

SASOL
reaching new frontiers



sustainable development summary report
30 June 2012

better together... we deliver



chief executive officer's report

David E. Constable, *chief executive officer*

better together... we deliver

Dear stakeholder

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

We are well aware that our economic, social and environmental challenges are increasing as we grow, both in Southern Africa and internationally. Challenges such as climate change, clean fuels, air quality, safety and transformation are the realities that accompany our growth aspirations. Consequently, it is imperative that we find solutions that make sense to our customers, investors, employees, government and other key stakeholders. It is equally important that we are positioned to benefit from the opportunities that are presented in responding appropriately to these challenges.

However, while we appreciate that there is no silver bullet that will solve these challenges overnight, we know that the most appropriate solution begins with informed awareness. I believe this is half the battle won and, invariably, makes the difference between a short-term fix and a long-term solution.

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

Taking decisive action in 2012

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

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

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

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

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

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

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

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

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

Taking action in 2013

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

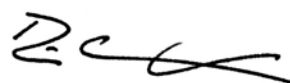
Besides our internal objectives and targets, we will continue to be guided by our commitments to various international sustainable development initiatives, such as the United Nations Global Compact, which we have been a signatory to since 2001.

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

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

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

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



David E. Constable
chief executive officer

7 September 2012

our performance highlights

how we performed in 2012

Financial performance

We delivered a solid financial performance, showing the resilience of our strategy, and maintained our track record for delivering superior shareholder value.



| | | 2012 | 2011 Restated |
|--|--------------|---------|------------------|
| Selected ratios | | | |
| Net borrowings to shareholders' equity (gearing) | % | 2,7 | 1,4 |
| Return on shareholders' equity | % | 20,3 | 19,7 |
| Return on total assets | % | 20,0 | 18,7 |
| Operating margin | % | 21,7 | 21,0 |
| Finance expense cover | times | 57,3 | 34,8 |
| Dividend cover | times | 2,3 | 2,5 |
| Net working capital to turnover | % | 14,3 | 14,4 |
| Financial targets | | | |
| Net borrowings to shareholders' equity | % | 20 – 40 | 20 – 40 |
| Return on invested equity | % | 16,8 | 16,8 |
| Earnings growth* | % | 10,0 | 10,0 |
| Net working capital to turnover | % | 16,0 | 16,0 |
| Share statistics | | | |
| Total shares in issue | million | 673,2 | 671,0 |
| Share price (closing) | Rand | 342,40 | 355,98 |
| Market capitalisation – Sasol ordinary shares | Rm | 220 788 | 228 749 |
| Market capitalisation – Sasol BEE ordinary shares | Rm | 686 | 742 |
| Net asset value per share | Rand | 208,27 | 178,89 |
| Total dividend per share | Rand | 17,50 | 13,00 |
| Other financial information | | | |
| Additions to non-current assets | Rm | 29 160 | 20 665 |
| Total debt (including bank overdraft) | Rm | 16 122 | 16 167 |
| Capital commitments | Rm | 46 140 | 48 321 |
| Effective tax rate | % | 32,6 | 31,3 |
| Economic indicators | | | |
| Average crude oil price – dated Brent | US\$/barrel | 112,42 | 96,48 |
| Average rand/US\$ exchange rate | 1US\$ = Rand | 7,78 | 7,01 |
| Closing rand/US\$ exchange rate | 1US\$ = Rand | 8,17 | 6,77 |
| Employee-related information | | | |
| Total number of employees | number | 34 916 | 33 708 |
| Employee costs | Rm | 19 921 | 18 756 |
| Employee costs to turnover | % | 11,8 | 13,2 |
| Share-based payment expenses (including Ixia Coal transaction) | Rm | 691 | 2 071 |

* US dollar earnings of 10% per annum on a three year moving average basis.

We paid **R28,2 billion** in direct and indirect taxes to the South African government.

Sustainability performance

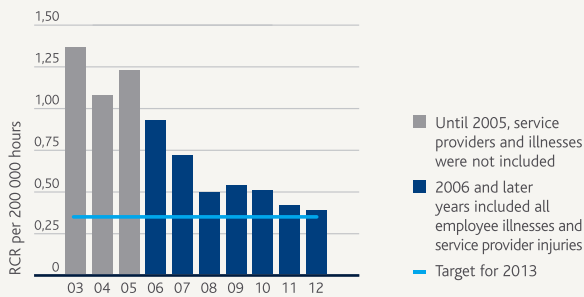
We improved our safety performance, setting a new record for the group, and continued to reduce our environmental footprint.

safety

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

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

Recordable case rate – RCR



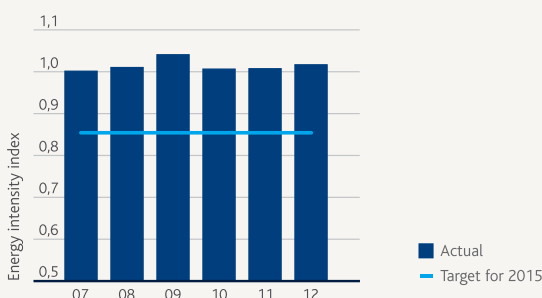
*The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses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

energy efficiency

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

Target: improve the energy efficiency of our South African utilities by 15% per unit of production by 2015, based on the 2000 baseline year

Sasol energy efficiency accord

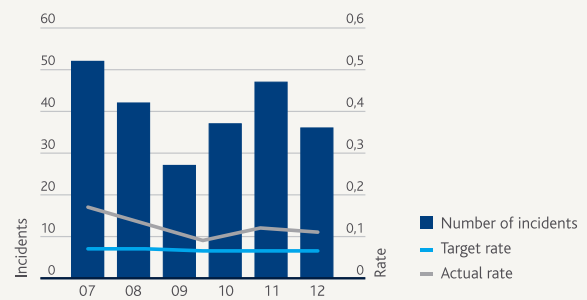


transport incidents

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

Target: achieve 30% reduction over five years, based on the 2009 actual transport indicator

Transport incident rate (Incidents per 100 kilotons product transported)

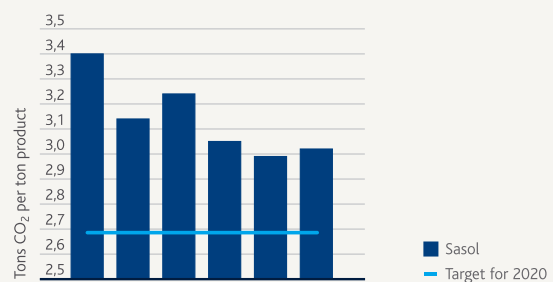


greenhouse gas emissions intensity

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

Target: reduce emissions intensity by 15% in all our operations by 2020

Greenhouse gas emission intensity



Note: For reporting purposes we include 100% of the GHG emissions of joint ventures over which we have operational control, even though we may only have part ownership of the joint venture.

focus story

better together... focusing on climate change solutions

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

David E. Constable,
chief executive officer.

Keynote address at the WBCSD COP17 CEO breakfast, December 2011

Leading meaningful change

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

Finding the right balance in climate change-related policies

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

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

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

Delivering on our stated environmental commitments

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

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

Informing discussions on climate change

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

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

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

better together... innