policies and objectives, we undertake regular SH&E governance audits throughout our operations. The critical risks and liabilities identified during these audits are communicated at a senior level and reported to the governance structure.

These internal audits are supplemented by the annual external verification audits associated with our sustainable development report, as well as by external audits undertaken as part of International Organisation for Standardisation (ISO) 14001 and Occupational Health and Safety Assessment Series (OHSAS) 18001 (or equivalent) certification, or in fulfilment of regulatory requirements. With approximately 98% of businesses having achieved ISO 14001 certification and 94% of businesses having achieved OHSAS 18001 certification, we are well on the way towards our group target of achieving certification under these codes for all our businesses.

A summary of the status of certification against these standards throughout the organisation is presented on our website: http://sasolsdr.investoreports.com/sasol_sdr_2008.

There has been a marked increase in the number of business units commissioning independent SH&E legal compliance audits



managing sustainability continued



Supporting global initiatives

Having global operations and engaging actively in world markets, Sasol participates in a number of global sustainability-related initiatives, as outlined in the chief executive's statement on page 4. Over the past year, Sasol has been represented at a number of international summits.

Since 2001, Sasol has been a signatory of the United Nations Global Compact (UNGC), an international initiative between the United Nations and business that addresses human rights, labour, environmental and corruption issues through a commitment to ten principles. In March this year, we endorsed the UN Global Compact CEO Water Mandate.

Sasol participates in the Global Product Strategy (GPS) initiative initiated by the International Council of Chemical Associations (ICCA). The initiative is designed to improve the global chemical industries' product stewardship performance.

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

Promoting product stewardship

Recognising the risk management, Responsible Care® and marketing benefits associated with environmentally responsible products, Sasol adopts a life cycle approach to the products we develop, manufacture, use, distribute and sell. We have a formalised global support structure to ensure an ordered,

group-wide response to product stewardship. We contribute to the development of, and will adopt, the Globally Harmonised System of Classification and Labelling of Chemicals (GHS). All products exported to the EU are in the process of being registered as complying with EU regulations concerning the Registration, Evaluation, and Authorisation of Chemicals (REACH).

To make relevant product stewardship information on chemicals-in-commerce publicly available, Sasol North America (SNA) recently created Product Stewardship Summaries for a number of high volume chemicals or categories of chemicals produced by the company. These summaries are not intended to provide an in-depth discussion of health and safety information, but rather provide general information in layman's terms to enhance understanding. Changes continue to be made to improve the information, and input is sought from general society. Over time Product Stewardship Summaries will be produced for all of the chemicals produced by Sasol North America. The Product Stewardship Summaries are available on the web at: http://www.sasolnorthamerica.com/Product_Stewardship_Summaries.asp.

Ensuring the security of our facilities

The security of facilities is a priority throughout the group, and has retained particular significance in the context of continuous global security concerns. We have reviewed the status of our security procedures, training, perimeter maintenance, response strategies and communication with authorities, in accordance with relevant security-related legislation. A high level overview of plant security has also been included within our SH&E governance audits. Where necessary, any corrective actions are included as part of site-based safety improvement plans.

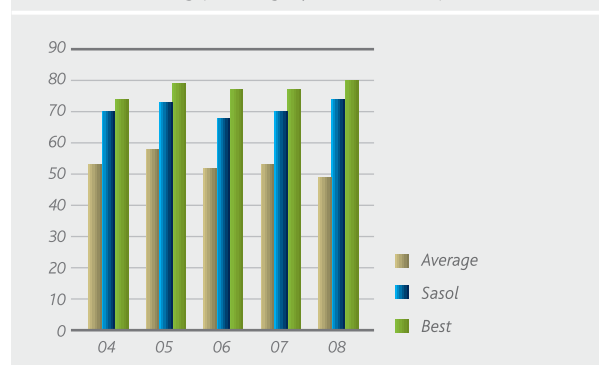
As a member of the American Chemistry Council, Sasol North America (SNA) has also adopted a Security Code of Management Practice, which requires that we conduct a security vulnerability analysis to identify areas in which additional security measures are necessary, and have a management system in place for other aspects of plant, distribution and cyber security.

Participating in sustainability indices

Sasol qualified for inclusion in the 2008 Dow Jones Sustainability Index (DJSI), scoring in the top 10% of companies in the oil and gas producers' industry. Sasol's overall score within the oil and gas producing sector of the DJSI improved from 70% to 74%. The average score in our industry group was 49% and the highest was 80%.

Sasol qualified for the 2007 JSE Socially Responsible Investment (SRI) index where we were identified as one of the 14 best performers.

Sasol's DJSI ranking (Oil and gas producers sector)



Fines, penalties and settlements

On 1 October 2008, the European Union found that members of the European wax industry, including Sasol Wax GmbH, formed a cartel and violated antitrust laws. A fine of EUR318,2 million was imposed by the European Commission on Sasol Wax and is payable within three months.

Sasol became the sole shareholder of Sasol Wax GmbH in July 2002 and were unaware of the anti-competitive activities. When we became aware of them in 2005, they were immediately stopped. The activities that led to this fine are completely counter to the values and ethics which define the way we choose to conduct our business. We have since intensified our efforts to prevent this kind of behaviour. While this fine is substantial, investors should be comforted by the fact that it will not affect our ability to finance new investments.

As a result of Sasol's co-operation and support in the investigations, the European Commission reduced the base amount of the fine by 50%.

An appeal against this finding is being considered.

Various legal proceedings on SH&E matters, which we have reported on previously, are still pending in some of our North American operations.

In March 2007, Yellow Rock LLC filed an amended petition to Sasol North America (SNA) for loss of revenues and loss of fair market value of the oil and gas reserves adjacent to Sasol's Salt Storage Dome 1-A in Sulfur, Louisiana. In January 2008, Yellow Rock was awarded damages to the approximate amount of US\$9 million, plus pre-judgement interest of US\$2 million. Subsequently, the parties settled the matter.

There are presently approximately 150 hearing loss cases pending with respect to SNA that are being jointly defended with ConocoPhillips. SNA has paid a settlement for the release of sulphur dioxide into the environment from the ConocoPhillips Lake Charles refinery that occurred in 2003.

The Baltimore Plant has settled with the United States Environmental Protection Agency on the benzene contaminated water spill to the slipway that occurred in February 2007. Baltimore agreed to pay US\$95 000 and to upgrade the treatment of storm water.

Following an incident at our Secunda operations in September 2004, an independent trust, the September 2004 Accident Trust, was established for support of affected persons. As at 30 June 2008, a total of 172 claims have been received, of which 152 have been finalised, resulting in payments totalling R12,1 million. Future payments are dependent on the number of applications which will still qualify.

Sasol Oil recorded 19 fines during the year. These fines relate to previously unauthorised tank installations for which applications were submitted to the relevant authorities from 2006.

Sasol reports annually on the safety, health and environmental risks and associated laws and regulations in the countries in which we operate. For the latest update, see the section 3D in the Form 20F submission available on our website: [www.sasol.com](#)





engaging our stakeholders



Engaging with our stakeholders forms an important part of the way in which we do business and is a cornerstone of our strategic commitment to sustainable development. We issue our annual reports, sustainable development reports and other publications to all stakeholder groups and actively seek their feedback. Our approach to engaging with our stakeholders is outlined below and our stakeholder map can be found on: [☞](#).

Informing our investors

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

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

Working with regulatory officials

We work actively to establish and maintain constructive relationships with governments, especially in South Africa. Our South African government relations work is detailed in the interview on page 32.

Our international government relations efforts are also focused not on simply trying to maintain freedom to operate, but rather on identifying how Sasol's growth can support the growth strategies of the countries within which we currently operate or plan to operate. We ensure that our growth and operational plans are aligned with the development and economic requirements and challenges of these countries. With our technology being new to certain countries, we need to determine where new legislation might be needed to enable business development.

We regularly interface and build relationships with government officials in Mozambique, Germany, Italy, the United States of America, Qatar, Malaysia, China, Iran, India and Nigeria.

We have received good support from the governments of certain countries in which Sasol is interested in expanding. We in turn showed our commitment to understanding and working with the governments of these countries by recently opening offices in Mumbai and increasing the number of staff in Beijing.

Engaging local communities and civil society organisations

We keep local communities involved in our sustainable development programmes, especially when dealing with potentially sensitive issues such as water management, emissions to air, waste management and the development of new production facilities. In addition to the public participation initiatives implemented as part of new projects, we continue to undertake community outreach initiatives at most of our existing operations. These initiatives include holding public meetings, hosting explanatory tours of our operations and implementing structured systems for responding effectively to community complaints. This approach towards community outreach has provided our management teams with a deeper understanding of community concerns and interests and enables us to work in a proactive rather than reactive manner. Through corporate social investment activities in the immediate communities in which we operate, as well as the wider South African society, we play a significant role in ensuring a sustainable future for all.

Contractors and service providers

We regard our contractors and service providers as our stakeholders and engage with them to understand and address their concerns. Their safety records are included in the group RCR, which provides us with added incentive to ensure that they are trained and prepared to prevent and address incidents.

Business organisations

We are active members of relevant industry associations in the countries in which we operate. Through our participation in these industry associations we are able to channel our views into governmental initiatives, as well as working co-operatively on industry initiatives with our peers.

We are also corporate members of and are represented on numerous local and international business, engineering, scientific and other organisations. In South Africa, these include Business Unity South Africa (BUSA); Chamber of Mines; Plastics Federation of South Africa; South Africa Foundation; South African Colliery Managers' Association; South African Institute of Chemical Engineering (SAICE); South African Institution of Mechanical Engineering

(SAIMechE); and South African Petroleum Industry Association (SAPIA). See our website for a complete list: <http://sasolsdr.investoreports.com>

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

Tertiary institutions

Our work with tertiary institutions remains an important component of our skills development efforts – for both internal and national pools – and research and development work. Strategic alliances were developed with universities (notably the Gordon Institute of Business Science, the University of the Free State and the University of Stellenbosch) to deliver our leadership programmes.

The media

Sasol shares information and opinion with South African and international media across a broad spectrum of issues. We maintain a well-resourced group communication, investor relations, sponsorship and brand management team. In addition, most of our major businesses employ full-time communications staff whose tasks include media support. We present our half-yearly and annual financial results to the financial community and to the media. We continuously issue topical media releases and investor updates, which we publish through our website, to keep stakeholders updated on our plans, projects and important issues.



Members of the Sasol community working group



engaging our stakeholders continued

South African government relations

Interview with Zolile Ntukwana, Head: South African government relations for Sasol



Could you describe Sasol's approach to government relations?

Sasol's leadership does not only have the interests of Sasol at heart, but also takes an interest in the needs of localities and countries where it operates or plans to grow. This includes striving to be a model corporate citizen in our engagements with governments of these

localities and countries. We therefore take a proactive approach to working with government to understand their challenges regarding energy and chemicals, with the view to assisting in identifying solutions to such challenges. Our approach is to be transparent with government and regulatory bodies, and where we can, assist with our expertise in dealing with challenges such as energy security, skills shortage and enterprise development.

In South Africa, we engage with all three spheres of government – national, provincial and local. At a provincial and local level, we engage with those within whose areas our activities and plants are or might be situated.

What have been the key highlights in the last year with regards to South African government relations?

The current energy crisis in South Africa will require industry to work more closely with government to find a collective solution. In this light, instead of Sasol simply responding to government policy and legislative debates, we try to identify solutions and engage all the relevant stakeholders to realise such solutions.

Through our carefully planned approach to Project Mafutha, we are in continuous discussions with government and have managed to demonstrate that Sasol is committed to significant investments in South Africa, and that we will expand in a responsible manner. Sasol engaged with government in the development of the Inzalo black economic empowerment transaction. We have begun to be invited to more high level government meetings and trade fairs which we regard as a sign that our engagement efforts are benefiting both parties.

What do you see as the key challenges with regards to your domestic government relations and what is Sasol's approach to overcoming these challenges?

Government has a multiplicity of interests and areas of responsibility. These may conflict with the interests of Sasol. Our approach is to help provide the relevant information and the tradeoffs and to help find the optimal solutions.

Our approach is to explain the extent to which we investigate all aspects such as those related to resource and skills availability and risks in order to expand in a responsible manner.

The ever changing global business environment sometimes presents our country with challenges regarding the skills required to deal with it. We engage and work with government to resolve this challenge.

Are there any particular issues raised by government that Sasol is currently grappling with?

A significant issue at the moment is that of import parity pricing and import tariff reduction in some areas of the chemicals sector. These issues are related to ensuring that there is fair competition in the markets concerned. The issue of fertiliser prices potentially impacting food prices is currently a contentious one. In this respect, we will interact with and contribute to any efforts designed to deal with the matter.

Government published their biofuels strategy at the end of last year and has set targets for power produced through renewables. Sasol participates in these dialogues and is investigating projects that would potentially assist the government in reaching its objectives with regards to biofuels and renewables.

Sasol, represented by the Chemical and Allied Industries' Association (CAIA), is assisting in the standards development for the national NEMA: Air Quality Act 2004 and in the capacity building of government officials to enforce these standards.

Do you have any further closing remarks?

Sasol has displayed that it is committed to keeping its investments in South Africa and that it is truly a South African company. We believe in working as a partner of government, to help facilitate the economic, social and environmental imperatives of the country.

Employee engagement on Sasol's sustainability performance

Sasol's employees are key stakeholders of the company and are actively engaged in our sustainable development efforts. Each year, we survey our employees to assess their awareness of sustainable development and to gather feedback and ideas from them on our sustainable development efforts.

Focus groups to discuss sustainable development issues were held in June 2008, with 44 employees and service providers at Sasol Mining, Sasol Synfuels, Sasol Nitro in Phalaborwa and at our Sasolburg complex. In addition to this, in July 2007 we conducted a separate employee survey to determine the awareness, perceptions and concerns of Sasol employees relating to climate change.

The responses below capture the input from both the surveys and focus groups. The concerns are largely addressed in various parts of the report.

Employees' views on Sasol's material sustainable development issues and performance

Employees were asked to identify what sustainable development issues they regarded as material, where they thought Sasol was performing well and where Sasol might be able to improve its sustainable development performance.

Social indicators

- While employees are impressed by the skills development achievements and goals of the company, this issue remains a key focus of concern for both local operations and planned international expansion. Areas for improvement include the passing of knowledge from existing, highly skilled employees to others, the development of skills external to the company and for a national talent pool, and more meaningful support of education within those communities close to Sasol's operations. Skills development is viewed as being closely aligned with employee retention, with concerns related to the loss of experienced and skilled staff. The move towards career planning is seen as essential by employees – including the elements of rotation, succession planning, skills development and job satisfaction. It was felt that there needs to be more transparency with regards to remuneration and promotion.
- Employment equity and broad based black economic empowerment continue to be recognised as key issues. The changes Sasol has achieved with regards to transformation were noted. Areas for improvement include addressing the perceptions that BEE was for the elite. Increasing the number of BEE suppliers, strengthening the support provided to encourage enterprise development, particularly in local communities and with young entrepreneurs, and the empowerment of women in the workplace.

- Sasol's community engagement and corporate social investment (CSI) programmes are strongly supported; it is recognised that the company has significant positive impact on its surrounding communities. It is felt that enterprise development, skills development, job creation efforts and sports sponsorship needs to focus more on local communities, and that some of this CSI work should be done in partnership with government's large socioeconomic projects where appropriate.
- HIV/Aids is considered an ongoing concern – for both Sasol employees and surrounding communities.
- It is acknowledged that safety had improved and that there has been a reduction in workplace incidents. Safety should remain as a top priority to encourage further improvement and integration into the company's culture.
- The availability of affordable housing in areas such as Secunda is of concern; it is felt that Sasol could play a role in working with local authorities to increase the housing and rental stock of the area.
- It is felt that service providers are treated differently to Sasol employees and that issues of equality and contractor safety should receive greater attention.

Environmental indicators

- In general, employees are encouraged by Sasol paying attention to its environmental issues.
- Greenhouse gas emissions and their effect on climate change are regarded as a key challenge to Sasol's growth plans. Areas for improvement include the carbon footprint of CTL plants, implementing significant emissions reduction programmes, developing significant alternative energy sources and raising awareness among employees regarding climate change.
- While it is believed that Sasol has a sound growth strategy going forward, some employees challenge Sasol's current business model – focused on GTL and CTL.
- Air pollution remains a concern. It is acknowledged that Sasol has invested significantly in improving air quality; the efforts to reduce the smoke from coal fires in surrounding communities are recognised, and should be further supported.

Governance indicators

- Building local economies at domestic and international operations without negatively impacting on the environment and society is regarded as an imperative, both for maintaining Sasol's international reputation as well as acting responsibly.
- Financial reporting governance and the implementation of measures to prevent fraud are regarded as important, as is transparency regarding roles and responsibilities of the Sasol board members.



engaging our stakeholders continued

Employees' views on Sasol's sustainability reporting

Employees identified the following issues as being of particular importance to Sasol's sustainable development reporting:

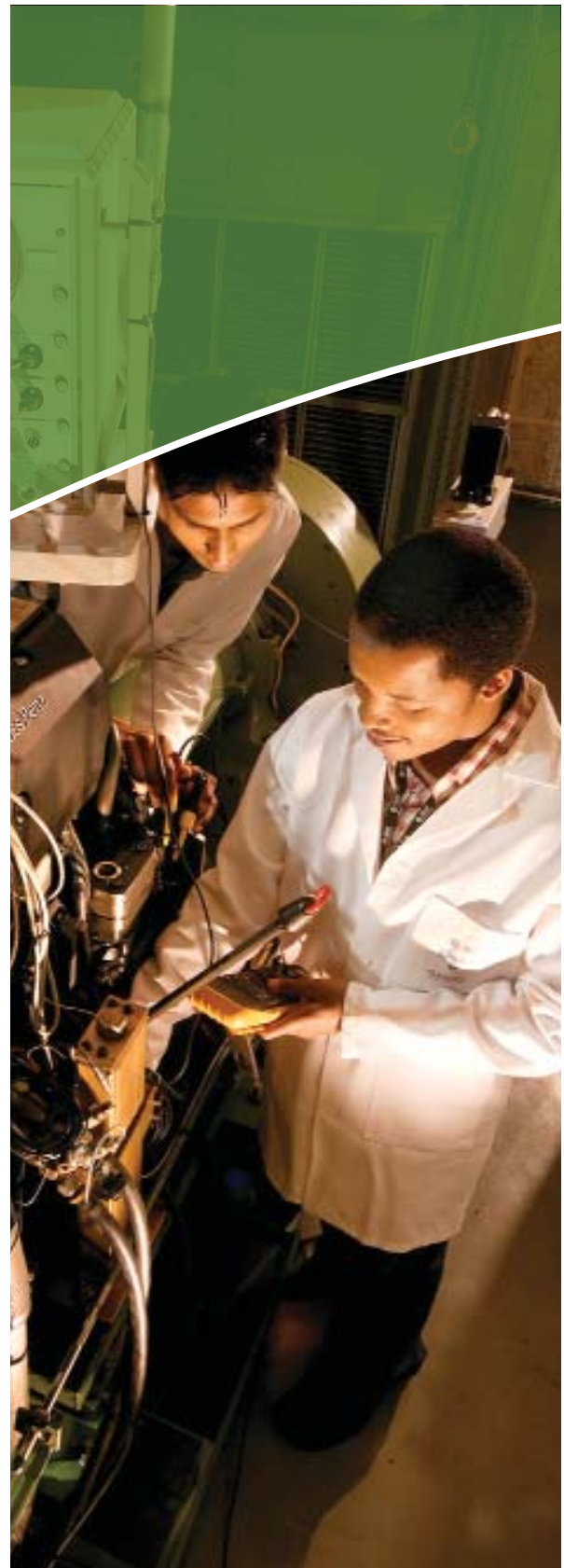
- Our success stories as well as our principal disappointments and the effects that these had on society and the environment, including feedback on negative issues raised in the media.
- Information on the extent of skills loss and how Sasol is actively driving skills development in the country.
- Information on employment equity and initiatives underway to achieve this, particularly with regards to the management ranks and women.
- Information on the status of GHG emissions and environmental improvement projects, including benchmarking of Sasol's CO₂ emissions with those of other companies.
- The alignment with our values in doing business with Iran and lessons learnt from international projects, such as Qatar, so that future business growth can be smoother.
- Information on Sasol's social, cultural, environmental and community involvement, with the inclusion of actual milestones achieved.
- How the health of communities is affected by air pollution and the effects of HIV/Aids on the business.
- Information on financial reporting and compliance to International Financial Reporting Standards (IFRS) and the JSE securities regulations.
- Providing more information on risk management in general and how this helps improve sustainability.

Sasol employee:

"I believe addressing the environmental concerns related to CTL technology in particular will be crucial in determining its viability and the extent to which it will be adopted worldwide."

Sasol employee:

"I am happy about the current report because it brings light to new employees as well."



Section 3

our material sustainability challenges

This section of the report focuses on the issues that are regarded as being most material to our sustainable development performance.

- Safety;
- Climate change;
- Skills development;
- Black economic empowerment; and
- Water.

These issues have been identified as material on the basis of:

- the publicly reported feedback received from our external stakeholders. These were independently facilitated stakeholder processes undertaken over the past four years. Stakeholders were specifically asked to identify those issues most material to them (a full account of the outcome of these engagement processes is provided in our previous sustainable development reports);
- continuous engagement with government, industry associations and NGOs, both in South Africa and internationally;
- the feedback from our employees as identified by internal employee surveys (see page 33 of this report) and employee focus groups;
- a G3 materiality test; and
- the outcomes of our internal risk assessment processes. See our table of risks and measures to address these on page 25.

Each of these issues is seen as being of particular interest to one of more of our key stakeholder groups, and each issue has a direct bearing on the continuing sustainability both of the company itself and the communities within which we operate.



sasol, sustainability and leadership: a stakeholder dialogue

The following dialogue summary was written by Incite Sustainability, the convenors of the Sasol stakeholder dialogue. A more detailed account of the dialogue is available on: [↗](#).

In September 2008, Sasol hosted a stakeholder dialogue with various leading South African public commentators in which they reflected on the nature of business leadership for sustainability. The four-hour discussion was framed in the context of the following question: "Which considerations must be taken into account as Sasol prepares the business case for a sustainable investment in coal-to-liquids (CTL) and gas-to-liquids (GTL) projects?"

Sasol was represented at the dialogue by ten executives and senior managers from the Sasol group executive committee, group strategy, the SH&E Centre, investor relations and group communications. In addition, the Sasol chief executive, Pat Davies, participated at the start and end of the meeting. The eight external representatives comprised leading public commentators from the Universities of Cape Town and Stellenbosch, the CSIR, the Institute for Democracy in South Africa (IDASA), WWF South Africa, the Helen Suzman Foundation and the National Business Initiative (NBI). The dialogue was facilitated by an independent facilitator from the University of Cambridge Programme for Industry.

Setting the context for the discussion, Sasol outlined the business opportunities they see in CTL and GTL technologies. Noting the increasing global demands for energy for mobility and the limited growth in oil supply, Sasol argued that their CTL and GTL technologies have a critical role to play in contributing to global energy security. The value proposition builds on activities that Sasol is good at – such as operating large plants, and its technological innovation and commercialisation – as well as its capacity to do certain things better than other companies, most notably applying Fischer-Tropsch technology. Sasol recognises, however, that realising this business opportunity raises some significant challenges, including meeting greenhouse gas emissions targets, developing and adopting new energy technologies, including carbon capture and storage, developing sufficient skills at all levels, both for Sasol and more generally in the market, and ensuring an organisational culture change that embraces and respects diversity.

The ensuing dialogue was informed by the perspective – shared by all participants – that it will be necessary, within a comparatively short time period, for a significant reduction in absolute greenhouse gas emissions globally, and that this has profound implications for Sasol's activities, particularly

if carbon capture and storage does not prove to be technically or politically feasible. Arising from this shared concern, a predominant assertion was that CTL and GTL technologies could be seen to prop up an existing unsustainable transport mode (based on the internal combustion engine), thus prompting questions on the merit of Sasol's reliance on CTL and GTL. A related theme was the nature of Sasol's relationship with government, and the extent to which Sasol could use its power to exercise leadership in contributing to the development of government policy on sustainability issues.

Responding to the challenge that Sasol should move out of fossil fuels, Sasol argued that the most appropriate short-term action was to remain a responsible and commercially viable player in the fossil fuel sector. While the company's analysis suggests that they can be comfortable with their current business models for at least the next 20 years, they nevertheless recognise that there is need to prepare for a post-carbon future. Sasol's recently established New Energy unit is seen as another step towards this transition.

Several external participants suggested that the quality and direction of Sasol's strategic thinking on sustainability does not show up sufficiently in its brand or communications, and that there is an exciting opportunity for Sasol to formulate and publicly express its view on the nature of the transition to a post-carbon company. There is a belief within Sasol that the company is making the necessary mind-shift, but it is recognised that further efforts are needed for the company to get comfortable with this and to improve on its communication, both internally and externally. It was agreed that the timing is right for the company to start up a more public conversation on these issues, as well as being more active in developing the South African stance to be adopted at the forthcoming UNFCCC climate negotiations.



Pat Davies, Sasol's CE and other senior managers participated in a stakeholder dialogue in September 2008

material issue: safety putting safety on top of the agenda

Safety performance forms a key element of the performance-based incentive scheme



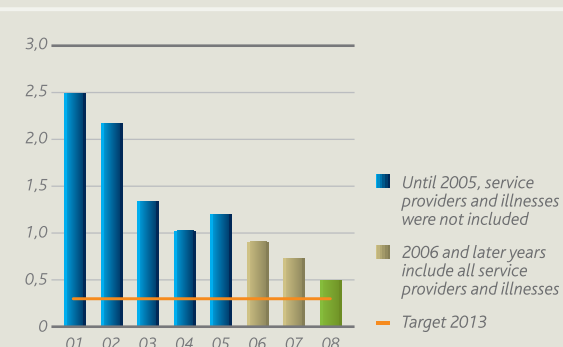
The safety challenge

Our long-term goal is zero harm, and we manage our activities according to a philosophy of "zero exposure to harm". Given the increasingly high profile that safety is receiving in South Africa, are we confident that we are doing enough to change the culture of safety in our operations to bring it in line with international best practice?

Sasol's position

Safety remains our first priority and a core value of everyone at Sasol. Despite this, 423 people suffered recordable illnesses or injuries in 2007/08, which is a number we are working hard to reduce significantly.

Recordable case rate – RCR (Recordable cases per 200 000 hours)



We continue to progress the Sasol safety value through a commitment to the following six behaviours:

- We recognise that most incidents can be prevented and consider safety as the first priority in planning any task;
- We develop and reward safety attitudes and behaviours that support a world-class safety culture and recognise the key role leadership plays in setting the example;
- We are "constructively intolerant" of any safety malpractice;
- We promote interactive dialogue and action on safety matters;
- We expect the same competence and safety performance from contractors as we do from employees; and
- We are all, individually and collectively, accountable for the safety of ourselves and those around us.



material issue: safety continued

We appointed DuPont Safety Resources (DuPont) in November 2004 to perform a comprehensive safety review of our South African operations, which gave rise to many improvement programmes across the company. All businesses implement their own safety plans, the progress of which is monitored by their boards.

The focus during the 2008 financial year has been the extension of behaviour based safety (BBS) and further development of the process safety management (PSM) system in South African operations. The impact of this approach is demonstrated by the continuing improvement in our safety record. Our Recordable Case Rate (RCR) for employees and service providers, including occupational illnesses, has improved from 0,72 in 2007, to 0,50 in 2008. While there were fewer injuries in total, it is saddening to report that there were three fatalities in workplace related incidents.

Progress to date and safety objectives have been reviewed by way of a safety roadmap that will guide us towards meeting our longer term RCR objective. This has been made more challenging in that achieving 0,3 by June 2015 has been moved forward to June 2013, based on the progress made since 2001 to date. This will require a 10% per annum reduction from the 0,5 achieved in June 2008. Our objective has been set by benchmarking against high class performers in the industry such as Chevron, Shell, Dow and BP. Safety performance forms a key element of the performance-based incentive scheme and significant work has been undertaken to improve the safety of service providers.

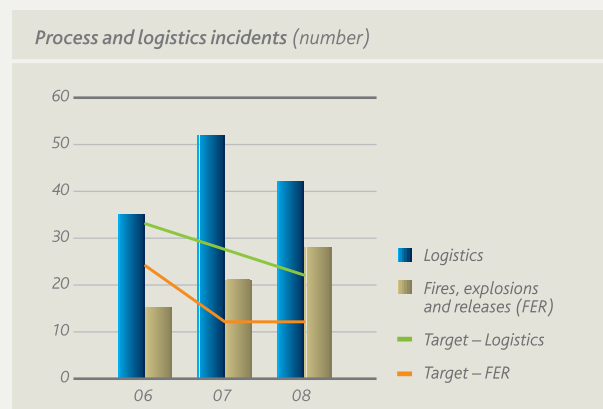
We are also working towards a reduction in fires, explosions and releases and are currently reviewing the definitions of this indicator.

To reduce our exposure to risk, we have developed our internal PSM skills, set up a standardised permit to work system for the whole of Sasol, and are developing a common approach to root cause analysis. We have embarked on a phased programme of BBS that focuses on capacitating employees of all levels to undertake hazard identification and response action, and which emphasises the role of all in safety.

An element of this was the encouragement of safety time outs where, in cases of increasing numbers of incidents, production was stopped and employees worked together to find the causes and develop solutions to improve safety performance.

Every major site, along with some individual business units require service providers to go through induction training before being able to work on the plant. This involves at least half a day of training – longer for some, such as supervisors – that focuses primarily on safety issues; including the risks that they could be exposed to, emergency procedures, safety rules and any requirements that Sasol or the company may have. In addition to this, some business units have started to train contractors on BBS, and include them in safety activities such as time-outs and industrial theatre productions.

Targeting fewer incidents



Process incidents

We reported 28 significant fires, explosions and releases, compared with 21 in 2007, and 15 in 2006. (For the purposes of reporting, a fire, explosion or release is registered “significant” when it: involves a fatality or lost workday case; results in damage to property or equipment of more than US\$25 000; or causes a release of chemicals in excess of a defined threshold for listed substances).

This increase in the number of incidents is a source of concern. Our process safety management drive is aimed at reducing these incidents towards our performance targets of achieving not more than three significant fires, explosions and releases per quarter by July 2011, and a 50% reduction in minor fires, explosions and releases on the 2006 baseline by July 2011.

To reduce the number of logistics incidents, a strategy has been developed to improve our logistics management. The adjacent interview provides detail on the approach to and results of our work in reducing logistics incidents.



Logistics incidents

Interview with Theuns Coetzee, manager: supply chain risk, supply chain optimisation.

(a full transcript can be seen on: [🔗](#))



What do you feel has gone really well with regard to Sasol's logistics incidents in the last year?

In 2007, Sasol saw a sharp increase in the number of logistics incidents. This was partially due to more complete reporting, but we felt that we needed to strengthen the approach

to move towards our group-wide target. We therefore developed a strategy to improve our logistics management and reduce logistics incidents. The strategy was developed with some of our bigger logistics service providers before being rolled out. We began to see positive results in the third quarter, with a 20,3% reduction for the financial year 2008, compared to the financial year 2007.

Could you outline the strategy that Sasol has developed to reduce the number of road incidents related to the transportation of its products?

The strategy comprises preventative and corrective controls. Preventative controls aim to improve the safety performance during the transport, handling and storage of Sasol products and include Sasol's accreditation system for transporters (SA SQAS) of our hazardous goods (to which 35% of our hazardous goods transporters, including collecting customers, are now approved) and vehicle checking, which is carried out at Sasol plants, with non-compliance meaning that Sasol products may not be loaded onto the vehicle. Longer term aspects include assessment of our road versus rail transport options; transport route risk assessments to designate approved routes; journey management (compulsory briefing sessions,

methods and systems for vehicle tracking) and driver management efforts (driver fatigue, training and wellness). Corrective controls aim to ensure readiness in case of an emergency, which is a continuation of our HAZCHEM efforts that have been in place for many years.

What is your approach to root cause analysis of incidents and how are lessons shared and used to adjust future work?

All our service providers have to follow a standardised root cause analysis procedure, which we assist with where necessary. As of 2008, Sasol's policy is that a transporter has to provide a root cause analysis within five days of an incident. Lessons from incidents are shared through logistics forums which are attended by all Sasol contractors.

What are the challenges that Sasol faces in reducing the number of logistics incidents?

- The low number of available transport quality assurance auditors is a challenge, so we are currently training personnel to increase the pool of accredited auditors.
- A further challenge is to define what the transport industry (chemical companies and transporters in South Africa) should do to prevent road incidents. Our statistics for the financial year 2008 clearly indicate the need to understand driver behaviour and what we can do to have a positive influence on it.
- To get good information from root cause analysis from some of our transporters is a challenge.
- While we require our transporters to conduct a number of preventive activities, it is difficult to control these measures. Our means of control is through audits, which is reactive.

material issue: safety continued



Safety at Sasol North America (SNA)

SNA has an impressive history of safe work. Celebrating an RCR of zero for two of the past four years, the employees have been successfully addressing at-risk behaviour and correcting identified problems to reduce the potential for injuries. However, a rash of five incidents at the Lake Charles Chemical Complex from December 2007 through to July 2008 led management to fix their focus on safety to better their performance.

"It is our goal to have an injury free workplace. That means working to get our recordable injury rate back to zero," said Mike Thomas, operations manager. To keep this effort in the forefront, the company has adopted a safety slogan of "Back to Zero". To reinforce the effort, several plant-wide safety meetings were held, attended by every employee and service provider, to discuss the actions required to move the Lake Charles Chemical Complex back to zero injuries. As small tokens, Zero candy bars, safety glasses and "Back to Zero" hard hat stickers were passed out to all employees and contractors. "It's a formidable goal, but we've done it before and we'll do it again. Together we can get Back to Zero," said Thomas.

Safety time-outs

After a period of unacceptable safety performance, it was realised that an approach that clearly shows how serious management is about safety, and also provides for employee involvement was required. In March 2008, the management of Sasol Wax (South Africa) decided to embark on a co-ordinated effort to make this a reality. The first step was to ensure that all levels of management understood the seriousness of the situation, as well as their role in current safety performance of the business. This was achieved through a safety commitment from each manager.

It was then realised that a safety time out would be of value. This involves stopping production and taking people away from the workplace for a focused session of understanding the current situation, identifying the reasons for poor performance and exploring potential solutions to improve performance. The theme of the sessions was "Zero harm – there will be no more injuries!" and each employee received a T-shirt with this message as well as the site's "stop!think.safety" slogan.

Based on learning during the process, it was decided to implement local time-out sessions whenever worrying trends regarding particular plants, departments or service providers are observed.

We are confident that the campaign had a positive impact on safety performance with the Sasolburg site of Sasol Wax not experiencing a single recordable case since the time outs.



Getting the message home – Sasolburg's new safety campaign

After repeated unsatisfactory safety results, Sasolburg decided that a fresh course of action was needed: a dynamic new safety campaign that would get people to think and act differently about safety.

In phase one of the campaign, which was launched last year, a simple and effective robot visual was used with the slogan: "stop!think.safety". The message appeared on notice boards, in car parks, clock stations and at every entrance into Sasolburg. The campaign slogan was extended to: "stop!think.drive safely" and: "stop!think.home safety", taking safety beyond the workplace and into people's cars, homes and lives. Children of Sasol employees even had the opportunity to take part in a safety-themed art competition.

Phase two saw a continued drive for safety awareness and preparedness, and also communicated the new and updated site safety procedures. An earnest message went out: 'the safety of everyone at Sasol is our top priority'. It means that by looking after our own safety, we are also looking after the safety of those around us, and vice versa. The campaign also appealed to individuals to take responsibility and to know their roles in an emergency.

"Safety is a choice we make, a position we choose and a stand we must take," states Dr Ivor Zwane in one of the important messages going out in the next phase of the safety campaign, which will deliver more real messages, from real Sasol people.



material issue: safety continued

Benchmarking our safety performance data

We have chosen to benchmark our performance against the following companies in the energy, resources and chemicals sectors: BP, Chevron, Dow Chemicals, Petrobras and Royal Dutch Shell. The data from each company comes from their most recent publicly available sustainable development or annual reports.

This data shows to us that the ambitious targets that we have set ourselves are achievable and would demonstrate safety performance that is line with the world's best in this industry sector.

| Company | RCR (employees and service providers) | | Lost time injury frequency rate | | Fatalities | | Number of employees | |
|--|---------------------------------------|---------|---------------------------------|---------|------------|---------|---------------------|---------|
| | 2006/07 | 2007/08 | 2006/07 | 2007/08 | 2006/07 | 2007/08 | 2006/07 | 2007/08 |
| US Responsible Care Companies ¹ | 1,1 | 1,13 | 0,27 | 0,24 | – | – | – | – |
| AECI (SA) ² | 1,13 | 0,98 | – | – | – | 2 | 7 630 | 6 300 |
| Sasol ³ | 0,72 | 0,50 | 0,23 | – | 4 | 3 | 31 820 | 34 157 |
| BP Global ⁴ | 0,48 | 0,48 | 0,09 | 0,08 | 7 | 4 | 97 000 | 97 600 |
| Royal Dutch Shell ⁵ | 0,47 | 0,46 | 0,16 | 0,14 | 43 | 30 | 108 000 | 104 000 |
| Dow Chemicals US ⁶ | 0,39 | 0,29 | – | – | – | – | 52 578 | 42 578 |
| Chevron ⁷ | 0,42 | 0,35 | 0,10 | 0,07 | 12 | 7 | 55 882 | 62 500 |
| Anglo American ⁸ | – | – | 1,58 | 1,26 | 44 | 40 | 113 000 | 100 000 |
| Eskom ⁹ | – | – | 0,35 | 0,34 | 8 | 17 | 30 746 | 35 404 |
| Petrobras ¹⁰ | 0,23 | 0,16 | 0,77 | 0,76 | 9 | 15 | 62 268 | 68 931 |

1 US Responsible Care companies – www.reporting.responsiblecare-us.com/reports/rcmsc_cmpny_rpt.aspx

2 AECI annual reports (2006 and 2007) – www.aeci.co.za/she_performance.asp

3 From 1 July 2006 onwards, our RCR includes both employees and service providers, and recordable injuries as well as occupational illnesses.

4 BP sustainability reports (2006 and 2007) – www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/e_s_assets/downloads/bp_sustainability_report_2007.pdf

5 The Shell sustainability reports (2006 and 2007) – www.shell.com/http://sustainabilityreport.shell.com/2007/performance.html

6 The Dow Chemical company corporate reports (2006 and 2007) – www.dow.com

7 Chevron corporate responsibility reports (2006 and 2007) – www.chevron.com/globalissues/corporateresponsibility/2007/chartstables/#b6

8 Anglo American reports to society (2006 and 2007) – Financial year–end December 2007 – www.angloamerican.com.au/cr/publications/sdreports/sd2007reports

9 Eskom annual reports (2006 and 2007) – www.eskom.co.za

10 Petrobras social and environmental report (2006 and 2007)

– www2.petrobras.com.br/portal/frame.asp?pagina=/ResponsabilidadeSocial/ingles/index.asp&lang=en&area=rsa



External comment on Sasol's safety performance

It appears that Sasol's approach to managing safety is comprehensive and clearly maturing. This is borne out by the improvement in safety performance. I trust the following observations may add food for thought.

Commitment to six behaviours

Since more than 90% of the incidents are behaviour-related, the prominence given to behaviour-based safety (BBS) is good. I would question whether a higher profile ought to be given to system, standards, process and infrastructural requirements – for example, including a commitment to world-class systems and safety-promoting design/infrastructure.

Contractor safety

With regards to contractors, when Sasol mentions that they expect the same safety competence and performance of their contractors as their employees, it is unclear as to whether this places the focus on the contractors simply having to comply with Sasol's safety regulations rather than Sasol ensuring or enabling their compliance.

Leadership development

While leadership to develop a safety culture and safety attitudes is spelled out in the six behaviours, it may add value for Sasol to include some key specifics such as creating "connectivity" (a key DuPont concept), visible felt leadership (being on the shop floor, coaching and observing) and safety being a key determinant for advancement.

Risk management

The approach to risk reduction is excellent. Whilst a focus on PSM, permits to work, phased BBS and safety time outs/incident investigations will cover most bases, is there sufficient capacity at executive, management, supervisor and worker levels to employ world-class hazard recognition and risk management techniques and processes? Furthermore, is there integration between safety risk management processes and the overall integrated risk management process for Sasol as a whole?

Learning from incidents

The efforts of Sasol to increase capacity to identify hazards and respond appropriately on incident investigation, which

are based on joint efforts (with the unions), is excellent. More specific reference to the DuPont principle of "an intolerance for repeats" and how the BBS programme is assisting with this could add value. In this regard, based on the limited documentation to hand I found little evidence of a focus on knowledge sharing across the business. Furthermore, whilst sound assurance processes are assumed to be in place, is some form of physical peer review in place or contemplated?

Scope of safety framework and new challenges

Given the healthy state of Sasol's businesses and planned expansion, the twin challenges of operating in new geographies – for example China – and a renewed emphasis on business development/exploration activity and project execution are possibly pertinent. Strategically, how is this change being managed?

Stakeholders

Reference to broader stakeholder engagement and involvement (families/community/regulations) with regard to safety would add value.

Value of mutual respect

Being accountable for the safety of others is the last stage of maturity on the Bradley curve – but would possibly be enhanced as a goal were it to be coupled with an underlying motive or value of mutual respect and care for one another. This has proved to be a powerful driver in certain businesses in achieving the desired outcome.

Dorian Emmett

3 September 2008

(Dorian Emmett is Head of Sustainable Development at Anglo American plc in London. He has functional responsibility for safety, health, environment, social and community and materials stewardship across the company's global businesses. Dorian has been involved in the mining industry for over 30 years in operational project and commercial roles. He has been in his current position for four years.)



material issue: climate change positioning sasol for a carbon constrained future

“Sasol recognises and shares global concerns regarding the increased atmospheric concentration of greenhouse gases that contribute to climate change. We believe that meeting the growing global demand for energy will accelerate greenhouse gas emissions unless effective technological solutions and management interventions are developed and implemented.”

Pat Davies, chief executive, Sasol

Recognising the business implications of climate change

There is now widespread acceptance of the IPCC findings that the emission of greenhouse gases (GHG) by industry and society has to be reduced to limit the effects of climate change. Sasol’s primary risks with regards to climate change include the following:

- The coal gasification process is CO₂ intense and the emissions from coal-to-liquids (CTL) technology without mitigation are significantly higher than those from the production of a barrel from conventional crude oil. As a significant CO₂ emitter, South Africa will soon agree to targets being proposed for developing countries. Although our facilities in the United States do not have an obligation under Kyoto, a changing political environment may bring about changes in GHG policy.
- At the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties’ (COP) thirteenth meeting in Bali in December 2007, a roadmap for the post 2012 scenario was developed to reach agreement on, inter alia, a long-term global goal for GHG emission reduction, which would include countries like South Africa.
- The South African cabinet has mandated its National Treasury to investigate the possible imposition of a tax on CO₂ emissions as part of South Africa’s voluntary commitment to climate-change mitigation. The treasury is likely to probe the creation of a cap-and-trade mechanism, as well as other possible instruments, involving a combination of financial penalties and

incentives. Being responsible for a large proportion of South Africa’s GHG emissions* (including our indirect emissions), Sasol would be one of the organisations affected by moves toward carbon trading in South Africa.

- Physical risks of climate change in South Africa include changing rainfall patterns with a potential negative effect on the security of long-term water supply. Our United States operation, situated in southern Louisiana, may be exposed to increased storm and hurricane activity as well as rising sea levels.

Sasol considers global climate change to be one of our principal strategic challenges, both for existing operations as well as future growth. The implication for Sasol is that CTL without a focused reduction in CO₂ emissions is unlikely to be environmentally, financially or socially acceptable.

We do not believe that there is a single solution to the GHG problem, and are putting efforts into finding the optimum mix of solutions for different situational circumstances. A combination of solutions and the correct investment decisions, jointly with other stakeholders, will contribute measurably to ensure a sustainable future.

A GHG management committee provides guidance and direction on GHG emissions which include:

- Management activities;
- Measuring and publicly reporting on emissions;
- Continuing energy-efficiency drives;
- Further exploring and introducing “clean energy”, ie. renewable energy and raw material sources such as biomass to supplement existing energy sources;
- Assessing and minimising the future implications of GHG in new and existing ventures (including the exploration of further opportunities for CO₂ capture and storage (CCS));
- Developing and maintaining stakeholder partnerships to collectively engage in GHG reduction issues and opportunities.

Sasol employee:

“It is excellent to see that Sasol is addressing the issue of climate change and is serious about making changes.”



Sasol's business model and position on greenhouse gases

The world is presently heavily dependent on carbon sourced energy, and while it needs to move low carbon alternative sources, oil and coal are going to remain major contributors for the next 20 to 30 years. There are significant lifestyle adjustments required to achieve the reduction in per capita energy consumption, and each step along the path will need to recognise the many different permutations of the balance between energy security and quality of life. Understanding the extent to which these objectives compete, and then finding the balances in different societal circumstances, is the responsibility of a partnership between governments, society and industry.

There are different pathways from coal and oil to energy end-uses like transportation, heat and light, and these pathways give rise to differing amounts of carbon dioxide (CO₂). All those who are engaged in any of these pathways have a primary responsibility to optimise the processes, improve efficiency and minimise their CO₂ emissions.

Throughout its 60 year history, Sasol has developed and improved its processes for the conversion of abundant low-grade coal to transportation fuels (coal-to-liquids, or CTL), and a wide range of by-products. This technological evolution has taken a further step in applying similar conversion from natural gas, found both as a source in itself as well as associated with oil (through gas-to-liquids, or GTL, technologies).

Sasol recognises that these processes emit significant quantities of CO₂, and measures its footprint in both absolute and relative terms. The latter is to compare the CTL and GTL processes with other means of production of transportation fuels. We also take a full life cycle approach to identifying and addressing our GHG emissions. For CTL processes, there are several major technological advances that have yet to unfold to reduce the CO₂ footprint, including carbon capture and storage (CCS) where it is feasible, the use of nuclear-based electricity and heat supply, the use of biomass, and efficiency improvements. We also understand the role that we need to play in reducing our GHG emissions associated with the transportation and distribution of our suppliers, products, employees and customers.

A recent development at Sasol is the formation of a New Energy unit, which will be considering the new business

opportunities necessary to bridge the gap between what can be achieved with our present growth path, and that which has to be achieved to make a more significant contribution to the South African GHG emission reduction programme. This unit will look beyond the boundaries of the existing business portfolios, and propose new businesses that bring emerging technologies into Sasol's view.

To advance our appreciation of the causes, Sasol plays a role on the international stage via the UN's Global Compact and Intergovernmental Panel on Climate Change. In support of CCS solutions, we are on the South African delegation to the multinational Carbon Sequestration Leadership Forum. In South Africa we are active in the National Committee on Climate Change and contribute to the Long Term Mitigation Scenario work for the Department of Environmental Affairs and Tourism.

Our bottom line is to apply the more stringent of local law or internationally recognised standards (such as those set by the International Finance Corporation) wherever we operate. This presents us with different criteria at different locations, both in respect of improvements to existing operations, as well as investment criteria for new projects.

We acknowledge that we are a significant emitter of GHG and that we have a role to play in finding solutions to meeting the energy needs of society, and address the challenge of GHG emissions and their impacts on climate change.



material issue: climate change continued

External comment on Sasol's business model and position on GHG

Sasol adds great value to the national economy through import substitution, its leading tax contribution and a model broad-based BEE programme. As the second-largest national emitter and holder of extensive intellectual property in energy technologies, Sasol is a key player in the global response to climate change. For a respected fossil fuel resource company with roots in a developing nation to commit to the transformational change required for an effective response – as envisaged in cabinet's recent response to the Long Term Mitigation Scenarios – would be an invaluable contribution to both international negotiations and a sustainable long-term strategy for the national economy.

However, "Sasol's business model and position on greenhouse gases" is essentially defensive of a core business that is treated as not up for discussion, despite it being incompatible with a climate-safe future. It fails to entertain the kind of changes required for "finding solutions to meeting the energy needs of society, while addressing the challenge of GHG emissions and their impacts on climate change", even as it claims a legitimate role in this endeavour.

Sasol's main business case currently prioritises exploiting intellectual property in technologies that are inherently resource inefficient and perpetuate lock-in to transport options entailing further inefficiency (principally the internal combustion engine) and uncapturable greenhouse gas emissions. While the international community grapples with the challenges of and potential incentives or compensation for retiring technology that is unsustainable or incompatible with low-carbon development, Sasol apparently ignores this debate and is evading the option of realigning its business to the sustainable provision of energy and/or mobility services.

That the CTL process generates at least double the life-cycle GHG emissions of oil-derived liquid fuels is a reality as immutable as the laws of physics. While the hoped-for "major technological advances that have yet to unfold to reduce the CO₂ footprint" may materialise to address process emissions, thermodynamics pre-determine the carbon inefficiency of CTL and the emissions from product use are not amenable to any cited advances. While renewable energy options are cited in the context of CTL, their best potential is as a substitute for fossil fuels. Gas-to-liquids technology, while less dirty than coal use, is also a resource inefficient option for transport energy, which needs to transform away from liquid hydrocarbon fuels.

While the "formation of a New Energy unit" sounds encouraging, its mandate must go beyond incremental improvement to Sasol's "present growth path", such as drawing on cabinet's commitment to "the aggressive promotion of hybrids and electric vehicles" (government statement of 28 July 2008). Such an initiative should not just "bring emerging technologies into Sasol's view", but be empowered and resourced to urgently integrate them into a sustainable business case, compatible with a low-carbon economy.

Richard Worthington **4 September 2008**

(Richard Worthington became manager of the WWF-SA Climate Change Programme in May 2008, before which he ran the Sustainable Energy and Climate Change Programme of Earthlife Africa Johannesburg for over seven years. He is co-ordinator of the South African Climate Action Network (SACAN) and served on the board of CAN International for five years.)



Measuring and publicly reporting on our GHG emissions

At year end our total emissions of GHGs, measured as carbon dioxide equivalent, was 72,7 million tons, compared with 69,8 in 2007 and 72,9 in 2006. Note that our 2007 figures excluded Olefins & Surfactants emissions, which were included once again in 2008. It would, therefore, be more appropriate to compare the 2008 figures with those of 2006. The CO₂ emissions figures do not include CO₂ emissions from transportation of goods and services. We are looking at reporting our CO₂ emissions from transportation in the next financial year. Our emissions intensity was 3,0 (measured as carbon dioxide equivalent per ton of production). This compares with 3,29 in 2007, and 3,28 in 2006. Our emissions

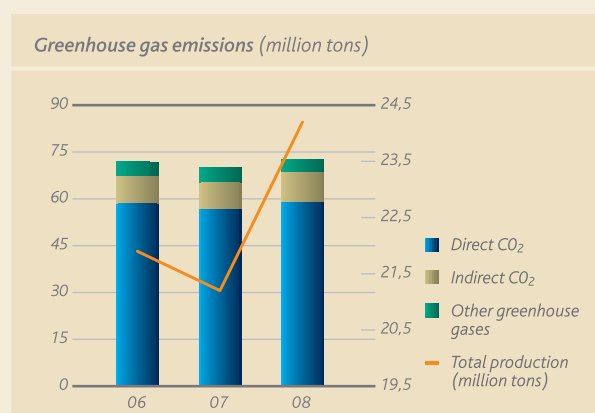
inventory has been developed using the GHG reporting protocol of the World Business Council for Sustainable Development and the World Resources Institute and our direct and indirect carbon dioxide emissions have been independently verified by external auditors. See a more detailed breakdown of our GHG emissions on: [www.sasol.com](#)

CO₂ remains the major GHG challenge.

We are committed to continued transparency on reporting our GHG performance, and have again participated in the global Carbon Disclosure Project (CDP6 – 2008), expanding our response substantially compared to our input last year. The CDP5 (2007) provided a base for what information to collect and also helped us to identify our shortfalls.



| Greenhouse gas emissions | ktpa CO ₂ equivalent | % |
|---|---------------------------------|--------------|
| Nitrous oxide | 212 | 0,3 |
| Methane (coal mining) | 278 | 0,4 |
| Methane (coal gasification and syngas purification) | 3 624 | 5,0 |
| Methane (other) | 119 | 0,1 |
| Carbon dioxide (direct – coal gasification and syngas purification) | 50 477 | 69,5 |
| Carbon dioxide (direct – other) | 8 245 | 11,3 |
| Carbon dioxide (indirect) | 9 718 | 13,4 |
| Total | 72 673 | 100,0 |



*2007 emissions do not include O&S emissions

material issue: climate change continued

Progressing our life cycle assessments (LCA) on liquid transportation fuels

The purpose of an LCA

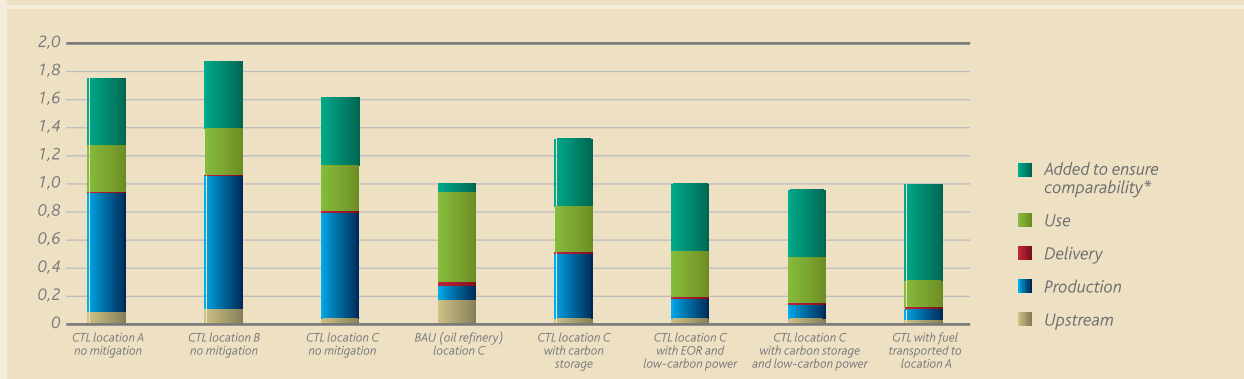
Several new coal-to-liquids projects are under development in countries such as China, India, the USA and South Africa. Concern exists, however, around the environmental impacts of these plants.

The use of life cycle assessment (LCA) is one approach to assessing the cradle-to-grave environmental impacts of products. For comparative purposes, an LCA was applied to coal-to-liquids (CTL), gas-to-liquids (GTL), and the business-as-usual (BAU) option of crude oil refining to produce liquid fuels. Although our new CTL plants are some years away from being commissioned, the LCA is a useful tool particularly during the early design stages to guide design decisions regarding the next generation of CTL facilities.

Expansion from the 2006 LCA

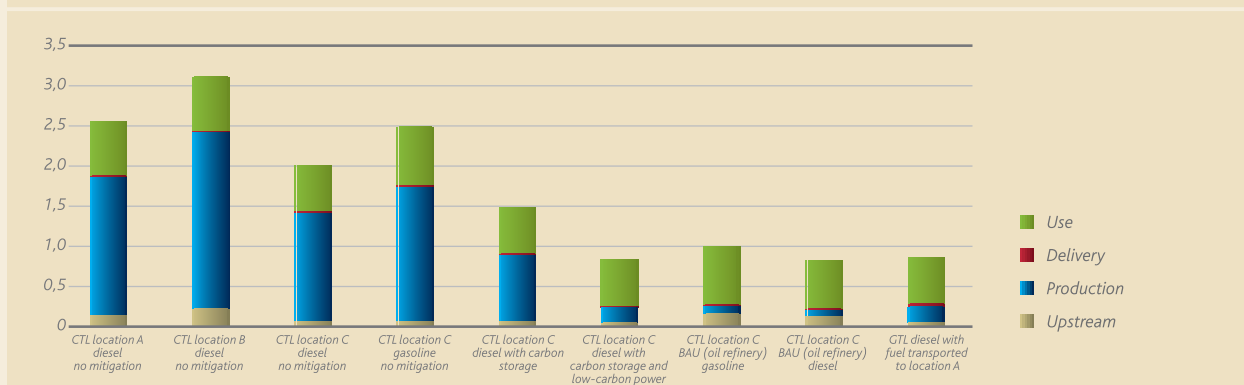
In 2006, we ran a basic well-to-wheels (WTW) LCA, which evaluates a single product's GHG footprint during upstream processing, product manufacturing, delivery, and use of the product. This year, we updated our WTW method of comparison and, in addition, used the more accurate systems boundary expansion method. This method compares the GHG footprint – such as kilometres driven, power generated or heat provided – of two facilities which each fulfil exactly the same functions. The quality of coal, technology choices, local climate and availability of water all result in unique designs for specific locations. The systems boundary LCA therefore needed to be run for different locations and technology options. The CTL baseline options, in which no provision is made for carbon dioxide (CO₂) mitigation, were expanded to include several

Life cycle GHG emissions comparison (relative to refinery "business-as-usual" (BAU gasoline = 1))



* When using the systems boundary expansion LCA method for comparing processes with different product slates and providing different services, a hypothetical GHG emission is added to show the GHG "cost" or "penalty" of equalising the services offered.

Well-to-wheels GHG emissions comparison (relative to refinery "business-as-usual" (BAU gasoline = 1))



sensitivities, including energy efficiency, carbon capture and storage options and the use of low-carbon electricity sources.

Results

Our latest LCA results confirm the preliminary findings of the 2006 studies. The results indicate that the CTL process with no GHG mitigation is significantly more GHG intensive than crude oil refining or GTL options (which are similar in their GHG emissions). The difference between CTL and oil refining throughout life cycles is almost entirely due to the gasification of coal. A significant portion of the carbon dioxide produced in the gasification step is in a concentrated form thus allowing for relatively easy carbon capturing for storage.

A combination of energy efficiency improvements, import of low-carbon electricity and the capture and storage of carbon dioxide will make the CTL life cycle greenhouse gas emissions similar to those of a conventional refinery at a similar location. The results also confirm that the availability and type of GHG mitigation solutions are location and technology specific.

The findings of our 2006 LCA can be found in our 2006 sustainable development report and a more detailed version of this year's LCA can be found on our website at: <http://sasol.com>.

Office energy efficiency

Energy efficiency initiatives at our head office in Rosebank have included installing energy-efficient lighting, movement sensor lighting, geyser blankets and insulated piping, switching geysers off during nights and weekends, and modifying air-conditioning systems. One of our head office building's efforts led to a 32% reduction in electricity consumption, with further declines expected. Similarly, an energy management and retrofit intervention at the Commerce Centre building at Secunda resulted in a decrease in electricity consumption of more than 40%. We are also upgrading our teleconference facilities, which will help to reduce travel.

While the savings from office energy efficiency are comparatively small in the overall context of Sasol's activities, these initiatives are important in terms of raising employee awareness and "walking the talk".

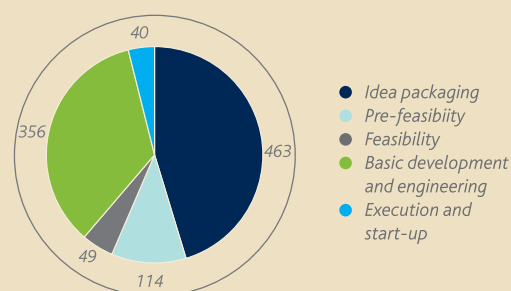
Encouraging efficiency

The Sasol Synfuels plant at Secunda has significantly advanced the development of our energy efficiency projects, with electricity savings achieved through our power conservation programme (PCP). Projects have already been implemented that contribute to a saving of 40 MW, while new projects that have passed our basic design stage include reduced flaring, power generation from recovered flare gases, optimisation of the fuel gas system, recovery of waste heat, upgrading of equipment, an operational excellence drive and an enterprise energy management system implementation. These efforts will eventually contribute towards a further 356 MW saving.

The capital expenditure for these projects will be approximately R2,76 billion. Many more projects are in the pipeline, but in the earlier feasibility stages of development, all of which also contribute to reaching our GHG reduction targets.

The challenges in implementing our energy efficiency projects are the availability of resources to manage the implementation of the projects and the delivery schedules of equipment. Our project development progress is illustrated in the graph below.

Energy efficiency project development progress
(MW saved or with potential to be saved)



Sasol Mining initiatives

The Sasol Mining team launched an initiative to reduce demand on peak time electricity by implementing a shift rotation system. The projected savings of the shift rotation system is a decrease of 10% in diversified maximum demand. After lengthy negotiations with all unions, the proposal was accepted and implemented in May 2008.

material issue: climate change continued



Investigating renewable energy

We are considering the feasibility of constructing a 100 000 tons per annum (tpa) soybean-based biodiesel plant in partnership with South Africa's state-owned hydrocarbon energy corporation, the Central Energy Fund (CEF), and a consortium of BEE investors. The proposed biodiesel plant will require more than 500 000 tpa of soybeans to produce 100 000 tpa of biodiesel. However, following the approval of the Biofuels Industrial Strategy by the South African government in December 2007, certain changes are being made to the project design, and the feasibility will have to be reassessed.

We use a total of 235 000 tons of renewable feedstock in the production of our O&S chemicals. This breaks down into: 45 000 t (includes palm, palm kernel and coconut oil) in Germany (Brunsbüttel); 130 000 t (palm kernel and coconut oil) in Germany (Marl) and 60 000 t (coconut, palm kernel oil) in China (Lianyungang).

We do not presently produce any renewable energy and none of the renewable energy projects under investigation – including solar, biomass and algae – will begin production in 2008. Sasol Technology R&D has invested significant capital in a CO₂ management technology development programme. This investment doubles the R&D spend on direct environmental work, and part of this programme is an amount of R3 million awarded to Rhodes University to assist with the development of algal biotechnology over the next two years.

Secunda co-generation project

Sasol Synfuels is executing a project to generate electricity and steam using combined cycle gas turbines. This forms part of Sasol's commitment as signatory of the energy efficiency accord to improve its energy efficiency. It is planned to commission the 280 MW facility during the second half of 2009 utilising natural gas during the first few years. The longer term plan is to fire these gas turbines with recovered flare gases. The project will be implemented in phases, in order to minimise risk, and fast track implementation in the face of electricity generation capacity shortages in South Africa.

Finding the opportunities in reducing GHG

Clean Development Mechanism projects

An internal Sasol carbon credit management committee has been constituted to facilitate and trade carbon credits derived from CDM projects for Sasol.

Carbon credits from our first registered CDM project

During the first quarter of 2007, Sasol Nitro successfully commissioned a nitrous oxide (N₂O) emission abatement technology in its nitric acid plants in Sasolburg and Secunda, reducing N₂O emissions by up to 90%. In May 2007, the project was registered as a CDM project under the provisions of the Kyoto Protocol.

This project involves the use of a secondary catalyst to break down N₂O emissions into nitrogen and oxygen, and is particularly valuable because N₂O has a GHG impact 310 times more than that of CO₂.

Carbon dioxide capture and storage (CCS) – storing CO₂

Sasol is investigating the feasibility of carbon dioxide capture and storage (CCS) in its portfolio of mitigation options to reduce Sasol's carbon footprint and to support the achievement of these stabilisation goals.

Carbon dioxide (CO₂) is typically stored by compressing the gas to a liquid form and injecting it into deep geological formations, such as saline aquifers, un-mineable coal seams or into depleted oil and gas fields. In some of these instances, the revenue generated by enhanced oil recovery or coal bed methane production may partly offset the cost of CCS. The various geological storage methods are illustrated on the next page.



The science underpinning CCS is sound, and is based on decades of experience in the closely allied fields of petroleum exploration. The remaining challenge is to refine the skills to model, monitor and verify the behaviour of CO₂ throughout the CCS process. Many organisations and companies have world-class capacity and experience in this area and Sasol is committed to leverage off the existing knowledge base.

The most notable industrial scale CCS projects are: Sleipner (North Sea), Weyburn (Canada), In Salah (Algeria) and Otway (Australia). Internationally, there are more than two dozen pilot demonstration projects in advanced planning stages.

The Sleipner project started in October 1996. Situated off the coast of Norway it is the first commercial scale project dedicated to the geological storage of CO₂ in a deep saline formation, approximately 800 metres below the sea bed. Injection is approximately a million tpa, and a total of 20 million tons of CO₂ is expected to be stored over the lifetime of the project.

An advantage that a coal-to-liquids (CTL) facility has over a conventional coal-fired power plant is that a significant portion of the CO₂ stream from the CTL process is available in pure form, reducing the capture cost to less than that for a conventional coal-fired power plant.

Sasol is presently investigating the potential for geological storage in many of the areas where new CTL ventures are under investigation, such as the USA, India and China. These studies will also provide an assessment of the available storage volumes and estimated capital and operating costs. Sasol plans to conduct studies into the existing regulatory position and future requirements, taking into account the circumstances in each host country.

Sasol is also investigating the possibility of sequestering CO₂ in South Africa, which is unfortunately not well endowed with world-class storage reservoirs and deep saline aquifers. However, Southern Africa's vast coal resource has some potential for storing CO₂ via enhanced coal bed methane (ECBM). Some coal seams contain natural methane that has been adsorbed, or is contained

in the pore matrix of the coal. In the ECBM process, CO₂ is pumped into the coal bed and the methane freed for collection and use as an energy source. The CO₂ remains stored underground. Sasol is currently studying the feasibility of performing a pilot injection project to test the technology fundamentals of ECBM.

In support of sequestration research in South Africa, Sasol is participating with others in developing a South African CO₂ Storage Atlas. The Council for Geoscience and the Petroleum Agency SA will publish the initial assessment of storage potential in an atlas by the end of 2009. This information would provide guidance to further exploration should CCS be pursued in South Africa.

Sasol believes that CCS should not be the only means of CO₂ mitigation for its current and future operations, but it is an essential part of the portfolio of solutions and initiatives that will be necessary to achieve sustainable development objectives.

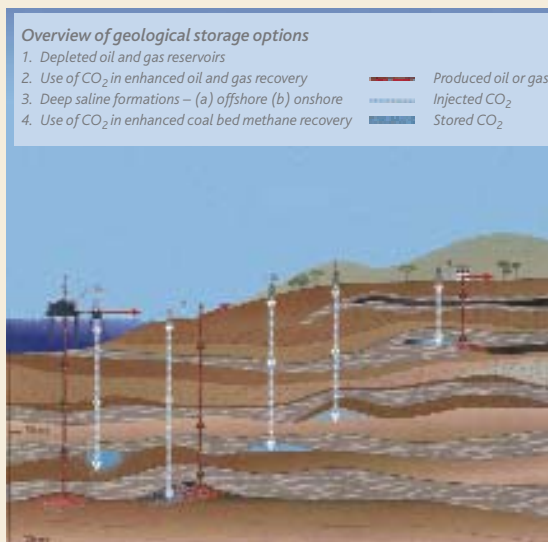


Figure 1: Graphic illustration of geological storage methods (source: www.co2crc.com.au).

Sasol employee:

"We have some commitments to the issue of carbon sequestration. We must stick to the objective even if it means hurting our pocket a bit. The spin-off will be massive with us getting more respect and attention in the global market."

material issue: climate change continued

Engaging external stakeholders on climate change

Our approach to external stakeholder engagement is that we are facing global problems and need to work collaboratively to find solutions. By working in partnerships with others we are likely to not just find solutions, but to find some exciting new business opportunities.

Stimulating employee engagement on climate change

In the last year, we used our Gordon Institute of Business Science executive development programme to identify the climate change communication needs and opportunities for Sasol employees.

As part of this, in July 2007, we conducted a Sasol employee survey to determine the awareness, perceptions and concerns relating to global warming and climate change. Some 2 553 employees responded to the survey and of these:

- 73% agree that global warming will have large implications for Sasol's business;
- 43% are uncertain of what Sasol is doing to address the global warming business challenge;
- 88% have a great need to know how they can alleviate global warming; and
- 92% would appreciate obtaining more information on global warming and climate change.

We have since developed a framework for communication on GHG and climate change for both internal and external stakeholders. Various channels for communication will be used such as awareness sessions, a blog site, open debates on controversial topics, competitions, articles in Sasol news, inclusion in employee induction, environment days at Sasol operations, posters and screen savers.

The central message to all communications efforts is "what on earth are we doing to make a difference?"

We have developed carbon calculators for new projects and existing plants as well as for personal carbon footprint calculations. The calculators enable the cost of carbon to be included in the business case for new projects or modifications to existing plants.

Quotes from the climate change survey 2007

Support for addressing greenhouse gases

- "Understanding and dealing proactively with climate change is critical for Sasol in realising our strategic goals and objectives, specifically CTL."
- "As an energy company, this poses a major threat to our future business and life, we need more people to get involved, we need to position our company to do the right things for short and longer term, not just current profit focus."

Sceptics regarding Sasol's efforts

- "I am aware of what Sasol is doing but I think there should be another question asking if we think Sasol is doing **enough** to alleviate global warming... it should be right up there with safety."
- "I feel that Sasol has not taken a firm stand on issues regarding energy saving... I strongly suggest we introduce electricity consumption as a key performance indicator linked to bonuses, you will see wonders."
- "It is not clear to me what Sasol's plans are to reduce CO₂ and other greenhouse emissions."




Sasol air testing station



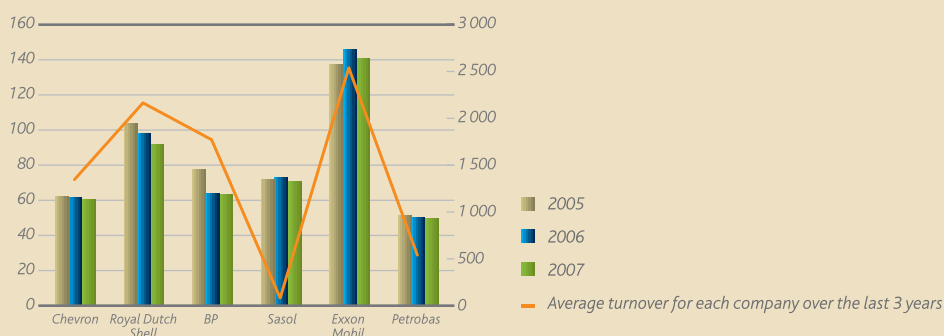
Benchmarking Sasol's greenhouse gas emissions

To assist in understanding the level of greenhouse gas emissions, we have once again benchmarked our emissions with some of our peers in the integrated oil and gas cluster. The aim of this benchmark is to provide a general indication – at a very broad level only – of how Sasol compares with other large companies, with the aim of making our emissions data more meaningful and to drive further improvement. In reviewing these figures, it is important to appreciate that the size, products, processes, equipment and regulatory reporting requirements in each of these companies may

differ significantly. The data provided below should not be used as a basis for making direct company-to-company comparisons, but rather is intended as a general comparison.

While Sasol's products and processes are in many respects unique, we have chosen to assess our performance against the following oil and gas companies: BP, Royal Dutch Shell, Chevron, Exxon Mobil and Petrobras. The data quoted below is based on submissions from each company to the Carbon Disclosure Project: .

GHG emissions in the integrated oil and gas cluster
(million metric tons of GHG emissions CO_{2e})



Understanding Sasol's contribution to South African emissions

In addition to understanding our GHG emissions compared with our peers, we also need to consider our emissions in the context of our contribution to overall CO₂ emissions in South Africa. South Africa's Long Term Mitigation Scenario process estimated emissions data of 440 million tons of CO₂ (as measured in 2004).

The most significant contribution is from the energy and fossil fuel combustion sector, with Eskom and Sasol being

predominant. Eskom's publicly reported emission of CO₂ for the year ending March 2008 is 223 million tons. For the year ending June 2008, Sasol's direct CO₂ emissions for our South African operations amounted to 56,8 million tons. Including our indirect emissions (ie. the additional emissions associated with our usage of Eskom electricity) our total emissions in South Africa amounted to 66,1 million tons.



material issue: skills development attracting, developing and retaining skills

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

The nature of jobs has changed over the years – whereas in 1950, less than 20% of the workforce required skilled labour, today around 85% of jobs require skilled labour. Many factors place significant pressure on the availability of experienced labour in South Africa. These include an ageing workforce, the gap that exists between the advancement in technology and the advancement in human capability, the increasing complexity of operations, escalating costs and the engineering boom.

The broad goal of our skills development approach is to:

- ensure a workforce performing to its full potential in all existing operations;
- meet the expectations of our employees with regards to career development, learning and growth;
- build the capabilities of our employees to develop the innovative solutions required to address our current and future challenges;
- provide for our future expansion of operations;
- ensure a common understanding and implementation of the “Sasol way” of doing business based on an understanding of the company’s values, leadership philosophies and standardised processes and procedures; and
- contribute meaningfully to addressing the skills shortage and unemployment concerns in South Africa.

We have developed an integrated model of how different human resource processes affect each other, and have mapped out our talent pipeline to identify priority areas for intervention to maximise skills attraction and retention for all levels and functions within the company. This includes career development plans, bursary schemes, our accelerated leadership programme and rotation schemes.

Co-ordinating skills development

In response to the skills challenge, Sasol launched Project TalentGro, which focuses on:

- developing internal skills for current and future operations;
- ensuring that business units operate interdependently, contributing to the skills needs and growth demands of the group as a whole;
- developing critical and scarce competencies external to Sasol for Sasol to draw on when required; and
- engaging and supporting external skills development by participating in government initiatives and other industry leaders’ skills development programmes.

Developing internal skills

Our people development philosophy encompasses three approaches, namely: relationships training (eg. mentorship, coaching, peer training and networking); experiential development (eg. short-term assignments, job rotation, and projects) and classroom training.

As part of our commitment to attracting, developing and retaining the best talent, in the last year we invested R345 million in employee training and development (including the compulsory 1% or R70 million skills levy), R233,8 million of which was focused on black employees (ie. African, Coloured and Indian people), and R39,5 million of which was focused on black women employees. A total of 42 849 development interventions were recorded during 2008. Assistance to study part time was provided to 4 359 employees and 35 804 technical, leadership, management and employee empowerment training instances were delivered. A total of 446 employees were exposed to professional development to become engineers, technicians and accountants.

The number of learner artisans, process controllers and miners in training at Sasol training centres was increased from 422 in 2004 to 847 in 2006 and to 2 240 during 2008, of which 1 114 were part of joint initiatives with other stakeholders. The number of black women that participate in learnerships has also increased from 0 in 2004 to 248 in 2008. The total spend on the skills development of learner artisans, process controllers and miners correspondingly increased from R20,2 million in 2004 to R50,8 million in 2006 and R127 million in 2008.

To help secure the required talent within the organisation, Sasol will continue to invest in the attraction of young talent through its sought-after bursary scheme that is largely focused in science and technology disciplines. The Sasol bursary scheme remains one of the largest in South Africa with a total investment in the last year of R54 million. Sasol currently

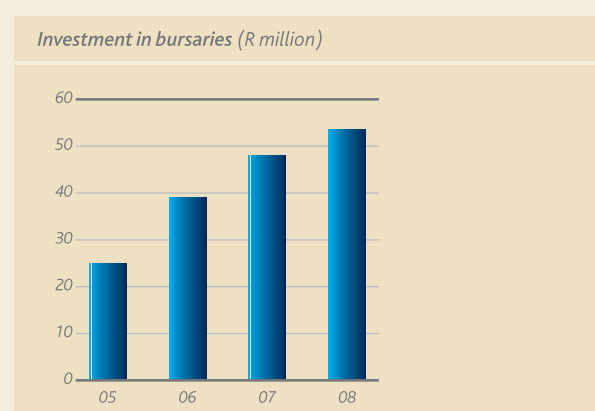
has 720 bursars in various stages of study. The number of first time bursaries awarded in the last three years has increased by 69% from 195 to 330, which is an affirmation of our commitment to development of young talent within the country.

To develop skills for our international expansion efforts, we formed a Global Venture Support (GVS) division, to manage and develop adequate talent through phased employment, and training. To this end, a total of 600 additional positions have been created, filled and the incumbents trained on specialised skills. This pool of specialised skills is being used for shut-downs, commissioning and start-up of mostly international projects. Direct hires for joint venture companies who will be responsible for permanent operations will be sourced from the region where the facility is based. Training of these employees will be done mainly at the new facility, with specialised training on Sasol-specific technologies being provided at Sasol facilities.

We will continue with our efforts to promote and allow for employee rotation which will be closely tied with career development plans and job enrichment. To enhance the transfer of skills, a database of retired employees was developed to identify experienced people that might be available to provide coaching and mentoring, especially in technical fields.

Investing in artisans

In January 2007, Sasol and three other petrochemical companies in South Africa launched the second phase of a project that will add 500 artisans to the labour market each year for the next three years. Currently there are 1 400 learners in this system, the majority of whom are in Sasol (1 015). The overall number of learners in the project is set to peak at 1 700 by the last quarter of 2008. R200 million has been allocated to the project up to 2010, of which Sasol has made available R140 million.



Sasol invested R127 million in skills development of learner artisans, process controllers and miners.



Technical Skills Business Partnership

Sasol also plays a major role in co-ordinating the Technical Skills Business Partnership (TSBP) with five other firms (ArcelorMittal, Transnet, Eskom, Gold Fields, and Anglo Platinum). This supports the aims of the National Business Initiatives (NBI) and Joint Initiative for Priority Skills South Africa (JIPSA). The TSBP set themselves a challenge to train 5 400 people for the national pool, over and above their own skills needs. The focus will be on national scarce skills and focus mostly on artisans, operators and miners. As part of this initiative, Sasol will train 900 people over the next four years at a cost of R116 million. The first group of learners started their training in August 2008.

Sasol also engages with the Chemical Industries Education & Training Authority (CHIETA), focusing more on general learning and development in the chemical cluster.

Sharing of project management IP

Sasol took note of the global scarcity of project managers and decided to make its intellectual property on project management available to other companies. The "Sasol applied fundamentals of project management" course (AFPM) is currently available to the community at large. The AFPM course has been identified as the flagship course for all engineers, project and task team members in the industry.

material issue: skills development continued

Investing in South African universities

The shortage of academics in South African universities, especially within the chemistry and chemical engineering disciplines, and the quality of equipment and facilities within these departments, prompted Sasol Technology R&D to invest significantly in South African universities. The Sasol investment of R250 million over a ten year period, aims to generate expertise in South Africa, ensure long-term availability of world-class human resources (especially chemists and chemical engineers) to Sasol's operations and leverage academic excellence to assist with the effective execution of R&D projects.

The key areas of investment at the chosen universities are infrastructure and equipment, subvention of academic salaries, rotation of young South African academics abroad and to Sasol, rotation of Sasol personnel to South African universities, and inviting international experts to South Africa.

Developing our current and future leaders

Sasol requires managers who can work in complex, multi-cultural situations; leaders who can manage the balance between delivering for today and investing for tomorrow. We place high value on leadership development and the current programmes are aimed at developing these skills and knowledge at different stages of developing careers. During the reporting year, good progress was made in introducing initiatives to enhance the leadership development facilities and offerings, thereby improving people management overall.

The executive development programme and the accelerated leadership development initiatives were enriched with material tailored to the group's strategic objectives. The company indicated its commitment to the development and empowerment of women in the workplace through a focused personal development initiative for women leaders (see adjacent quotes). In addition, the formalisation of coaching and mentoring is underway to deepen the succession pool and ensure the transfer of institutional knowledge.

Our leadership development initiatives have become programmes to which our managers aspire. Strategic alliances were developed with universities (notably GIBS, the University of the Free State and the University of Stellenbosch) to deliver the leadership programmes. Delegates are drawn from our businesses around the world, and 9 785 candidates attended different forms of leadership development in 2007/08.

Women in leadership case study: pledges made by Sasol delegates

"I pledge to promote a supportive and inspiring environment for all generations in which they can be authentic and thus be the best that they can be within the group, fostering a sense of interdependence to allow continuous learning and be better together."

Joey Vermeulen

"I want to set an example to my colleagues by always raising my voice of leadership and encourage them to do the same. I will ensure that the knowledge and experience that I gained through years is transferred while playing my coaching role. I also intend to have a work-life balance to give to my family all the attention that they need."

Chantal Mbuguje



Sasol employee:

"I like that Sasol is investing back into the community through skills development."



External comment on the skills development strategy and performance of Sasol

1. Skills development is clearly a priority for the company

The understanding of the central importance of human capacity reflected by the company and the development of that capability as part of its core business strategy is commendable. Sasol has embraced a holistic approach and seems to have researched and brought in best practice from around the world in an integrated way. The focus on mentorship and recognising the interdependence of business units reflects a company that is serious about human resources capacity.

At the same time it seeks to address the national imperatives regarding equity, multi-cultural aspects and local skills challenges. Sasol has a deeper appreciation of the fundamental links between human resources management and corporate competitiveness than most other South African companies.

2. Numbers are very impressive. What is the impact?

The bouquet of priority areas and interventions reflects real insight into the needs of the company and the country and reflects a diversity of levels and targets. The demonstration of delivery and achievement through statistics also proves the strength of well-established systems and data-gathering within the company.

Sasol could consider illustrating how the investment creates better value and sustainable benefit and contributes to its growth and objectives. The report relies heavily on numbers – and so it should – but this can be balanced with more qualitative considerations. The reaction to the current report by external readers could very easily be neutral (except for being impressed with the high expenditure).

3. How does HR investment relate to sustainable development?

The report can make a more powerful link between the investment in human capital and the company's

sustainable development agenda. Although it refers to "leaders who can manage the balance between delivering for today and investing for tomorrow" it does not demonstrate understanding that a sustainable future will require more resource efficiency and a lower carbon economy; both of which are critically dependent on a knowledge economy. Sasol is well placed to contribute to the development of the products and technology required in a more sustainable world and it will be encouraging to see this ethos reflected in the company's human resources investment strategy.

4. Demonstrate leadership on a critical issue

The skills challenge is too big for any company or even sector of society to solve. Collaboration as an effective vehicle for investment and synergy is thus essential. There is no doubt that Sasol is a leader in this field of investing in external institutions and partnering with external institutions such as the National Business Initiative and the Joint Initiative on Priority Skills Acquisition. This strategic understanding and the company's commitment to this broader approach could be more accurately reflected. Indeed, the leadership role of Pat Davies and Nolitha Fakude in JIPSA should be recorded as it demonstrates the commitment of the leadership of the group to working with government, partnering with others and building the human capacity in the country.

Andre Fourie 12 September 2008

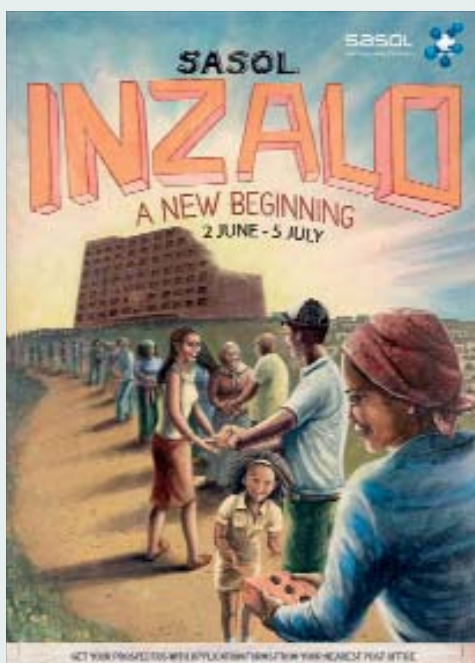
(Andre Fourie is chief executive officer of the National Business Initiative (NBI) and was the founding chief executive of Business Against Crime. He is a trustee of the Worldwide Fund for Nature (WWF-SA), a member of the International Marketing Council of South Africa and serves as secretary to the Big Business Working Group, a group of senior business leaders who meet to engage on issues impacting on the economy and the investment climate.)



material issue: black economic empowerment (BEE) Encouraging broad based BEE in our South African operations and communities

As a major player in the South African economy, Sasol welcomes its role in helping to meet South Africa's socioeconomic needs and objectives through empowering historically disadvantaged South Africans. With the gazetting of the Broad Based Black Economic Empowerment (BBBEE) Codes of Good Practice (CoGP), we now intend to measure Sasol against the scorecard. We have prepared for our own scorecard assessment and have established baselines and targets. Our view is to have this scorecard formally verified later in 2008, based on our financial year ended June 2008 as a Level 6 contributor. It is our intention to become a Level 4 contributor by 2012. This process will move us away from our own definitions and we will be applying the CoGP across the seven elements of BEE:

- Promoting equity ownership by historically disadvantaged people in our South African businesses;
- Procuring goods and services, preferentially, from historically disadvantaged South Africans;
- Facilitating the development of smaller BEE enterprises;
- Progressing employment equity in our South African businesses;
- Ensuring representation at a senior management level;
- Skills and human development in the industry;
- Advancing social upliftment initiatives.



To promote our commitment to BEE in South Africa, we operate a BEE co-ordination office in Johannesburg. This office oversees all corporate BEE activities and reports to our chief executive and GEC.

Sasol's position: broad based black economic empowerment transaction – August 2008

Challenge: How broad based is the Inzalo deal?

The Sasol Inzalo transaction, as the name suggests, signifies the rebirth or a new beginning for Sasol. This new beginning entails, among other things, directly and indirectly bringing hundreds of thousands of new black shareholders onto Sasol's share register and benefiting many more black South Africans in a sustainable way through the Sasol Inzalo Foundation. As the largest BEE transaction implemented to date (transaction size of R25,9 billion), there was great opportunity to spread the reach of the transaction to many beneficiaries, thus making the transaction broad based.

The Sasol Inzalo transaction comprises the four components listed below, with the breakdown of shareholdings shown on the table on the following page:

- Two **employee share ownership plans** (ESOPs) which were implemented for black and white employees below managerial level and black management, respectively. Approximately 26 000 Sasol employees will participate in the ESOPs;
- The **Sasol Inzalo Foundation** has been established to significantly contribute to sustainable socioeconomic growth in South Africa by focusing on skills development, primarily in mathematics, science and technology;
- More than 50 **black-owned groups** have been selected by Sasol to participate in Sasol Inzalo. A large proportion of the groups were selected on the basis of their broad based credentials. It is estimated that, collectively, the groups selected benefit approximately 800 000 black South Africans; and
- The implementation of the **black public invitations** has resulted in the addition of approximately 280 000 black shareholders directly onto Sasol's share register. With approximately 300 000 applications received from members of the black public, the black public invitations are the most broad based offers to the black public implemented to date.

The Sasol Inzalo transaction created an opportunity for a broad base of black South Africans to directly and indirectly own a share of Sasol.

| | Percentage of shareholding | Shares (million) | Value at issue price of R366 (Rand billion) | Value at price on 18 March 2008 market value (Rand billion) |
|----------------------------------|----------------------------|------------------|---|---|
| Black public | 3,0 | 18,9 | 6,9 | 7,8 |
| Selected participants | 1,5 | 9,5 | 3,5 | 3,9 |
| Employee share ownership schemes | 4,0 | 25,2 | 9,2 | 10,3 |
| Sasol Inzalo Foundation | 1,5 | 9,5 | 3,5 | 3,9 |
| Total | 10,0 | 63,1 | 23,1 | 25,9 |

Challenges and comments from stakeholders

Sasol has an international shareholder base of approximately 40% who supported the deal. This reflects the emphasis that we placed on effective communication of the need for the deal and how we would mitigate any real or perceived risk associated with the deal.

Locally, the most encouraging support came from the Department of Trade and Industry (dti). The dti recently observed that "the deal is visionary in the sense that it takes a long-term view of black economic empowerment".

Overall, there is great deal of support for the transaction amongst local stakeholders familiar with the black economic empowerment arena.

However, certain stakeholders expressed a number of concerns that have been highlighted below:

"The deal is unprecedented in its approach to community involvement because there is focus on targeting communities near Sasol's Sasolburg and Secunda operations."

Black Business Quarterly, August 2008

"While I am 'positive' about the transaction for the sustainability of the business and for South Africa, more generally, it would be expensive for existing shareholders. The timing of the deal, which coincided with a banking crisis globally, might also have forced Sasol to contribute greater equity than it had first hoped, which would make the transaction more expensive. To me, this points to Sasol's real value being at risk."

Jonathan Kennedy-Good, Deutsche Securities
(speaking to Engineering News) 25 March 2008

"The transaction is a milestone for broad-based empowerment. It also confirmed Sasol's status as a jewel in the South African economy, which could now truly belong to all the people of the country."

Brian Molefe, PIC CEO

"South Africa is a country with extreme pay disparities between executives and blue-collar workers. The structure and conditions of the deal perpetuates this undesirable situation. While Sasol's black executive have an option to trade on their shares after two years, blue-collar workers can only do so after a period of ten years."

Union representative

"Sasol is truly committed to South Africa's transformation and wants to make broad-based economic empowerment a reality. We will make a difference by creating economic opportunities for more than a million potential beneficiaries ranging from individuals to rural women's groups who can invest in Sasol."

Pat Davies, Sasol chief executive

Other empowerment deals

While Sasol Inzalo is by far the company's largest commitment to BEE, it is by no means the first empowerment transaction. Some of Sasol's previous successes include Tshwarisano, Igoda Coal and Ixia Coal, which were concluded as part of the Liquid Fuels Charter and Mining Charter respectively.

material issue: black economic empowerment continued

External comment on BEE at Sasol

Sasol occupies a very special position within the economic framework of South Africa and its history is one of a very close relationship with government.

It is almost inconceivable that either of the two could operate efficiently or successfully in an environment of hostility. In that sense, the government will always be a stakeholder in Sasol, whether or not directly through share ownership.

It is therefore expected that Sasol will play a leading role in not only implementing the requirements of broad based black economic empowerment ("BEE") but also in providing an example to others.

The principles of black economic empowerment are sound: there is no chance of a significant change unless there are changes to ownership, leadership and access to the levers of production.

Let us therefore look at BEE at Sasol and the Inzalo initiative in this context.

This is the largest BEE transaction recorded to date, involving R25,9 billion. Sasol is seen as fulfilling its role of implementing and providing leadership.

Ownership

The transfer of 10% of shares to a wide base of previously disadvantaged individuals and groups ensures that the future dividends of Sasol will touch many lives.

The offer was made available and entered into by individuals and groups that are wide and largely PDI, in the most broad-based offer to the black public to date.

The shares were made available at R366 per share – the 60-day volume weighted average price. This is therefore an "equitable" transfer of ownership to a wider base of black South Africans. Indeed, not long after the issue, due to market forces, the Sasol share price traded below the issue price.

Management control

The offer assists black management and employees below management level with entry to the mainstream of the

country's economy. Significantly, this provides an incentive for black management to remain employees of Sasol which aligns with the interests of shareholders.

Skills development

A shortage of skills is regarded as the most intractable of the six binding constraints identified in the government's Accelerated and Shared Growth Initiative for South Africa. That 15% of the Inzalo offer was used to create the Sasol Inzalo Foundation, with an emphasis on development, primarily in mathematics, science and technology, is therefore to be welcomed.

Preferential procurement

The Inzalo offer and other initiatives ensure that Sasol is an acceptable company for procurement by "every organ of state and public entity" in terms of the Act.

Enterprise development

15% of the Inzalo offer was to "selected participants" – suppliers, customers, unions, NGOs, Black women groups, "incubation groups" and franchisees, including petrol pump attendants.

Summary

BEE is clearly a Strategic Imperative at Sasol and initiatives are underway related to all of the seven elements of the BEE scorecard, of which the Inzalo transaction has been the most significant in this financial year.

The success of the Inzalo transaction can only be judged in the future by how many of the beneficiaries are able to point to it with pride and recognise the significant part it has played in the improvement of their financial situation.

Liston Meintjes

1 September 2008

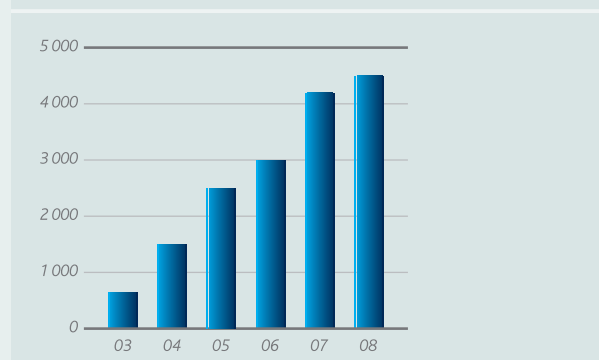
(Liston Meintjes is one of the few investment professionals still actively engaged in the industry who was around in 1978 when Sasol was first listed. He remembers the impact on the dividend yield of the All-Share index when a large company – it was fourth-largest at the time – with a much higher-than-average dividend yield was added to the index. He is currently the chief investment officer at Lion of Africa Fund Managers.)



Supporting black economic empowerment through procurement

Our South African operations have continued to increase their procurement from BEE suppliers (as defined in terms of criteria relating to management and ownership) with BEE spend increasing from R4,2 billion to R4,6 billion in the last financial year. Current BEE spend represents 26% of Sasol's controllable spend and 12% of all suppliers. Most of our BEE spend was with companies whose BEE shareholding exceeded 50%. An important focus this year has been on business units converting to the new codes of good practice requirements (including gathering certificates from suppliers), and in identifying further areas for BEE spend.

Sasol BEE procurement progress to date (R million)



The Sasol Siyakha Trust was established by Sasol Group Services, Sasol Synfuels and Sasol Mining in 2004 to assist BBBEE suppliers, contractors and entrepreneurs in the Secunda environment. These businesses are supported in the development and accelerated growth of their businesses – through financial support (usually in the form of loans) as well as non-financial support such as training, business management, legal, finance and marketing skills - enabling them to provide goods and services to Sasol and thereby growing the local economy in the Secunda area. In the last year, Siyakha provided R3 million in financial assistance and the programme currently supports seven businesses with a combined turnover of R70 million per year and a combined workforce of over 300 people. (Further case studies can be seen on: [☞](#)).

Ezomdeni Cleaning Services

Offering gardening and cleaning services to Sasol in the Secunda region, Ezomdeni Cleaning Services holds numerous contracts with both Sasol Synfuels and Sasol Mining, including the cleaning of hostels in eMbalenhle. The business is 100% black owned and it employs approximately 60 full-time staff. The Siyakha Trust provided funding towards the purchase of equipment, which has led to greater efficiency and generally increased the capacity of the business.

HEA Clothing

HEA Clothing specialises in the manufacture of quality work wear for Sasol and other contractors in the area. The company is wholly owned by three female partners and constitutes a 51% BEE ownership. It occupies a facility within the Osizweni Community Development Centre. Osizweni is another Sasol supported initiative where micro, small and medium enterprises as well as entrepreneurs from the community can operate their business in a safe environment with low lease and levy agreements.



The Phutong Remada recycling project in Sasolburg, supported by Sasol



material issue: black economic empowerment continued

Progressing employment equity in our South African businesses

Interview with Rose Nkosi, manager: group transformation and change



What is Sasol's approach to achieving transformation in the organisation?

We do not view transformation as a numbers game, but rather a strategy to achieve business goals. To this end, we have set up an ambitious transformation agenda for the next five years and drafted a group transformation policy. The

objectives of the policy are to ensure a culture of equal opportunity and fair treatment of all employees through the elimination of unfair discrimination, to ensure that strategies, processes and systems designed to support transformation are implemented and to promote a culture of employee consultation and participation across all business units. Our transformation drive encompasses organisational culture transformation, for both local and global Sasol businesses, employment equity (EE), BEE and diversity management skills for capacity building in terms of ensuring behaviour and mindset shifts for an inclusive and conducive environment for all employees

Senior managers have been assigned to implement the Employment Equity Act as per the requirements of the act and in line with the broad based BEE EE pillar. All business units have their own diversity management forums and the diversity managers of the business units meet monthly to discuss common challenges and make recommendations. All recommendations are then tabled at the Sasol leadership and employment equity forum (SLEEF), which includes all business units' managing directors, five GEC members and diversity managers. These forums are aimed at creating a zone of uncomfortable debate in order to manage fears and expectations without any fear of retribution.

How is Sasol performing against its transformation goals?

Integral to Sasol's transformation agenda and in line with South Africa's Employment Equity Act, we continued to

increase the proportion of our South African employees drawn from underrepresented groups. People from designated groups – African, Coloured, Indian people, and people with disabilities and women – comprise 68,6% of our South African workforce, as compared with 66,5% in 2007. The overall growth for the group level 7 and up EE target for the financial year 2007/08 was 3,9%, which exceeded the target of 3%. At year end, people from designated groups at level 7 and up held 51,2% as compared to 47,3% in 2007.

How does Sasol encourage diversity in the workplace?

Sasol's diversity policy prohibits discrimination on any grounds, including gender. The programme aims at creating a safe environment for employees to surface attitudinal and systemic issues that create barriers, fears and expectations that could inhibit the journey towards fundamental transformation. The roll-out process which started with the crafting of the Sasol Diversity Vision and cascaded from the Group Executive Committee, the Group Business Committee, the Human Resources leadership forum and to 1 200 employees will now be cascaded to the rest of the employees. This will be enhanced with the development of diversity skills programmes. Personal insight workshops are the foundation to shifting one's own paradigm and to begin to learn and unlearn.

What are some of the areas with regards to transformation that Sasol is currently focusing on?

We have recently audited our policies to ensure that they are not discriminatory, with very positive results. The challenge is in the execution of these policies. Barriers to achieving employment equity were identified and measures are being put in place to mitigate the risks. We have set ourselves numerical goals for the next five years with regards to representation across all levels within the organisation. In addition, we are also developing more qualitative measures and ensuring that all talent management processes from recruitment to exit, across the human resources value chain support the transformation agenda. Our bursary programme contributes to the sourcing of underrepresented groups.



Interview with Rose Nkosi, manager: group transformation and change continued

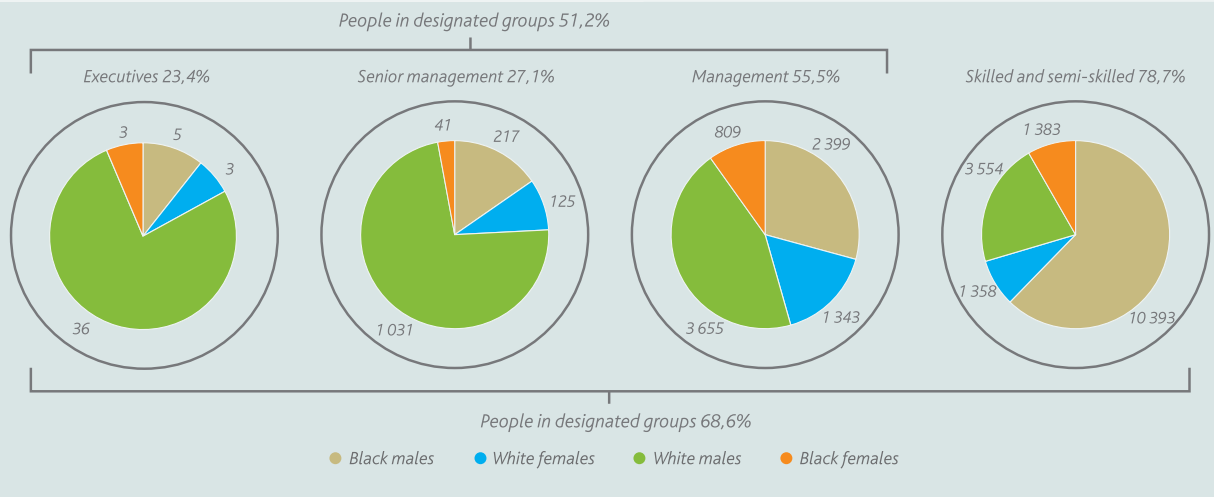
We are also embarking on initiatives for people with disabilities. This will entail the audit of facilities, creating awareness and understanding of disabilities and enabling employees to voluntarily disclose their impairment. This is aimed at ensuring that their career aspirations are taken care of and their developmental needs are recognised and fulfilled.

Does Sasol have any particular skills development programmes that enhance the goals of transformation?

There is no doubt that skills shortage is still a challenge. However, our accelerated learning programme prepares

and fast-tracks underrepresented groups into managerial and senior positions. With approximately 5 000 of the 27 000 Sasol employees being women, we regard the gender issue as being mission critical. We therefore also have programmes focused on advancing the progress of women employees, such as the Business Women in Leadership programme, ALDP, AMDP, our annual Women's Day events, initiatives and forums for Women in Mining, Oil and Engineering.

Employment equity statistics as at 30 June 2008



material issue: black economic empowerment continued

Investing in skills development

Skills development is discussed in detail in the material issues section on skills development (see pages 54 to 57). A breakdown of the skills development in relation to broad based BEE is provided below.

| | Black total | | Black women* | | Total | |
|--|---------------------------|-----------------------|---------------------------|-----------------------|---------------------------|-----------------------|
| | Investment (R million) | Training instances | Investment (R million) | Training instances | Investment (R million) | Training instances |
| Study assistance | 14,0 | 2 547 | 3,8 | 714 | 24,3 | 4 359 |
| Technical, leadership, employee development | 32,7 | 18 163 | 8,2 | 3 445 | 70,0 | 35 804 |
| Professional development | 36,0 | 339 | 5,9 | 73 | 49,0 | 446 |
| Learner artisan, process controllers, miners | 107,8 | 1 804 | 15,0 | 248 | 126,7 | 2 240 |
| Total | 190,5 | 22 853 | 32,8 | 4 480 | 270,0 | 42 849 |

* Figures for black women are also included in black total figures.

Adhering to the BEE industry charters

Sasol Mining, within the Sasol group, has worked hard towards achieving the requirements set out by the broad based socio economic charter for the Mining industry. In a similar vein, Sasol Oil has made good progress towards complying with the Liquid Fuels Charter. A table outlining the manner in which Sasol Mining and Sasol Oil are working towards complying with the respective charters can be found on: [🔗](#).



material issue: water making every drop count

Sasol has identified water as a material risk due to its relative scarcity in the areas in which we operate and due to the increasing demand and competition for the resource. Water supply constraints could affect production at our current operations, as well as our future growth plans. Our refining and chemical manufacturing processes require significant volumes of water to regulate temperatures and generate steam.

Water is, however, a scarce resource, especially in our South African operations, and it is imperative that we use it wisely and implement strategies to guarantee future supply. To better understand our water challenge and to develop a sustainable strategy and approach to dealing with this water challenge, we jointly organised a dialogue with GTZ in June 2008. This dialogue helped define Sasol's water challenges and our approach to addressing them.

Source of raw water

Sasol's major source of raw water is the Vaal River system, one of the major rivers in South Africa, but its run-off is erratic and is further compounded by the low conversion of rainfall to usable water. This has meant that large storage dams and extensive inter-basin water transfer schemes have had to be built in order to ensure reliable supply. The Vaal system is backed up by the Katse and Mohale dams in the Lesotho Highlands as well as the Sterkfontein Dam, supplying water from the Tugela system in KwaZulu-Natal.

The Vaal River system is not only vital to Sasol's survival, but is also a significant source of water for ecological conservation, social and economic development, including domestic, agricultural and industrial. As such, water from the Vaal River System, as a common good, should be allocated equitably to every stakeholder.

Sasol's water challenges

In South Africa, Sasol's water-dependent operations face the challenge of competition with other users of water. The growing demand and competing interests for this scarce resource suggest that its availability for industrial use could become a future limiting factor for our current operations and planned projects.

We have invested extensively in water saving measures which are costly compared to the price of purchasing raw water. Our operations continue to grow and increase the demand for water, but efficiency improvements have largely countered that effect.

The Sasol Synfuels complex in Secunda at times produces surplus effluents that cannot be recycled, which then accumulate in dams. This accumulation creates a risk of potential overflow if above average rainfall events are experienced.

The impact of climate change on water security and ecosystems is a growing reality to which Sasol is exposed and for which response plans are being developed.

Strategy and approach to deal with water challenges

We are taking the necessary steps to promote innovative thinking about how we source and utilise raw water, and manage the resulting effluent where applicable. To this end, our chief executive endorsed the UN Global Compact CEO Water Mandate in March 2008. The Mandate is a strategic framework for companies seeking to address the issue of water sustainability in their operations and supply chains. It assists in developing a comprehensive approach to water management and will reinforce the impetus of existing water management strategies.

Direct operations

An extensive development programme has been initiated to reduce the water intensity of Sasol's CTL technology, building on years of operating experience at both Sasolburg and Secunda. We designed, piloted and implemented an integrated water treatment system for the Oryx GTL facility, recently commissioned in Qatar. Future designs are building on the Oryx experience, and we envisage being able to beneficially re-use and recycle all water generated at new facilities.

Sustainable salt management is a challenge for many inland industrial complexes, and Sasol Technology has spent a number of years developing new technologies for environmentally sustainable salt disposal at Secunda. These technologies are currently undergoing larger-scale demonstration before being considered for commercial deployment. Sasol is also co-operating with Eskom on a salt sink research project to study the co-disposal of saline effluent brines within inland coal ash disposal sites.

Supply chain and catchment management

We explore water-related issues in a holistic manner, considering the interrelationships within the catchments in which we operate. This includes engaging with affected stakeholders through catchment management forum structures. More work is needed in this complex field that is presently receiving significant international attention.



material issue: water continued



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Collective action

The water dialogue that we co-hosted with GTZ in June 2008 was themed "Business and Water Sustainability in South Africa: Time for Collective Action". This was attended by representatives of water-intensive industries in South Africa who face similar water challenges to Sasol. Other key stakeholders included government, non-governmental organisations and local research institutions. Experts in the field of water resources management within Sasol, the local beverages and electricity generation sectors, representatives from the Department of Water Affairs and Forestry (DWAF), the Council for Scientific Industrial Research (CSIR) and the National Business Initiative (NBI) were invited to present on a range of relevant issues and to participate in the dialogue.

The dialogue sought to promote co-operation among stakeholders in the water sector; broader thinking on water related issues; and the sharing of knowledge and experiences. Various issues for possible collective action that could involve Sasol were also identified.*

Together with Eskom, Sasol is investing in the Vaal River eastern sub-system augmentation project (VRESAP). This R3 billion pipeline which is being constructed from the Vaal Dam to supply Sasol Synfuels and Eskom will improve the assurance of supply and enable future expansions.

Public policy

To assure its future water supply, Sasol is aligning its water demand with national strategic priorities, notably DWAF's Water for Sustainable Growth and Development (WfGD) initiative. To this end, particular attention will be paid to

infrastructure development and maintenance, water quality issues and water conservation.

Community engagement

Our approach to sustainability reporting involves a process of dialogue between stakeholders and the company. As such, the stakeholder water dialogue represented an engagement on the common sustainable development interest of water scarcity and management.


Transparency

Since publishing our first sustainable development report we had yet to engage in a significant dialogue on water. The recent water dialogue has been included as part of this year's sustainable development report and sets a guide for future reporting on matters related to water.

Way forward

As a result of our stakeholder engagement, we are now more aware of the current dilemmas with which our businesses are grappling concerning the sustainable and equitable use of water resources. This has enabled us to chart a roadmap for collective action towards sustainable and equitable water use both within our operations and beyond.

We are committed towards contributing to the DWAF process currently underway to critically review how water is being managed. We also commit to working with our industrial peers to share water management related best practices, knowledge and useful experiences.

A full version of the material issue on water can be found on: .

* These actions are documented in the GTZ Outcome Report of the Conference.

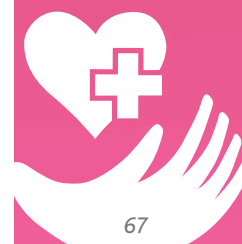
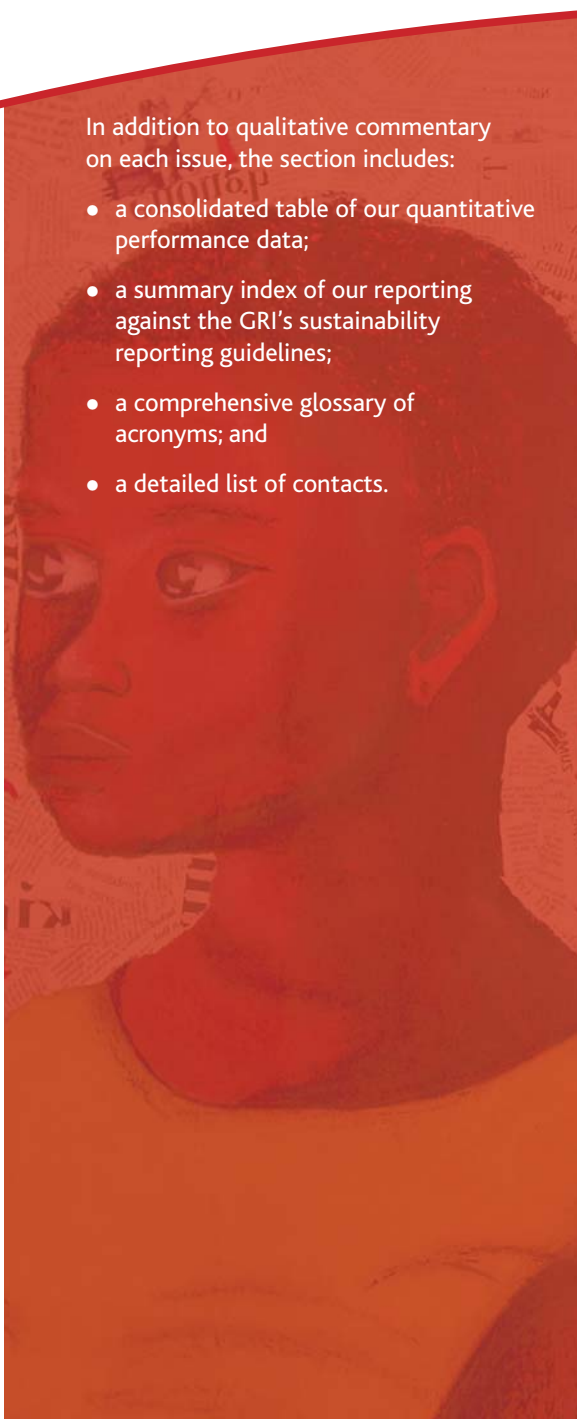
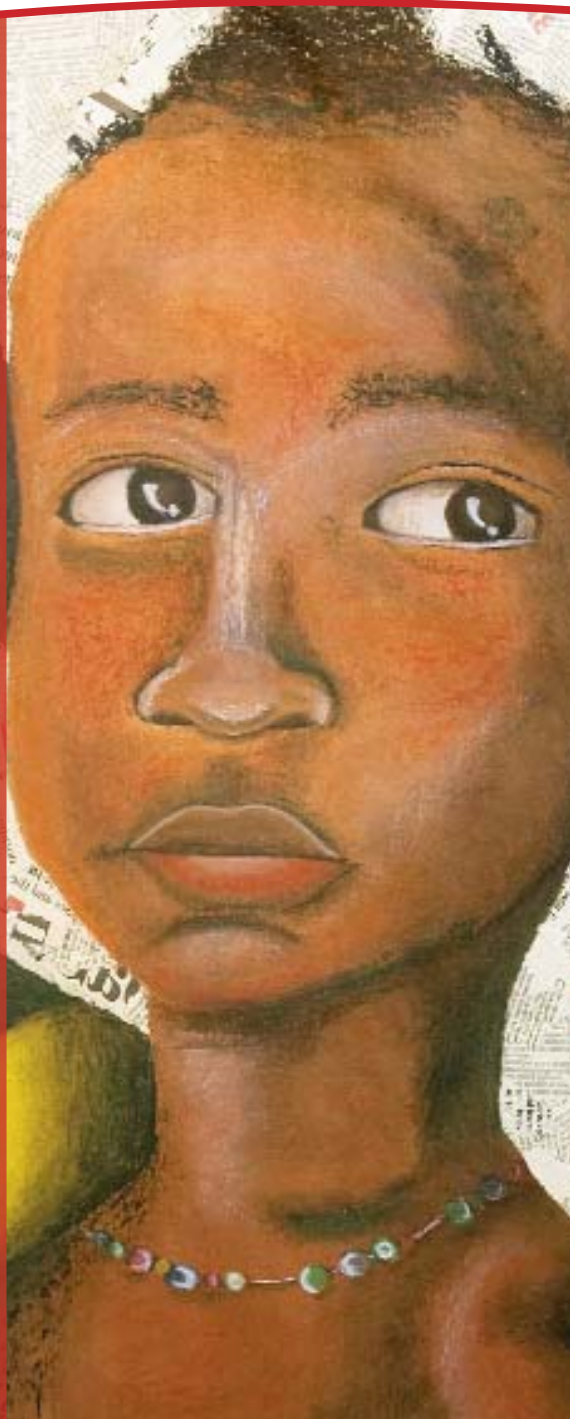
Section 4

our sustainability performance

This section of the report provides a brief review of our management activities and performance on our economic, social and environmental issues that relate to sustainable development. We do not, in this section, review our performance on our five most material issues – safety, climate change, skills development, black economic empowerment and water – as these are addressed in the previous section.

In addition to qualitative commentary on each issue, the section includes:

- a consolidated table of our quantitative performance data;
- a summary index of our reporting against the GRI's sustainability reporting guidelines;
- a comprehensive glossary of acronyms; and
- a detailed list of contacts.



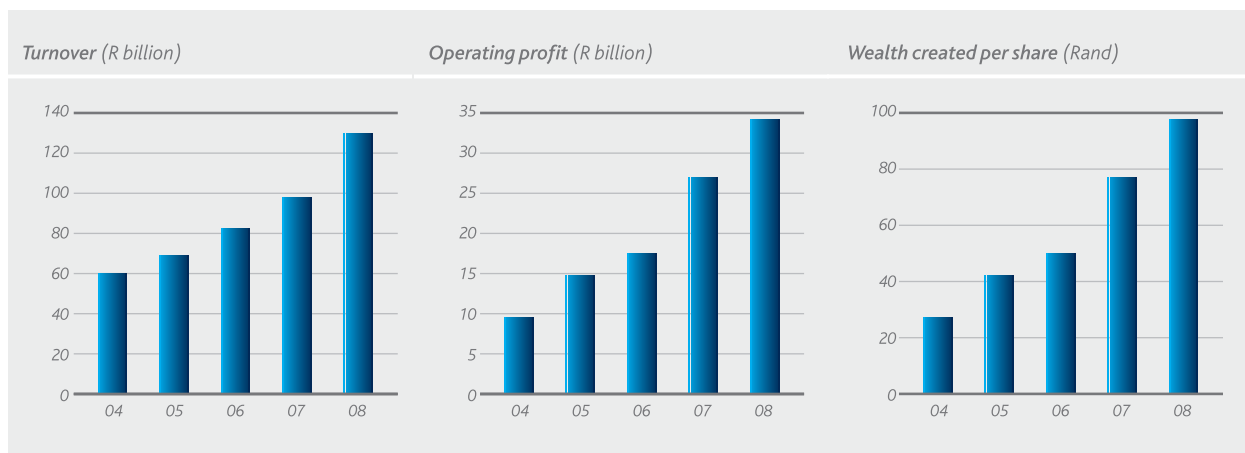
contributing to economic growth and development

Sasol is an integrated energy and chemical company with chemical manufacturing and marketing operations on four continents. We convert coal and gas into synthetic fuels and chemicals through our world-renowned, proprietary Fischer-Tropsch (FT) technology. We are one of South Africa's largest and most successful industrial companies, consistently producing attractive returns for shareholders, as well as providing substantial tax and other revenues to the governments of the countries in which we operate.

During our 2008 financial year, we increased group wealth creation by 27% from R43 billion to R54,4 billion. Of this amount, we distributed R14,4 billion (33%) to employees and R9,5 billion (22%) to governments in the form of taxes and related revenue. Our capital expenditure in the last year was R12 billion. We are planning capital expenditure of R70 billion over the next three years to June 2011 on expansion projects and viability studies.

Value added statement

| | 2005 | 2006 | 2007 | 2008 |
|----------------------------------|---------------|---------------|---------------|---------------|
| <i>for year ended 30 June</i> | <i>Rm</i> | <i>Rm</i> | <i>Rm</i> | <i>Rm</i> |
| Turnover | 69 239 | 82 395 | 98 127 | 129 943 |
| Purchased materials and services | (41 989) | (51 356) | (56 789) | (76 472) |
| Value added | 27 250 | 31 039 | 41 338 | 53 471 |
| Investment income | 333 | 475 | 1 230 | 989 |
| Wealth created | 27 583 | 31 514 | 42 568 | 54 460 |
| Employees | 8 8782 | 9 551 | 11 695 | 14 443 |
| Providers of equity capital | 2 966 | 3 836 | 5 133 | 6 877 |
| Providers of loan capital | 1 526 | 1 755 | 1 874 | 2 427 |
| Government | 4 326 | 6 620 | 6 793 | 9 521 |
| Reinvested in the group | 9 983 | 9 752 | 17 073 | 21 192 |
| Wealth distribution | 27 583 | 31 514 | 42 568 | 54 460 |





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Playing a key role in the South African economy

We are currently one of South Africa's largest corporate contributors to economic development. We contribute about 4,7% of South Africa's national annual gross domestic product. Sasol supplies about a third of the country's liquid fuel requirements and we are well positioned, both by being close to the country's industrial heartland and by virtue of our technological advantage and experience, to increase this contribution. In the year the board approved the first phase of a 4% Sasol Synfuels' expansion project to use gas supplied by Sasol Gas from Sasol Petroleum International's joint-venture gas fields in Mozambique. Our production of fuel saves the country more than R40 billion a year in foreign exchange as a result of not having to import finished liquid petroleum product, chemical feedstock, intermediates and final products.

On the basis of market capitalisation (R312 billion at year-end), we are a top six company on the JSE, and South Africa's largest locally domiciled company. We are the country's single largest industrial investor, as well as the country's largest chemical feedstock producer. During the 2008 financial year, our total capital investment amounted to around R11 billion of which R7 billion (64%) was invested in South Africa. Around R5 billion of our capital investment was on growth projects, while the balance was on enhancing existing facilities. In the last five years the cumulative income tax paid to the South African Treasury has exceeded R26 billion, making us the largest direct taxpayer in South Africa.

Just as the NYSE listing allowed a broader base of retail investors around the world to invest in Sasol, so Sasol Inzalo is giving a broader base of South Africans – including our employees, the black public and selected suppliers, retail

franchisees and trade union investment companies – a chance to share in Sasol's international growth. The deal involved 63 million shares valued at R25,9 billion, representing 10% of the group's share capital. The effective black ownership of Sasol's South African business is, however, 19,7%, as calculated in terms of the government's Codes of Good Practice for Broad-Based black economic empowerment. Further details on Sasol Inzalo can be found on page 58.

In light of the recent energy challenges in South Africa, Sasol is contributing constructively by reducing energy consumption through energy efficiency improvements. In the longer term, natural gas supplies from Mozambique will be used to generate more power at our Secunda site, substantially reducing our demand for Eskom power.

Our plans are also progressing on the possible development of another CTL facility in partnership with the South African government, called Project Mafutha. We have reached agreement in principle with the Industrial Development Corporation to jointly develop this CTL facility once its feasibility has been proven. The location for Project Mafutha is to be in the coal fields in Limpopo province.

A major technological advance in the year was the commissioning of Sasol Solvents' third-octene plant at Secunda, which employs first-of-a-kind technology to produce octene, used in the production of certain plastics.

The chemical cluster is also investigating opportunities to use additional feedstock, from the planned expansion of the South African energy cluster, to increase chemical production and is looking to develop growth opportunities based on technologies other than Fischer-Tropsch, by using conventional petrochemical feed streams.

1 Celebrating five years of Sasol's listing on the New York Stock Exchange

2 The central processing facility at Temane, Mozambique

3 Sasol supplies about a third of South Africa's liquid fuel needs

contributing to economic growth and development continued

In the words of Pat Davies, Sasol chief executive: *“Our robust financial performance together with continued progress in our capital projects and a strong focus on operational performance will ensure sustainable future growth for all our stakeholders. The implementation of the Sasol Inzalo BEE deal, which will contribute to sustainable skills development for Sasol and South Africa has been a major highlight for the year.”*

Contributing to economic development in Africa

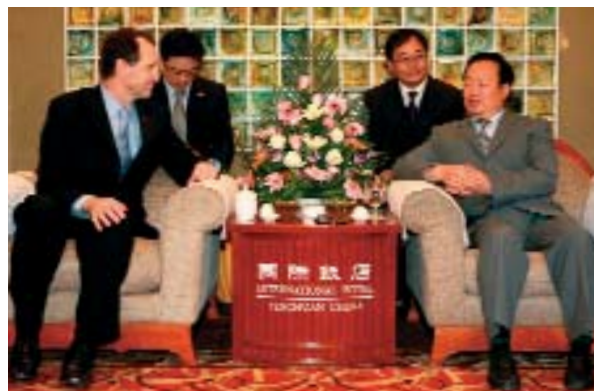
Approximately 60% of Sasol's planned R70 billion capital expenditure over the next three years is to be spent in southern Africa.

Together with our partners, Companhia Moçambicana de Hidrocarbonetos SARL and the International Finance Corporation, in May we achieved a new monthly production record of more than 10 million gigajoules (MGJ) of natural gas from Temane. In Mozambique, we are making good progress to increase production, with the construction of the flow lines to link the Pande wells to the central processing facility (CPF) nearing completion. The first flow of Pande gas is set to reach the CPF by mid 2009. This expansion is key to supplying Sasol Synfuels with the gas needed for its first phase of planned capacity expansion at Secunda. Rompco, which owns the pipeline to Secunda, is currently increasing its capacity by adding a new compressor station at Komatipoort to enable additional gas delivery.

Exploration for additional gas in Mozambique shows promise and various expansion options are under consideration, with offshore exploration drilling set to commence early in the new financial year. Additional onshore exploration areas have also recently been secured, the technical evaluation of which will commence in due course. We rigorously apply world standards for environmental protection in our exploration, development and production activities and continue to invest in social development in the communities in which we operate (further details available on pages 24 and 87).

In West Africa, we continued to work towards optimising our strategic oil portfolio. In our drive to sustain output from the declining Etame field, off the Gabon coast, we increased output from the Avouma satellite field. This resulted in a new production record of around 22 500 barrels per day (b/d) of crude oil up from 18 250 b/d a year earlier. Another satellite field, Ebouri, is being developed to come on line in the new financial year. We are also carrying out further optimisation activities in the Etame licence area to increase oil reserves.

In Nigeria, as a minority shareholder, we continued exploration and appraisal work in our deep-water licences. With our partners, we expect to produce our first Nigerian oil in 2013. Together



Pat Davies, CE of Sasol and Chen Jianguo, Party Secretary of Ningxia Hui Autonomous Region of PR China, where Sasol and its Chinese partner, Shenhua Ningxia Coal Group are undertaking a feasibility study into a CTL project

with Chevron and the Nigerian National Petroleum Corporation, Sasol has continued with the construction of the EGTL plant. However, the increased capital cost, and the delayed project completion, along with other factors, have impacted the economics of the project. Sasol has therefore negotiated to sell down its interest in EGTL to 10%.

Growing our international base

In April 2008, we celebrated the five year anniversary of Sasol's listing on the New York Stock Exchange (NYSE).

Sasol has continued to record world firsts in its development of new technologies and in product innovation. In the last year, product innovation included the international accreditation of fully synthetic jet fuel. We consider this a major step in introducing a viable alternative transportation fuel into the global energy mix and in demonstrating the potential of our synthetic fuels in a world seeking energy security.

In the past year, the group made strong progress in commercialising its technological advantage. We are investigating the feasibility of a CTL plant in China, and exploring opportunities for similar projects in India. In June Sasol Limited held a board meeting in Beijing to show support and commitment to Sasol's CTL growth ambitions in China. We have made the decision with Shenhua Ningxia Coal Group and the Chinese government to focus our full attention in China on the 80 000 barrels per day CTL feasibility study in the Ningxia Hui Autonomous Region. A budget of US\$140 million has been set for the feasibility study, the results of which are expected in 2010. Alignment with strict environmental standards constitutes a fundamental part of this study, which is the first of its kind undertaken by Sasol outside South Africa.

The last year saw the establishment of a partnership with the Tata Group to evaluate CTL opportunities in India. Sasol Synfuels International, in cooperation with Tata Group, has applied for long-term access to a number of coal blocks. If successful, we will conduct a pre-feasibility study to evaluate the prospects for a CTL facility.

Another milestone was the significant improvement in the performance, production ramp-up and profitability of Oryx GTL in Qatar, which produced 22 000 barrels per day by June 2008. By optimising this pioneering facility we have created significantly more interest in our lower-temperature Fischer-Tropsch (FT) technology, the Sasol Slurry Phase Distillate™ process. We remain committed to securing additional natural gas reserves to feed the development of other GTL facilities, as well as to investigate opportunities to expand Oryx.

Further success in exporting our expertise is highlighted through the start-up in the Middle East of Arya Sasol's ethane cracker that will supply ethylene to the joint venture's two new polymers plants. Consolidation at Sasol Wax this past year cemented Sasol's position as the world's leading supplier of wax.

On the Asia-Pacific front, in our quest to find additional natural resources, Sasol Petroleum International (SPI) has recently obtained a 51% working interest in four hydrocarbon prospecting

licences covering a land area of 37 000 km², close to established gas fields in Papua New Guinea. Seismic surveying is scheduled to commence in 2008. At the same time, SPI has acquired a 30% working interest in a licence in the Northwest Shelf, offshore Australia, for which final government approval is awaited.

In support of our growth ambitions, SSI is enhancing its capacity to produce Sasol's proprietary cobalt-based FT catalyst. During the year, in co-operation with BASF, we commissioned and brought into beneficial operation a second cobalt catalyst plant at De Meern in the Netherlands.

Sasol continues to assess various GTL and CTL opportunities in a number of countries. The focus remains on the potential to roll out our proven CTL technology in China, India and the USA, which together hold the bulk of the world's coal reserves.

"Higher product prices together with higher volumes and a focus on cost containment have enabled the company to deliver superior returns to our shareholders. Improved cash flows have sustained a healthy balance sheet positioning the company well for future growth amidst uncertain credit markets."

Christine Ramon, chief financial officer



Oryx GTL in Qatar achieved a significant improvement in performance, production ramp-up and profitability



contributing to economic growth and development continued

A focus on Mozambique

Interview with Mateus Zimba – Country Manager Sasol Mozambique



Has Sasol's investment in Mozambique been a success?

In many respects, Sasol's investment in Mozambique is a good news story. It is the first large hydrocarbon project in this country; it monetises these resources for Mozambique and puts the country back on the world map as a hydrocarbon producer.

As the first player in the region, Sasol has faced some significant challenges. We face the challenge of finding a balance between what we believe is good for the company and what is good for the country. This balance is not easy as we are dealing with perceptions and expectations.

To make sure that our success here is sustainable, we need to continue to contribute in the right way. We need to engage effectively with stakeholders from two perspectives: from the business side we need to develop and maintain our partnerships with government and with the business and investment community, while from the community side, we need to again engage with government, but with a focus on social (rather than financial) returns. Managing environmental concerns also becomes extremely sensitive especially when touching areas such as the Bazaruto Archipelago.

There does not need to be a conflict between social and economic returns; we need to manage both to be successful. I believe that we are being successful, because the Sasol group has a strong social drive and strong guidelines. But we need to establish and maintain a constant presence in the community through effective communication. I believe that through our community liaison officers we are keeping our ears and eyes on the ground.

What do you see as the priority sustainability challenges facing Sasol in the region?

Ensuring sustainable development in the region presents us with at least three significant challenges. Firstly, we are dealing with managing Sasol's country legacy in Mozambique. As we expand our operations, we will face challenges in terms of managing the sensitive natural environment in which we will be operating. This is particularly the case when our exploration activities are being undertaken adjacent to the sensitive Bazaruto Archipelago.

Localisation and skills development is another critical challenge that we need to address properly if we are to

continue to grow sustainably. I believe we should have a much higher local content in terms of staff - an issue that we could have planned for better from the design stage of the project.

Our third challenge is on the social front. We have a very low development base in the region in which we operate. It is not easy to effectively manage our social investments with limited skills. It is not simply about writing a cheque; we need to be there to monitor the impacts of our investments, and to engage with the affected stakeholders to ensure that we are meeting the real needs of the community.

On what does Sasol focus its social development funds?

We have recognised the need to shift from a predominant focus on infrastructure development. Recently, for example, we went through an aggressive programme to deliver computers to primary and secondary schools and we began to implement HIV/Aids initiatives and other non-infrastructure projects. While we believe that it is still important to focus on meeting basic needs – including ensuring improved access to electricity and water – we recognise that we can be more strategic in our social investment activities.

How are you planning to address the challenge relating to localisation?

We are making significant investments in a skills development programme, including funding the development of the Mabote Vocational Training School in Inhambane province. We have agreements with some of the local universities, we are recruiting more aggressively from schools and universities, and we are developing a training and bursary programme.

Our commitment to localisation is not about ensuring that 100% of our management and staff are Mozambicans. Sasol is a global company with many operations internationally; our goal is, therefore, to ensure that we Mozambicans have opportunities throughout the Sasol group globally.

What is your view on the economic impacts of Sasol's operations?

When we put this project together and negotiated the terms with government, the world economy was different. Following our initial investment, there is now a local market and a great deal more interest and excitement about the potential for natural gas than there was when we started. If the reserves are big enough, there may be scope for a GTL plant here in Mozambique. To renew our licence, we need to ensure fair and equitable commercial arrangements with the Mozambican government and our Mozambican partners.

investing in our human resources

Sasol's people philosophy is to build a sustainable and adaptive organisation of talented, diverse, competent and inspired people who face the future with confidence. We have a human resource functional core, headed by executive director Nolitha Fakude, which consists of all human resource group functions, viz learning and development, sourcing and planning, transformation, remuneration and benefits and employee relations. The functional core is responsible for shaping human resource strategies and policies, which are then operationalised by the human resource managers in the business units.

We have mapped out our talent pipeline to identify priority areas for intervention with regards to skills attraction and retention. Our corporate development programmes are being re-evaluated to place further emphasis on career development plans, bursary schemes, our accelerated leadership programme and rotation schemes.

At year end, Sasol had a total of 34 157 employees in our global operations. This comprises 26 355 permanent employees and 3 084 non-permanent employees in our South African companies, and 4 609 permanent and 109 non-permanent employees in our international companies. In our joint ventures, we have 82 Sasol secondees, 144 local Sasol employees and three non-permanent employees. Net employment creation for the year was 2 316 (excluding joint ventures).

Our employee turnover rate for the year in our South African operations was 8,02%, comprising 5,57% voluntary turnover and 2,45% involuntary turnover. The employee turnover rate for the year in our international companies was 7,0%, comprising 4,4% voluntary turnover and 2,6% involuntary turnover.

Turnover (permanent employees)

| Nature of action | Total | % of leavers |
|------------------------|-------|--------------|
| Voluntary | | |
| Resignation | 1 557 | 65 |
| Involuntary | | |
| Dismissal | 154 | 6 |
| Retirement | 350 | 15 |
| Death | 214 | 9 |
| Retrenchment (medical) | 43 | 2 |
| Retrenchment (normal) | 78 | 3 |

Attracting, developing and retaining talent

The Sasol employee value proposition provides the framework for attracting, developing and retaining talent and comprises five elements, each of which is supported by various initiatives in various stages of implementation:

- **Reward and benefits:** We offer competitive and flexible remuneration and benefits.
- **Opportunities:** We offer dynamic careers with professional growth and development opportunities.
- **Direct management:** Supervision inspires every individual to perform to their full potential.
- **Work:** We provide work that is interesting and meaningful and an environment that encourages team work and productivity.
- **Organisation and leadership:** We are creating and sustaining a values-driven organisational culture which encourages diversity and inclusion.

Our skills development work and performance is discussed in detail in the material issues section on page 54.

"The people who see the opportunity will make a difference to the broader world and will be the people who will make initiatives work."

Nolitha Fakude, executive director



Sasol Germany's job and family programme

Sasol Germany's Brunsbüttel plant has been certified with the "berufundfamilie" ("job and family"), a programme focused on promoting the interests of families. As part of this programme, a photographic competition was run to highlight and encourage fathers to actively pursue their role as a parent.

contributing to economic growth and development continued

Baltimore plant shut-down

Every successful restructuring effort requires that difficult decisions be made. Such was the case with the restructuring of Sasol's Olefins & Surfactants division as it related to Sasol North America's manufacturing facility in Baltimore, Maryland.

When the decision was made to shut down the facility in mid 2007 the economic benefits were clear. The facility manufactured LAB, a commodity chemical in a depressed market with much competition. However, shutting down a chemical plant brings many challenges, including environmental cleanup and impact to personnel. The environmental challenge was met head-on by Sasol management. While there will be on-going regulatory requirements associated with this site for years to come, all the equipment has been safely decontaminated and removed from service.

The impact to personnel was similarly challenging and more personal. Many of the employees had years of service with the company and would soon be without employment. To aid employees through this transition, Sasol North America sought opportunities to transfer employees to the Lake Charles Chemical Complex. Few employees were interested in the transfer option, leaving approximately 50 workers who would be displaced. To assist these employees with finding comparable work in the area, the company solicited assistance from the Maryland Department of Labour and third-party service providers. In addition to the job placement assistance, the company provided severance pay, which alleviated some of the monetary concerns for employees associated with the plant closure.

As a result of this tough decision and the way in which it was handled, the company has not only recognised better profits, but the personnel issues were addressed in a fair and responsible manner.

Encouraging positive labour relations

Our approach to employee relations is about giving employees a voice within the group. As a signatory to the United Nations Global Compact, we uphold the principles of the International Labour Organisation (ILO) and endeavour, at all times, to maintain fair, open and constructive relations with all employees and, within the legal framework of the countries in which we operate.

In South Africa, a lot of effort has gone into building and sustaining partnerships with employee representative stakeholders (CEPPWAWU, SACWU, Solidarity and UPUSA). Joint forums between trade unions and management are held to encourage constructive dialogue. These forums discuss issues such as wages, conditions of employment, health and safety, training and development, community care and HIV/Aids. Representative unions and pensioners are represented on our medical scheme board and senior employees serve on the boards of union retirement funds.

The four recognised trade union stakeholders represent 52% of our South African employees. Internationally, whilst the picture varies from jurisdiction to jurisdiction, more than 60% of employees are covered by collective bargaining agreements. During the year, 25 388 employee days were lost due to industrial action, mostly in Sasol Mining.



Sasol retail convenience centre employees

enhancing employee wellbeing

The vision of our wellness programme is for Sasol's employees to operate in a healthy, energised and engaged manner, contributing to the success of the company. To this end, we aim to build and nurture a healthy and caring culture by placing employee wellness at the core of what we do.

We have developed a wellness strategy to:

- enhance individual productivity by contributing positively to work-life balance;
- live the Sasol values;
- proactively manage and reduce the health risk of our people by providing access to quality healthcare dispensation; and
- educate, inform and empower employees to take responsibility pertaining to their own health and wellbeing.

The guiding principles of the strategy include the need for programmes to be accessible to all stakeholders; to take cognisance of the diversity within Sasol; to be compliant with all relevant legislation, and to integrate healthcare dispensation. The employee assistance programme (EAP) focuses on the psychosocial health of our employees and their dependants. While the programme utilisation has decreased from 9,6% for the period ended June 2007 to 9,1% for the period ended June 2008, the provision of face to face solution-focused counselling is still well utilised, reflecting the employees' needs and their confidence in the EAP services. The implementation of on-site EAP services in Rosebank, Sasolburg and Secunda has resulted in a significant increase in the use of the service by these business units. The challenge for future success lies within the integration of the EAP with current Sasol wellness initiatives and business processes which strive to enhance employee health.

Within wellness, Sasol focuses on two key areas: HIV/Aids and occupational health, which are discussed in further detail.

Managing HIV/Aids

Our integrated Sasol HIV/Aids Response Programme (SHARP), launched in September 2004, focuses on reducing the rate of HIV infection throughout our Southern African operations and extending the quality of life of HIV-infected employees by providing managed healthcare. Businesses, trade unions, community representatives and independent experts all contributed to the design of SHARP.

The priorities of SHARP are to:

- provide support and services to HIV-infected employees and their families with the purpose of improving quality of life;
- prevent new infections through awareness, education, access to testing, counselling and treatment.

HIV/Aids awareness and education are key elements of the prevention and care strategy. We implement a targeted multimedia approach using print and electronic media, face to face or group activities to drive education. Printed material is developed to promote ongoing education within the workplace and community. Employees have access to information, support and referral resources on the intranet. Awareness sessions are ongoing and are held during induction training, safety briefing sessions, wellness days and other training opportunities.

We run two formal education programmes: (registered with the Chemical Industries Education and Training Authority) ie. the peer education programme to train employees in the provision of support for awareness activities at sites; and the leadership training to help leadership focus on the challenges of addressing HIV in the workplace and understanding the policies in relation to supporting HIV-infected or affected employees.

We have committed to assuring access to voluntary counselling, testing, and treatment (VCT) in the workplace. We have not conducted group-wide VCT drives since 2005 – which revealed an incidence rate of 7,1% based on 82% uptake of testing – and have instead focused on ensuring access to testing through:

- increasing awareness of testing and encouraging testing through community and medical aid resources;
- offering VCT at wellness days; and
- offering VCT at occupational health clinics eg. Sasol Mining.

On the treatment side, the Sasol HIV/Aids policy commits to providing access to anti-retroviral therapy. Early diagnosis and wellness is a key element of SHARP. All Sasol employees have access to medical aid schemes through which they access healthcare and, in particular, anti-retroviral therapy. Anti-retroviral therapy is available through the public healthcare facilities in the community.



enhancing employee wellbeing continued

Our anti-retroviral treatment (ART) statistics are as follows:

| Treatment programme | Registrations on wellness programme | Patients on ART |
|---|-------------------------------------|-----------------|
| Aid for Aids – Sasolmed | 860 | 640 |
| Thebemed | 774 | 342 |
| Sasol Mining Medical Centre – Sasolburg | 44 | 35 |

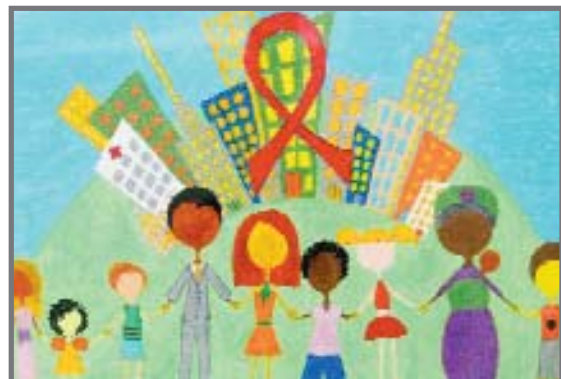
All employees and their households have access to free, confidential, multi-lingual face to face and telephonic counselling through the employee assistance programme. We also operate community programmes to support communities near our operations that are most vulnerable to the HIV/Aids epidemic further details of which can be seen on: [vii](#).

We have run a pilot contractor programme at our Secunda operations to build the capacity of the supply chain to address HIV/Aids within their organisations. It focuses on encouraging non-discrimination and fundamental behaviour change, to promote early diagnosis and referral for treatment and on reducing the impact of HIV/Aids on the businesses and their people. A referral resource list was compiled with details of the testing, treatment, counselling and care resources in the community. In addition to this, we have provided our contractors in Secunda with access to all our HIV/Aids education portals. The education and voluntary counselling and testing (eVCT) programme, which is fully funded by Sasol, has commenced. We are currently planning the rollout of the programme to other sites.

We continue to offer HIV/Aids education programmes; materials and a referral database of community-based testing, counselling and treatment resources to our Sasol Oil retail network of Sasol and Exel service stations.

Taking the dialogue home

To encourage Sasol employees to address HIV/Aids in their homes and communities, we ran a poster competition for the children of Sasol employees during World Aids Day 2007 entitled "How can I make a difference?"



Addressing occupational health issues

We have not reported extensively on occupational health in past sustainable development reports. We do, however, see this as an emerging field and have identified occupational health as an opportunity to improve the wellbeing and happiness of our employees.

Our occupational health management is resourced by eight doctors and 81 nurses, radiographers, pharmacists, paramedics, occupational therapists and administrative staff at various sites. For example at Secunda, services are provided through a centralised medical centre and fourteen clinics at the mine shafts, and clinics at Synfuels and at Sasol Nitro. Services are provided to both employees and service providers.

Our approach is based on the requirements of the Mine Health and Safety Act and the Occupational Health and Safety Act and is therefore focused on risk-based surveillance so as to be proactive in our occupational health management.

Our approach to occupational health is integrated with the employee wellness programme and includes:

- base line analysis and understanding the occupational health issues;
- promoting employee wellbeing and healthy living;
- preventing illness in the workplace;
- monitoring illness to identify and track health problems and fitness for work issues at an early stage;
- managing illnesses that are detected;
- formulating rehabilitation programmes or return to work strategies; and
- managing compensation claims and payments for disabilities caused in the workplace.

Our policy on occupational health is incorporated within the company's SH&E policy. The SH&E Centre collates the occupational health statistics from the business units, which are reported to SH&E governance meetings.

The illnesses that are recorded in the group are included in the Recordable Case Rate (RCR) statistics and hence the targets we set ourselves for safety are influenced by our worker health performance. About 13% of the RCR is presently attributable to illnesses.

We offer pre-employment health assessments to ensure that people are not placed in positions that will damage their health. The company takes a preventative approach to averting potential hazards, an example is our asbestos phase-out programme instigated in 2001. The use of personal protective equipment (PPE) is seen as a last resort to prevent illnesses.

We undertake medical surveillance on all risk-exposed workers, and injuries on duty are diagnosed, treated and followed up until they have healed. First aid equipment and trained personnel are available to render assistance in the event of incidents. Sites also use emergency response service providers, for example, ambulance services.

On the compensation side, in South Africa a report is compiled and submitted annually to the Compensation Commissioner in terms of the Compensation for Occupational Illnesses and Diseases Act (COIDA) for non-mining illnesses, and the Medical Bureau for Occupational Diseases (MBOD) in terms of the Occupational Diseases in Mines and Works Act (ODMWA) for mining and related coal handling cases. COIDA and MBOD investigate each case to assess the work-related nature of the illness before compensation is triggered.

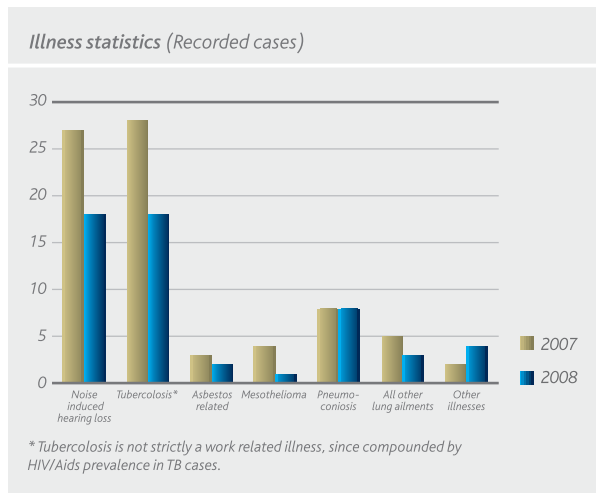
We undertake exit examinations on persons leaving the company and keep the medical information for 40 years after their departure.



The occupational health services we provide can be summarised as follows:

| | Health checks | Education | Counselling | Prevention | Treatment | Return to work programmes |
|---------------------|---------------|-----------|-------------|------------|-----------|---------------------------|
| Employees | √ | √ | √ | √ | √ | √ |
| Employees' families | x | √ | √ | x | x | x |
| Service providers | √ | √ | √ | √ | √ | √ |

enhancing employee wellbeing continued



Performance

Analysis of the most prevalent illnesses is done quarterly.

The most common ailments are Noise Induced Hearing Loss (NIHL) and Tuberculosis (TB). We report NIHL cases where there has been more than a 10% loss in baseline hearing. In 2008 33% of illnesses were NIHL related. The number of cases decreased from 27 in 2007 to 18 in 2008. This is largely due to our efforts such as:

- Engineering out the sources of noise;
- Providing improved noise protection equipment for exposed workers;
- Monitoring compliance of protective equipment usage;
- Regular monitoring of hearing to ensure early detection of deterioration.

Tuberculosis also represents 33% of reported illnesses. Tuberculosis statistics need to be seen in the context of the growing number of tuberculosis cases recorded nationally, with the problem being compounded by the prevalence of HIV/Aids, noting that 90% of diagnosed TB cases are HIV/Aids related. The cases of TB decreased from 27 in 2007 to 18 in 2008.

Our efforts pertaining to TB include:

- Early diagnosis;
- Education about the disease and the need for treatment. Once a patient has been diagnosed with TB their treatment is monitored to ensure that it is not stopped prematurely. This minimises the development of drug-resistant strains of the disease. We use the WHO-based Directly Observed Therapy (DOTS) to promote adherence to treatment;
- Encouragement of TB-affected employees to test for HIV; and
- Isolation of infectious cases.

upholding ethics and ensuring human rights

Upholding ethics

Our code of ethics has four fundamental principles – responsibility, honesty, fairness and respect – and fifteen standards. These standards cover such issues as bribery and corruption, fraud, insider trading, human rights and discrimination. We have a group ethics office which co-ordinates ethics activities and provides support to the ethics forum. The ethics forum, made up of ethics officers from Sasol business units, monitors and reports on ethics best practice and compliance requirements, and recommends amendments to the code and guide.

We undertook an employee survey in late 2007, which helped us to review our approach to ethics. We have elevated the profile of the trained ethics officers, whose role is to institutionalise ethics within the business units. We also launched a group-wide communication campaign to reinforce the accountability that every employee has in behaving ethically.

A focus for next year will be on anti-corruption, with training being provided to all ethics officers to support them in answering queries, identifying corrupt practices and training others in anti-corruption.

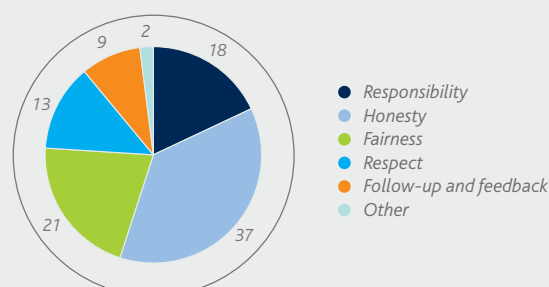
We operate independent and well-supported ethics reporting telephone lines in six countries. These provide stakeholders with a facility to which unethical behaviour can be safely reported. Our forensics team investigates all reported economic crimes.

When working with contractors and suppliers, we provide our code of ethics and include this code in their contract. We are planning to undertake a more deliberate stakeholder engagement programme with our suppliers and contractors.

“Ethics is about knowing what the right thing is to do and then having the courage to do it.”

Pat Davies, Sasol chief executive

Breakdown of ethics hotline calls
(Categorised by non-observance of the four pillars of the ethics code, with ‘follow-up and feedback’ being related to follow-up of the ethics calls received.) (%)



Respecting human rights

Sasol supports and respects human rights as contained in the Constitution of the Republic of South Africa and the UN Global Compact, and has incorporated these principles into Sasol's guide to the code of ethics, labour relations policies, SH&E policies, and corporate social responsibility policies. Employees are trained and made aware of these policies.

Sasol endeavours to encourage and facilitate human rights in the countries in which it operates by following a risk mitigation approach and establishing training and education programmes.

The group risk, compliance and ethics management team oversees the UNGC co-ordination efforts, is responsible for ensuring practical compliance with human rights principles and develops a more structured response to human rights. Further plans to roll out a practical and effective company-wide human rights management system and a policy to enhance compliance, training and awareness are receiving attention and will remain a significant priority (refer to the five elements in the box below).

Sasol is currently working closely with the National Business Initiative (NBI), the focal point for the United Nations Global Compact in South Africa, in order to effectively implement the South African Human Rights Compliance Assessment tool (HRCA-SA). This tool was developed to detect potential human rights risks and opportunities in order for companies to frame a more practical discussion on human rights issues for business and how companies can minimise associated risks and promote best practice.

Sasol also recommitted itself to the values embodied in the Universal Declaration of Human Rights as part of the Declaration's 60th anniversary in 2008. Sasol believes that these values bind us into a common humanity free from barriers of colour, gender, language, religion and creed. Given our experience with racism and other forms of exclusion within South Africa in the recent and more distant past, we are acutely aware of the need for such common values. We need to ensure that, wherever we are in the world, we uphold these universal values, embodied within our own Sasol values, by treating all our stakeholders with respect and dignity.

Human rights issues are being further integrated into compliance and ethics approaches across the company. We have assigned human rights champions who will provide a more focused approach to human rights issues and training.



upholding ethics and ensuring human rights continued

The five elements of human rights efforts at Sasol:

- Providing human rights awareness and training programmes.
- Integrating human rights issues more formally in project and country risk assessments.
- Further integrating human rights concerns in company policies and procedures.
- Consulting and communicating on human rights issues. This is achieved through focus groups, case studies, and publications such as the Annual Review, Sustainable Development Report, and an employee newspaper.
- Developing monitoring and assurance mechanisms.



External stakeholder comment on Sasol's position on human rights

As a global company, Sasol is challenged to comply with domestic and international regulations and principles on human rights. At the South African level it supports the South African constitution, whilst at the international level recognises the United Nations Global Compact. Sasol is operating in jurisdictions where the reputation of companies and governments has been attacked on the basis of human rights violations. It is becoming increasingly evident that companies are required to integrate human rights issues into their business practices to maintain not only reputation but also performance. This is an expectation beyond compliance with legal regimes, but also of investors, international and national non governmental organisations, trade unions and communities impacted by companies. The question, therefore, is to what extent does Sasol demonstrate performance on human rights?

Through their Human Rights statement Sasol has demonstrated high level policy-based corporate commitment to the international human rights framework through efforts to respect, promote and protect human rights. A key challenge for Sasol is that the South African Bill of Rights can be applied horizontally to include business, requiring Sasol to engage to a higher degree with its human rights obligations. This type of application of international

human rights law in domestic legislation is rare, therefore Sasol may not have to meet similar legal obligations in other countries where it operates. Sasol will need to better demonstrate how it adheres to and interacts with domestic and international legislation in all areas of its operations globally, particularly in countries of weak governance. The commitment to promoting human rights is espoused though the application of a plethora of rights-based corporate policies, including provisions for labour, health and safety and the environment. Sasol has clearly demonstrated that its policy-based promotion of human rights is reflected through practical training for all employees.

However, at present Sasol does not have an overt human rights policy and instead outlines its commitment to human rights within an established code of ethics. In order to provide global stakeholders with a clear and concise indication of human rights policy, Sasol should consider developing a stand alone policy which defines Sasol's commitment, and its policy for practically implementing that commitment.

Sasol's commitment to the protection of human rights is illustrated by its intentions to embed human rights analysis into in-country risk assessment, ensure close liaison with

External stakeholder comment on Sasol's position on human rights continued

the UN Global Compact, the National Business Initiative (a South African organisation) and through developing integrated management structures which seek to ensure that the Sasol engagement with human rights goes beyond what they refer to as "compliance" through monitoring and assurance (group risk, compliance and ethics management team). Good practice suggests that companies should consider how specific human rights issues in their operating environments are considered material to the business and develop appropriate mitigation strategies, beyond a generic commitment to principles of human rights. It is not evident that issues such as the use of security forces are considered within the policies of Sasol.

Sasol overtly references the relationships which it has developed with key South African and international civil society organisations in engaging on human rights. However, greater emphasis needs to be placed on Sasol's relationship with governments as the chief duty bearers of rights in any country globally.

Sasol highlights their need to prevent complicity in human rights abuses either directly or indirectly. This will be a significant challenge for Sasol to ensure public accountability, especially in countries where it might be a business risk to do so.

Sasol has made initial progress at the policy and training levels to incorporate the principles and values which

underpin sound and sustainable engagement with human rights. Future human rights statements could consider:

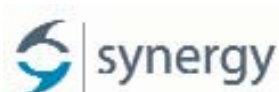
- The context specific nature of Sasol's global engagement with human rights;
- Inclusion of explicit information on how this is undertaken at an operational level;
- Description of Sasol's multi stakeholder approach (including government) to human rights engagement; and
- Demonstration of its commitments to effective grievance mechanisms and supporting access to other dispute resolution processes, and supporting the effective rule of law where they operate.

Thank you for the opportunity to comment on the Sasol statement on human rights.

Paul Kapelus

10 September 2008

(Paul Kapelus is a director of Synergy Global Consulting and co-founder of the African Institute of Corporate Citizenship. He has been working in the extractive sector in Africa for 20 years on social issues. Areas of work include social impact assessments, human rights investigations, resettlement planning, stakeholder engagement, social planning and dispute resolution. Synergy works with companies to help manage their interactions with society and works on projects in Europe, Africa, Middle East, North America and South East Asia.)



addressing environmental concerns at our operations

Moving towards cleaner production

Sasol is South Africa's largest private-sector investor in research and development. While our research capabilities have most commonly been showcased through our research into catalysts and process-development breakthroughs to support our growing gas-to-liquids (GTL) and coal-to-liquids (CTL) ambitions, we are also realising significant benefits from our investments in research to develop cleaner, more efficient production processes, and to retrofit existing facilities. To this end, we allocate a significant part of our R&D investment – 10% of our annual R600 million research budget – to define impacts and risks, to anticipate, prevent and find solutions to environmental problems, and to support future growth ambitions. This includes running in-house research laboratories at our main South African operating hubs in Sasolburg and Secunda. Here, our research efforts focus on saving water and managing effluent, reducing greenhouse gas emissions and improving energy efficiencies, atmospheric chemistry and emission abatement, minimising waste, recycling, and ecosystem functioning.

We leverage our resources to greater effect by collaborating with local and international university research groups and other research institutions. We are co-operating with Eskom and jointly fund research into environmental issues of common interest. Sasol is investing a significant sum to investigate the application of clean technology design philosophies in new projects and initiatives. By incorporating clean production principles – including the precautionary principle – into our business development and implementation model, we have created a platform for greater environmental sustainability. Examples of cleaner production principles being implemented in our operations are illustrated in the pages that follow.

Ecological Project for Integrated Environmental Technology

Sasol Wax Germany has been a member of the UmweltPartnerschaft Hamburg (Environmental Partnership Hamburg) since 2003. One of the voluntary programmes run through this partnership is the "Ökoprofit", which Sasol Wax Germany successfully completed over the last twelve months. "Ökoprofit" stands for "Ecological Project for Integrated Environmental Technology" and was developed through co-operation between local government, the community and business.

The programme includes six audits and in-house consultations that yield recommendations around how a company can reduce its impact and save costs. Furthermore, companies can participate in workshops for information exchange and shared learning. The participation in Ökoprofit offers Sasol Wax another forum to better understand the interests and expectations of employees, and enables the exchange of information, experience, and best practice.



Sasol Wax Germany has been a member of the Environmental Partnership Hamburg since 2003



1



2



3



Targeting atmospheric pollutants

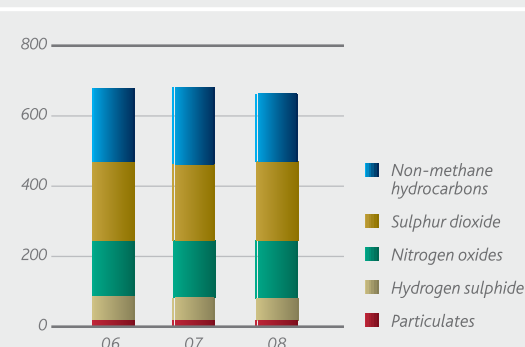
While progress has been made in reducing atmospheric emissions throughout the group, South African operations are being affected by the phasing in of the NEMA: Air Quality Act of 2004. Emission standards as well as ambient air quality standards are still to be promulgated. To expedite the setting of these standards, Sasol, representing the Chemical and Allied Industries' Association (CAIA), is assisting in the standards development.

In South Africa, the Vaal Triangle and Mpumalanga Highveld regions – where the majority of Sasol's operations are located – have been identified as priority areas with respect to air pollution. We have earmarked substantial investments at Sasolburg and Secunda for projects aimed at improving air quality over the next ten years. Air pollution reduction plans

Helping to reduce air pollution in communities

There is widespread use of coal for domestic space heating and cooking in Zamdela Township, Sasolburg. Domestic coal burning is characterised by emissions released where people are living and breathing, which have greater potential to cause severe health effects. The Basa Mama project, funded by Sasol and run in conjunction with the Nova Institute, was established to encourage domestic coal users to change from the conventional bottom-up method of igniting a coal fire to a more efficient top-down ignition method in both Sasolburg and Secunda. The top-down method reduces the quantity of coal used and the particulate emissions and results in a more efficient fire, less smoke and reduced health risks. We promote change through open demonstrations in public places.

Atmospheric emissions (kilotons)



are based on internationally accepted environmental and health standards, and will result in the phasing out of continuous flaring in Sasol. Leak detection and repair programmes (LDARs) are being implemented and will result in significant reductions in volatile organic compounds (VOCs) emissions.

Significant investments are being made to reduce hydrogen sulphide emissions from Secunda, and major capital projects are being investigated to further reduce emissions of oxides of sulphur and nitrogen from the boilers at Secunda and Sasolburg. A volatile organic compound (VOC) analysis laboratory has been commissioned at Sasol Technology R&D in Secunda, to support VOC quantification and reduction programmes. This laboratory has the capability to analyse VOC samples utilising internationally accredited analytical methods (US-EPA). Fence-line monitoring in Sasolburg has been established, and the data is currently being studied to understand the factors that influence fence-line pollution.

In Lake Charles (USA), we are again part of an authority-led initiative to monitor ambient air concentrations, in order to identify and address proactively major risks for community health in a proactive manner.

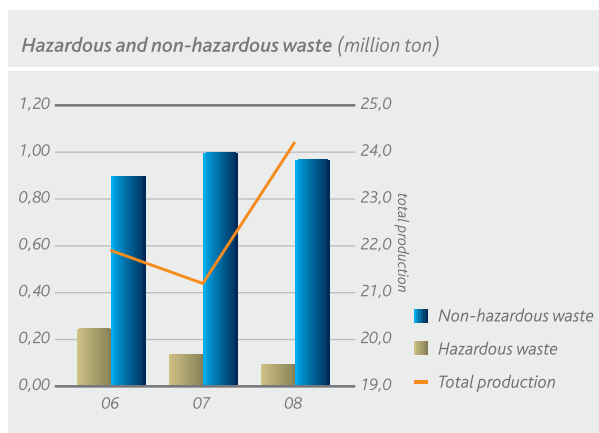
addressing environmental concerns at our operations continued

Working to minimise waste

In 2008, Sasol operations generated 96 kt of hazardous waste, representing a 30% decrease on the previous year. The decrease is largely due to significant reductions from Synfuels, which were achieved through removing blockages in SAS reactor cyclones – leading to reduced catalyst disposal, a reduction in the disposal of dry sulphur, a reduction in the disposal of sulphur slurry waste – achieved through better chemical balances on the sulphur plant resulting in continuous stable operation – and a reduction in gasliquour removal. Over the same period, we generated 980 kt of non-hazardous waste, 2% less than the 1 003 kt produced in 2007.

Our current challenge is that we deal with waste management with a tendency to focus on end-of-pipe solutions. We are, however, working to change this with cleaner production and pollution prevention principles being key elements of the SH&E minimum requirements. We adopt a systematic and hierarchical approach to Integrated Waste Management (IWM), which begins before the design stage. We also ensure that waste stewardship is practiced through the classification, storage, transport and use of waste.

We are developing a waste generation inventory, which includes ten years of historical data. Once the inventory has been developed, it will enable us to set waste minimisation targets for the group.



Taking into account the principles of cleaner production, the waste recycling facility (WRF) at Secunda is focused on waste minimisation, waste separation to enhance recycling and the sale of waste as a fuel, and the commissioning of a robust biological effluent treatment process.

The rehabilitation plan for the tar pits in Sasolburg is well underway and has gone beyond legal compliance, with

a reduction in waste disposal volumes from 21 372 tons in 2004 to 6 468 tons in 2007. Sasol Infrachem received a Mail & Guardian Greening the Environment merit award in the category “Companies and organisations with the most improved environment strategies” for this work.

We are investigating alternative options to waste disposal by landfill or encapsulation. Pyrolysis processes to treat hydrocarbon wastes, and alternative handling and treatment options for biosolids that are generated at Secunda. We are also in the advanced stages of evaluating a more efficient anaerobic digestion technology process for handling process effluents at Secunda.

Sasol Wax paraffin reclamation

In Germany, tankers are allowed to dispose of residues from their cargo tanks into the sea. Under certain conditions, paraffin residues may also be discharged into the ocean. These residues may then be washed up on beaches and in bays. There are currently no regulations to control this discharge, and so Sasol Wax seized the initiative to resolve the problem while creating a business opportunity.

Since 2004, all tank vessels that dock and unload at Sasol Wax are required to wash their empty cargo tanks with hot fresh water. This washing process removes paraffin residues on the inside of the tank, which Sasol Wax GmbH then collects. The wash water together with the residues is collected and the water and paraffin are separated. While the water component is purified in an effluent treatment plant and fed into the River Elbe, the recycled paraffin either enters the production process or is used to produce energy. Besides the ecological benefits of this initiative, the process provides a source of paraffin for Sasol Wax and saves disposal fees of shipping companies. Since 2004, this method has led to the recycling of more than 2 000 tons of wax, most of which would otherwise have been disposed of at sea.

Remediating our contaminated sites

As a result of our historical chemicals and fuels manufacturing activities, we have several areas where soil and/or groundwater have been contaminated. The risks of contaminated land is continuously considered and managed while the associated liabilities are included in risk assessment and reporting documentation. The significant risks associated with our South African operations have been identified.

The remediation of the mercury contamination at our Midlands site in Sasolburg is underway, with project completion expected in 2010 (see case study) and the remediation of the waste site at the Sasol One site has advanced significantly. Remediation projects are ongoing in our US operations at Lake Charles and Baltimore as well as the non-operating sites of Aberdeen, Jeffersontown, Oklahoma City and Mansfield. These activities are attributable to past operations conducted before Sasol acquired the sites and are covered by appropriate environmental indemnities.

The amount of land newly disturbed within the reporting period is extremely small, with the only greenfield construction activities being with pump stations on the Mozambique gas pipeline, and associated development work in Mozambique.

At 30 June 2008, we had a provision of R1 522 million at Sasol Synfuels for site remediation. At Sasol Mining R386 million was spent on mine decommissioning and closure, R347 million of which has been invested in a trust fund for mine closure and rehabilitation. There is ongoing interaction with the Department of Water Affairs and Forestry (DWAF) on the technical aspects of our remediation activities.

Cleaning up mercury contamination

Audits undertaken at the Midland site (Sasolburg) indicated that there were two likely areas of mercury contamination. These findings were based on the activities undertaken at the sites as well as interviews with personnel who were familiar with the plant activities. Studies in 2005 identified elemental mercury as the greatest concern, with its associated risk of human exposure through inhalation of mercury contaminated vapours. A number of remediation technologies were investigated, with excavation and disposal of the contaminated soil to Holfontein hazardous waste disposal facility in Gauteng being chosen as the preferred method. Residual contamination that will still emit vapours higher than the risk limit will be addressed using an alternative technology. Remediation work began in August 2006, with a project budget of R58 million, and will be completed by January 2010.

Managing land use and biodiversity

At the end of the 2008 financial year, 4 370 hectares (ha) of land were owned or leased by Sasol operations, specifically for production activities or extractive purposes. In addition, Sasol Mining occupies 32 227 ha of underground mining area, 1 284 ha of land for surface mining and in total has rehabilitated 1 659 ha. The total area of land dedicated for conservation and biodiversity purposes at the end of the reporting period amounted to 4 553 ha. While we are still working to assess the biodiversity of the habitats in land owned, leased or managed throughout the group, biodiversity issues are addressed formally in new projects through environmental impact assessments (EIAs) and in existing projects through environmental management programme reports (EMPRs). We take a holistic approach to managing biodiversity, considering the health of the ecosystem services in the area.

We have established nature reserves on Sasol-owned land in South Africa, which help us to conserve biodiversity and make these reserves accessible to the public to enjoy. See Sasolburg's SH&E brief on our website for further information. We invest part of our CSI budget in a number of conservation projects and initiatives. Our focus is to support existing NGO conservation structures, financially or otherwise, to promote conservation, with priority given to awareness raising and education. In the last year, there has been significant focus from the public and by the company on the biodiversity impacts of our operations in Mozambique. These are further discussed in the case study below.

Managing biodiversity in Mozambique

Our approach to managing biodiversity has been put to the greatest test in the context of our exploration activities in Mozambique, a country rich in biological diversity. The Sasol Natural Gas Project consists of the development and operation of onshore gas wells and a gas production facility at Temane in Mozambique and the transportation of gas by pipeline to customers in Mozambique and South Africa. We are expanding our Mozambique activities and are currently exploring offshore hydrocarbon deposits on the border of the Bazaruto Archipelago National Park (BANP). Adjacent is an overview of the management of our offshore exploration activities in Mozambique. An overview of the management of our onshore environmental impacts can be found on: 



addressing environmental concerns at our operations continued



1



2



3

Managing biodiversity in the Bazaruto archipelago

Established in 1971, the Bazaruto Archipelago National Park is a prime tourism venue that contains ecologically important coastal and marine habitats, including beaches and coastal mud flats, extensive mangrove forests, coral reefs and open waters that provide important breeding, nesting and foraging grounds for various species of marine turtles and marine mammals such as whales, dolphins and dugongs. The largest remaining viable population of dugongs in the Western Indian Ocean region is believed to occur in the Bazaruto Archipelago.

In the context of this sensitive ecosystem, ensuring effective environmental management of the impacts of our offshore exploration project has been a priority. Our activities here consist of conducting two-dimensional and three-dimensional seismic surveys followed by exploration drilling and well testing activities in an area totalling approximately 11 000 km². The concession blocks include both shallow-water and deep-water areas up to depths of 800 metres.

To identify the potential impacts of the exploration project we conducted a comprehensive external environmental and social impact assessment. During the scoping phase, the EIA team recommended that exploration activities in the shallow water be postponed until additional information could be sourced on the resident dugong population, the artisanal fishery and the extent and importance of the local tourism sector. We accepted this recommendation, and committed to postponing shallow-

water exploration activities until additional information had been obtained, and also agreed to undertake extensive baseline studies and effects monitoring over a twelve month period.

The results of the research concluded that the shallow-water area formed a critical habitat that supported the sensitive artisanal fishery and the threatened dugong population, and it was thus recommended that no exploration activities be undertaken in the shallow water area. The preliminary results of these studies were presented to the public in April 2008, with the final results as well as the comments from the independent peer reviewer being presented in June 2008. We have consequently decided not to pursue shallow-water exploration activities until such time as a strategic environmental assessment is conducted by the Mozambican government in respect of this area.

As part of our commitment to sustainable development in the region, we are currently exploring opportunities to contribute to the development of a Bazaruto conservation support programme (BCSP) based on a wide range of conservation efforts in and around the Bazaruto Archipelago. It is anticipated that this programme will build on existing related conservation activities in the area, and that it will be developed and implemented in partnership with key regional and national Mozambican agencies. The BCSP will place particular attention on the alignment of conservation and tourism activities in an existing diverse mosaic of land uses, giving particular attention to the importance of the conservation of the region's biodiversity and the improvement of the livelihoods of local communities.

"The drilling of exploration wells will take place in deep water, well away from the shallow environmentally sensitive waters of the Bazaruto Archipelago."

Lean Strauss, group general manager of Sasol's international energy cluster

investing in our communities

The vision of Sasol's corporate social investment (CSI) programme is to promote people-centred, needs-driven and sustainable development of communities. The CSI programme is regarded as being a partnership with community stakeholders and is focused on regions where we have our largest footprint. Our aim is to help improve the quality of life in communities where we operate, to enhance socioeconomic wellbeing through creating opportunities, to lead industry by example, to establish best practice and to encourage employee involvement.

The Sasol CSI model supports communities through financial assistance and other non-financial support. In addition to this, employees are encouraged to be involved in the development of communities through the Sasol Making a Difference (MAD) programme.


We have channelled the majority of our social investments into five priority areas:

- Education, with a particular focus on science and technology (35%);
- Job creation, by investing in initiatives that promote the sustainable creation of employment, particularly for unskilled or marginalised groups such as women and youth (25%);
- Health and welfare, with a priority emphasis on key social challenges such as HIV/Aids (25%);
- Arts, culture and sport development with a particular emphasis on identifying opportunities for uplifting the quality of life of communities (5%); and
- The environment, by supporting specific conservation projects, as well as education and capacity building initiatives (5%).

All CSI projects are subjected to a thorough assessment of the extent to which they meet certain criteria.

During the year, we committed R90 million (excluding bursaries) to socioeconomic development projects, mostly in South African communities and along the Mozambique-to-Secunda pipeline route. We also committed R54 million to bursaries and R55,7 million to sponsorships on sport, arts and culture, science and technology, conferences and exhibitions and environmental projects. As part of the Mozambique natural gas pipeline project (MNGP), Sasol maintains a social development plan in Mozambique where we invested R9,4 million in community development projects in the last year.

While most of our social investments are undertaken in Southern Africa, community-based initiatives are undertaken by our USA and European operations, according to the particular needs and opportunities in their communities.

The next section outlines the focus of our CSI projects in Southern Africa with detailed information on these projects available on: .

Education

Mathematics, science, engineering and technology are highly relevant to Sasol's core business and supporting these in the light of improving the outcome of the public education system is therefore a priority and the main focus of our CSI funding. The Sasol CSI education priorities are:

- Educator development: the provision of formal training and mentorship;
- Supporting learners and educators with extra tuition and interactive learning opportunities;
- Infrastructure provision – from basic materials to classrooms in select rural communities; and
- Research to support the improvement of literacy, science and mathematics education.



Health and welfare

As the HIV/Aids epidemic underlies a number of social and economic problems, HIV/Aids is the primary focus of our CSI health programmes. Sasol supports interventions focused on prevention through education and awareness; care of those affected/infected by HIV/Aids; and promoting access to treatment.



investing in our communities continued

Tome Clinic, Mozambique

The newly built Tome Clinic will improve access to health facilities and services to a population of about 8 000 inhabitants. Previously, local community members had to walk up to 80 kilometres to get to the nearest health unit at the headquarters of the Funhalouro District. The health unit will be a centre for primary healthcare education to beneficiary communities, providing training and awareness on basic health and nutrition practices, and HIV/Aids prevention and care, with a particular focus on the nutritional needs of children, pregnant women and lactating mothers. The clinic is also equipped to treat malaria which is the most important public health enemy, accounting for approximately 40% of all outpatient visits in Mozambique.



A clinic in Mozambique

Creating domestic fuel safety awareness

The majority of households in the Zamdela township, near our Sasolburg operations, do not have access to electricity and use paraffin for lighting and cooking. Paraffin usage and paraffin-related fires cause injuries and fatalities, and children are also vulnerable to poisoning through mistaking paraffin for drinking water.

The Sasolburg community working group (supported by Sasol), together with various stakeholders, facilitated a paraffin awareness campaign. This was done through live demonstrations in various communities, where a pre-constructed shack was burned, simulating the result of unsafe paraffin usage. As part of the demonstration, the municipal fire emergency personnel were contacted to respond to the incident, showing community members what to do in case of emergency.

Job creation

Our job creation efforts focus on the most marginalised sectors of the community and involve the provision of financial and material support to emerging micro-enterprises, especially those belonging to women and youth in rural communities. We also focus on skills development and capacity building through training and mentoring programmes. In our aim to contribute to the economic development of South Africa, we also ensure that the projects in which we invest produce job opportunities.

Arts, culture and sport

Sasol has a proud tradition of assisting the visual, performing and creative arts. Our support of projects such as the Ochrim School of Music; the Black Tie Ensemble's Incubator Programme; the South African National Youth Orchestra's Development Programme and the Sasol Schools Festival helps talented individuals to reach their full potential. Through the Peace Players International and through running sport clinics in the community, we are targeting both sport and life skills development.

Sasol has a proud tradition of assisting the visual, performing and creative arts



Environment

Sasol's support for environmental and conservation projects includes a focus on the provision of information and education; research and conservation; and sustainable development and capacity building – seeking to empower people, especially those in marginalised communities, to enjoy the financial benefits of becoming involved in conservation.



Sasol Italy's environmental communication

In May 2008 at our Augusta site, we jointly ran an awareness project titled "Environment, Industry and Health" with local petrochemical companies and the Company Association for Environmental Protection (CIPA). The project highlighted our common environmental commitment to the local communities and involved television footage, press publications and a school competition.

"Our contribution is in honour of the spirit of this incredible man, the enormous contributions he has made to our country and his sustained passion for our children. We have chosen to support the fund, a leading organisation on children's rights and care in South Africa, as we believe its work is testament to Madiba's response on how a society should treat its children."

Pat Davies, Sasol chief executive, upon presenting the Nelson Mandela's Children Fund with R1 million in celebration of Mandela's 90th birthday.

Alleviating poverty through community investments; a focus on Mozambique

Since the inception of the natural gas project in Mozambique, Sasol has invested in numerous projects aimed at alleviating poverty in under-resourced communities in the three southern provinces of Mozambique: Inhambane, Gaza and Maputo. Through our Social Development Fund, we have drilled more than 43 boreholes for water and built seven schools and four community health centres. This year we have continued our focus on investments in water and sanitation, health, education and training, income – generating activities, environment and other infrastructures.

*Sasol New Signatures Art Competition 2008
Hand tools – Samuel Machaba*

investing in our communities continued

Key projects this year include:

- The construction of Tome Clinic in Inhambane province, providing access to healthcare to around 8 000 community members;
- An HIV/AIDS project in the Magude District, in partnership with a local NGO, providing benefits to more than 1 000 local community members;
- Equipping computer rooms of three secondary schools and one tertiary education institution, providing students and teachers with exposure to information technology;
- A school expansion project in Mangugumeta in Inhassoro district, benefiting more than 200 students and teachers;
- The construction of a police station also in Mangugumeta, which is expected to promote increased security as the village grows;
- The rehabilitation of Matongomane Dam in the Magude District in Gaza province (which was devastated by the 2000 floods), providing water for domestic and animal use, and irrigation of crop fields;
- The rehabilitation of houses hit by Cyclone Favio in and around Vilanculos, in February 2007.

An important recent focus has been our investment in a community-based Accumulated Savings Scheme Project (known as ASCAS). This initiative aims to provide community members with the means to access small amounts of capital on flexible terms and involves the establishment of village savings and loans associations, training selected community members, and developing an ASCAS monitoring and evaluation framework. The project is being implemented in collaboration with the NGO World Vision, who has experience in this area.

"An important highlight for me is that we have continued for the fifth year running to operate the pipeline without any safety incident, and with the positive support of the surrounding communities. The creation this year of the participatory management forum has also been a particular achievement. Looking ahead I anticipate that managing our offshore drilling campaign in an environmentally sensitive manner will be a particular challenge. We need to continue to work on increasing our visibility in the community in a positive manner."

Joana Saranga, communications manager,
Sasol Mozambique

Promoting participatory processes to ensure sustained benefits

Sasol is committed to adopting a participatory process for identifying its social development projects. We work with community leaders – both government officials and local traditional leaders – as well as with relevant NGOs and local associations where these exist. This year we have established a participatory management forum to monitor the impacts of our projects. The forum includes government officials, local community leaders, Sasol's community liaison officers and (for infrastructure projects) the project contractors.

We are seeking to move beyond our traditional focus on infrastructure development and to focus more on the promotion of sustainable livelihoods. We are also committed to focusing on participatory rural appraisal techniques to improve the process of identifying community needs, and prioritising our investments.

Improving Sasol's presence in the community

While we believe that there is much for Sasol to be proud of in terms of our past investments in the community, we recognise that there are areas that we can improve on, particularly if we are to ensure that our infrastructure investments have sustained benefits for the community. To address this concern, we are revisiting our infrastructure projects to identify and address continuing constraints. This may include providing staff training to ensure effective management and maintenance of our investments.

Having focused our initial communication activities on raising awareness about Sasol, the company is seeking now to adopt a more strategic approach to communication aimed at increasing Sasol's profile and accessibility in the community.

"It is not simply about writing a cheque; we need to be there to monitor the impacts of our investments, and to engage with the affected stakeholders to ensure that we are meeting the real needs of the people."

Mateus Zimba, country manager, Sasol Mozambique

Our performance data

Basis of reporting

The performance data reported in the following tables has been aggregated from all companies and operations that are under Sasol's operational control. All data is collected by the individual operations and reported on a quarterly basis to the group SH&E Centre using a common database, and in accordance with the group SD 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 (for example, 2008 relates to the period from July 2007 to June 2008). 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. Following the termination of the planned divesture of Olefins & Surfactant facilities (O&S) in March 2007, we have once again included these operations in our quantitative performance reporting for the 2008 financial year.

Notes on measurement

- 1 **Employees** are persons working for Sasol on a full-time or part-time basis, who are paid individually via the Sasol payroll system, including service providers working under Sasol's supervision (ie. persons from labour brokers or fixed-term service providers). These numbers include some non-permanent employees, included for the purpose of safety reporting requirements. 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.
- 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; (iii) it causes a release in excess of the relevant substance's US OSHA threshold quantity (as defined in OSHA 40 CFR 355.40 – Appendix A), or (iv) it causes a release of more than 2 250 kg of flammable material.
- 4 Figures refer to all **logistics-related events** that result in any one of the following: (i) a recordable injury 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 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 **Production performance** is a measure of the total product sold to customers outside of Sasol and includes fuels, chemicals and coal exports. Production performance excludes the intermediates, which are traded between Sasol business units, to eliminate double counting.
- 6 **Greenhouse gas (GHG) emissions** have been calculated and reported in accordance with the GHG Protocol (www.ghgprotocol.org). Indirect emissions refer to emissions that are a consequence of the activities of the reporting entity, but occur from sources owned or controlled by another entity. These include all sources of imported electricity, heat and steam, which typically are supplied by external power and electricity-generating utilities. For Sasol sites based in Europe and North America, CO₂ emissions from electricity purchased is calculated based on country average emission factors. For Sasol sites in South Africa, a conversion factor of 0,958 tons of CO₂ per megawatt hour (MWh) of Eskom electricity has been used; the previously-used rate of 0,978 has been adjusted following a change in Eskom's basis for reporting. 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). Although total GHG (CO₂ equivalent) includes methane, carbon dioxide and nitrous oxide (N₂O), the latter is minimal and actual data not shown. The inclusion of GHG emissions arising from the transportation of product by Sasol-owned fleets (Scope 1), as well as contractor-owned fleets (Scope 3), is under investigation and progress will be reported in the 2009 sustainable development report.
- 7 **NO_x** refers to oxides of nitrogen, including NO and NO₂. SO_x refers to airborne emission of sulphur and its compounds formed, for example, during combustion or production processes, and comprises the sum of sulphur dioxide (SO₂) and trioxide (SO₃) emissions. Particulates refer to the emission of fly ash from coal-burning appliances. It is reported on the basis of continuous monitoring for fly ash emissions on pulverised fuel boilers and ad-hoc emission factor determination by means of isokinetic sampling with reliable flow and monitoring.
- 8 The definitions of "waste" vary widely around the world. For reporting purposes, Sasol uses the applicable definitions of the local authority regulatory authorities. In situations with insufficient guidance from local legislation or regulations, the definitions as hazardous waste is reported if it is (i) removed from the premises for disposal and/or treatment, or (ii) disposed of on-site (eg. by landfill). These figures exclude coarse ash from gasification and fly ash from boilers. **Non hazardous waste** is waste that 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 on a licensed hazardous waste landfill site, to be incinerated or transported to a licensed hazardous waste treatment, storage, disposal or recycling facility.
- 9 **Energy use** is the sum of all energy inputs (eg. own resources, self-generated and purchased) minus all energy outputs (eg. energy delivery, and products). Resources that are primarily raw material inputs for manufacturing processes (eg. crude oil for refining) are not considered energy uses, even though energy transformations are involved in the reactions and production processes (eg. coal used in Sasol power stations is reported as energy usage, while coal used in the gasification process is reported as material use).
- 10 **Material use** refers to the mass of raw material feedstock inputs for the manufacture of product. This includes coal, crude oil and other materials used in significant quantities and converted into product.
- 11 **Water use** is the demand exerted on the overall external water resource through the intake of water for all uses. It is not the water consumption, which is defined as the net difference between the water intakes and outputs. River water refers to the volume of water used on a site or in an operation for own consumption, abstracted from a natural river course in terms of a permit. Potable water refers to the volume of water used on a site or in an operation for own consumption, purchased from public water authorities or from other Sasol operations or sites.
- 12 **Total liquid effluent** refers to the discharge of surface waters via on-site treatment plant or other facilities of the plant, including effluent disposed to municipal sewer, sea outfall, or to streams under permit conditions. It does not include effluent streams to enclosed sewers discharging to third-party treatment facilities (either privately or publicly owned).
- 13 **Water recycled** is water that is used for the second or more time in an operation, process of activity.
- 14 The figures refer to all **incidents of and fines for non-compliance** with all applicable international, regional, national and local laws and regulations associated with safety, health and environmental issues. Payments include fines due to non-compliance with laws, regulations and permits, compensation payments and regular payments made as a result of non-compliance with regulations where there is a potential for any enforcement action. The payments do not include levies, or costs for lawyers and product liabilities.



Key

√ Indicates a data parameter externally verified by the external auditor, in accordance with the statement on page 7.

* Indicates a value that differs from the value reported in the 2007 sustainable development report. These values have been updated to provide for revisions of the defined measures, to more modern standards.

| Safety performance | 2006 | 2007* | 2008 |
|--|-------------|--------------|-------------|
| Employee numbers ¹ | 29 658 | 31 820 | 34 157 |
| Recordable case rate ² | 0,93√ | 0,72√ | 0.50√ |
| Employee and service provider fatalities | 4√ | 4√ | 3√ |
| Fires, explosions and releases ³ | 15√ | 21√ | 28√ |
| Logistics incidents ⁴ | 35√ | 52√ | 42 |
| Production performance⁵ | | | |
| Total production (kilotons) | 21 937 | 21 200 | 24 218√ |
| Greenhouse gases (kilotons)⁶ | | | |
| Direct methane (CH ₄) | 201* | 195* | 192√ |
| Nitrous oxide (N ₂ O) | 1 515 | 1 845 | 683√ |
| Direct carbon dioxide (CO ₂) | 58 433√ | 56 550√ | 58 722√ |
| Indirect carbon dioxide (CO ₂) | 8 771√ | 8 627√ | 9 714√ |
| Total greenhouse gas (CO ₂ equivalent) | 71 888* | 69 836* | 72 673√ |
| Emission intensity (CO ₂ equiv/ton product) | 3,28 | 3,29 | 3,00 |
| Air pollutants (kilotons)⁷ | | | |
| Hydrogen sulphide (H ₂ S) | 78 | 74 | 71√ |
| Nitrogen oxides (NO _x) | 160 | 162 | 166√ |
| Sulphur oxides (SO _x) | 223 | 219 | 225√ |
| Non-methane hydrocarbons | 209 | 219 | 193√ |
| Particulates (fly ash) | 7,56 | 7,58 | 8,45 |
| Solid waste (kilotons)⁸ | | | |
| Hazardous waste | 254 √ | 138 √ | 97√ |
| Non-hazardous waste | 910 | 1 003 | 979√ |
| Recycled waste | 1 835 | 1 466 | 1 435√ |
| Energy use (thousand gigajoules)⁹ | | | |
| Electricity (purchased) | 31 016√ | 31 106√ | 34 846√ |
| Coal (used for energy generation) | 275 790√ | 276 997√ | 282 669√ |
| Fuel oil | 3 256√ | 3 342√ | 4 275√ |
| Gas | 21 118√ | 20 388√ | 47 961√ |
| Other (eg. steam) | 4 886√ | 4 069* | 6 837√ |
| Total energy use | 336 066√ | 333 902* | 376 588√ |
| Material use (kilotons)¹⁰ | | | |
| Coal | 18 027 | 17 861 | 17 862√ |
| Crude oil processed | 4 094 | 7 270 | 4 564√ |
| Nitrogen from air | 2 266 | 1 989 | 2 103√ |
| Oxygen from air | 13 109 | 13 014 | 13 144√ |
| Other (eg. chemicals, feedstock) | 19 662 | 20 027 | 22 801√ |
| Total material use | 57 157 | 60 160 | 60 475√ |
| Water | | | |
| Water use (1 000 m ³) ¹¹ | 142 722√ | 140 469√ | 154 602√ |
| Liquid effluent (1 000 m ³) ¹² | 34 288 | 25 595 | 32 227 |
| Water recycled (1 000 m ³) ¹³ | 92 465 | 61 341 | 131 385√ |
| Land and biodiversity (hectare) | | | |
| Area affected by operations | 3 707 | 3 590 | 4 370 |
| Area dedicated to conservation | 3 096 | 4 079 | 4 553 |
| Land use and mining (hectare) | | | |
| Surface mining area | 1 284 | 1 284 | 1 284 |
| Underground mining area | 38 836 | 40 538 | 32 227 |
| Total area disturbed | 40 120 | 41 822 | 42 999 |
| Area rehabilitated | 1 326 | 1 596 | 1 659 |
| Legal compliance¹⁴ | | | |
| Fines, penalties and settlements (No) | 0 | 2 | 20√ |
| Fines, penalties and settlements (US\$ millions) | 0 | 0 | 0.41√ |

* 2007 excludes O&S data.

GRI index

This report has been published with reference to the G3 guidelines of the Global Reporting Initiative (GRI). A summary review of our status against the GRI G3 reporting criteria is provided in the table below. Our application of the GRI reporting principles as well as a more comprehensive review of the GRI is available on our website http://sasolsdr.investoreports.com/sasol_sdr_2008.



| GRI G3 element | Reference in Sasol report | Page |
|---|--|--|
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| 1.2 | Description of key impacts, risks and opportunities | Throughout the report. Section 3 highlights the most material issues 10 |
| 2. Organisational profile | | |
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| 3.1 – 3.4 | Report profile | Scope of this report 6 |
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| 3.13 | Assurance | Assurance report 7 |
| 4. Governance, commitments and engagement | | |
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| Management approach and performance indicators | | |
| Economic performance – including policies and management systems relating to the following indicators | | |
| EC 1 – 4 | Economic performance – including direct economic value generated and distributed, and implications of climate change | Contributing to economic growth and development/ Annual financial review Sasol's carbon disclosure report (www.cdproject.net) 68 |
| EC 5 – 7 | Market presence – including wage ratios, spending on locally-based suppliers, and local hiring | Material issue: Black economic empowerment 58 |
| EC 8 – 9 | Indirect economic impacts | Contributing to economic growth and development 68 |
| Environmental performance – including policies and management systems relating to the following indicators | | |
| EN 1 – 2 | Material use | Addressing environmental concerns at our operations 82 |
| EN 3 – 7 | Energy use | Addressing environmental concerns at our operations 82 |
| EN 8 – 10 | Total water use | Addressing environmental concerns at our operations 82 |
| EN 11 – 15 | Biodiversity | Addressing environmental concerns at our operations 85 |
| EN 16 – 25 | Emissions effluents and waste | Addressing environmental concerns at our operations 83 |
| EN 26 – 27 | Environmental impacts of products and services | Addressing environmental concerns at our operations 82 |
| EN 28 | Incidents of non-compliance with environmental laws and regulations | Managing sustainability and addressing environmental concerns at our operations 29 and 82 |
| EN 29 | Transport-related impacts | Material issue: Safety 37 |
| EN 30 | Total environmental protection expenditures and investments by type | Reliable data not currently available – |

| GRI G3 element | | Reference in Sasol report | Page |
|---|---|---|-----------|
| Social performance indicators – including policies and management systems relating to the following indicators | | | |
| Labour practices and decent work | | | |
| LA 1 – 3 | Workforce breakdown and employee benefits | Investing in our human resources | 73 |
| LA 4 – 5 | Labour/management relations | Investing in our human resources | 73 |
| LA 6 – 9 | Health and safety issues | Material issue: Safety and addressing occupational health issues | 37 and 77 |
| LA 10 – 12 | Training and education | Material issue: Skills development | 54 |
| LA 13 – 14 | Diversity and equal opportunity | Material issue: Black economic empowerment | 58 |
| Human rights | | | |
| HR 1 – 9 | Investment and procurement practices, non-discrimination, freedom of association, child labour, compulsory labour, security, indigenous rights | Ethics and human rights | 79 |
| Society | | | |
| SO 1 – 8 | Impacts on communities, bribery and corruption, political contributions, anti-competitive behaviour, compliance with laws and regulations | Stakeholder engagement and ethics and human rights | 30 and 79 |
| Product responsibility | | | |
| PR 1 – 9 | Customer health and safety in using products, product/service labelling, regulation of marketing communications, customer privacy, compliance in the provision and use of products and services | Our sustainability management framework for sustainable development | 22 |

A summary of our progress against the UN Global Compact principles and our contribution to the Millenium Development Goals can be found on our website: http://sasolsdr.investoreports.com/sasol_sdr_2008.

acronyms

| | | | |
|------------------|---|----------------|--|
| ACC | American Chemistry Council | LCA | Life cycle assessment |
| ACCA | Association of Chartered Certified Accountants | LDAR | Leak detection and repair |
| Aids | Acquired immunodeficiency syndrome | LPG | Liquefied petroleum gas |
| ALDP | Accelerated leadership development programme | m ³ | Cubic metres |
| ART | Anti-retroviral treatment | MBOD | Medical Bureau for Occupational Diseases |
| BANP | Bazaruto Archipelago National Park | MDG | Millennium development goal |
| BBS | Behaviour based safety | MEC | Member of executive council |
| BCSP | Bazaruto conservation support programme | MNGP | Mozambique natural gas project |
| BEE | Black economic empowerment | MSDS | Material safety data sheets |
| BBBEE | Broad-based black economic empowerment | Mt | Million ton |
| bpd | barrels per day | MW | Megawatts |
| BUSA | Business Unity South Africa | NA | North America |
| CAIA | Chemical and Allied Industries Association | NEMA | National Environmental Management Act |
| capex | Capital expenditure | NGO | Non governmental organisation |
| CCS | Carbon dioxide capture and storage | NIHL | Noise induced hearing loss |
| CDM | Clean Development Mechanism | NOx | Nitrogen oxides, nitric oxide (NO) and nitrogen dioxide (NO ₂) |
| CDP | Carbon disclosure project | NYSE | New York Stock Exchange |
| CEO | Chief executive officer | OHSAS | Occupational health and safety assessment series |
| CEFIC | European Chemical Industries' Council | O&S | Olefins & Surfactants |
| CEPPWAWU | Chemical Energy Paper, Printing, Wood and Allied Workers Union | PPE | Personal protective equipment |
| CER | Certified emission reduction | PSM | Process safety management |
| CHIETA | Chemical Industries' Education and Training Authority | PwC | PriceWaterhouseCoopers |
| CO ₂ | Carbon dioxide | R&D | Research and development |
| COIDA | Compensation for Occupational Illnesses and Diseases Act | RC | Responsible Care® |
| COP | Conference of parties | RCA | Root cause analysis |
| CSI | Corporate social investment | RCR | Recordable case rate |
| CTL | Coal-to-liquids | REACH | Registration, Evaluation and Authorisation of Chemicals |
| DJSI | Dow Jones Sustainability Index | SABS | South African Bureau of Standards |
| DME | Department of Minerals and Energy | SACWU | South African Chemical Workers Union |
| DWAF | Department of Water Affairs and Forestry | SAICE | South African Institute of Chemical Engineering |
| EAP | Employee assistance programme | SAPIA | South African Petroleum Industry Association |
| ECBM | Enhanced coal bed methane | SEC | Securities and Exchange Commission |
| EE | Employment equity | SETA | Sector Education and Training Authority |
| EIA | Environmental impact assessment | SGS | Sasol Group Services |
| EPA | Environmental Protection Agency | SH&E | Safety, health and environment |
| EU | European Union | SHARP | Sasol HIV/Aids response programme |
| FDI | Foreign direct investment | SIP | Safety improvement plan |
| FER | Fires, explosions and releases | SOX | Sarbanes-Oxley Act of 2002 |
| FT | Fischer-Tropsch | SOx | Sulphur oxides, sulphur dioxide (SO ₂) and sulphur trioxide (SO ₃) |
| GEC | Group executive committee | SPI | Sasol Petroleum International |
| GHG | Greenhouse gas | SQAS | Safety and quality assessment system |
| GHS | Globally harmonised system of classification and labelling of chemicals | SRI | Socially Responsible Investment index |
| GJ | Gigajoules | SSI | Sasol Synfuels International |
| GRI | Global Reporting Initiative | t | Tons |
| GTL | Gas-to-liquids | TB | Tuberculosis |
| GVS | Global venture support | tpa | Tons per annum |
| H ₂ S | Hydrogen sulphide | UN | United Nations |
| ha | Hectares | UNFCCC COP | United Nations Framework Convention on Climate Change Conference of Parties |
| HIV | Human immunodeficiency virus | UNGC | United Nations Global Compact |
| HR | Human resources | VCT | Voluntary counselling and testing |
| ILO | International Labour Organisation | VER | Voluntary emission reduction |
| IPCC | Intergovernmental Panel on Climate Change | VOC | Volatile organic compounds |
| ISO | International Organisation for Standardisation | | |
| JIPSA | Joint Initiative for priority skills acquisition | | |
| JSE | Johannesburg Stock Exchange | | |
| JV | Joint venture | | |
| kt | Kilotons | | |

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Credits

Sasol's 2008 Sustainable Development report has been produced and published by the Sasol SH&E Centre in partnership with the Corporate Communications department of Sasol Limited. The report forms part of an ongoing commitment to keep Sasol stakeholders informed on key group aspirations, viewpoints, achievements and challenges in the field of sustainable development.

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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 operations. A ton (also spelt as tonne) denotes one metric ton equivalent to 1 000 kilograms (kg) or about 2 204 imperial pounds. Sasol's reference to a metric ton should not be confused with an imperial ton equivalent to 2 240 pounds (or 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 reporting emanating from South Africa uses the decimal comma (eg. 3,5) instead of the more familiar decimal point (eg. 3.5) used in the UK, USA and elsewhere. Similarly, a hard space is used to distinguish thousands in numeric figures (eg. 2 500) instead of a comma (eg. 2,500). A billion is defined as 1 000 million.

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Carbon footprint calculation:

To promote transparent accounting of the environmental impact of producing the sustainable development report, we have calculated the CO₂ emissions associated with the business travel of the consultants who assisted Sasol in compiling this report. Using the World Resources Institute's SafeClimate carbon footprint calculator, this amounted to 7,41 tons of CO₂ equivalent. A more comprehensive overview is provided at http://sasolsdr.investoreports.com/saso_sdr_2008.

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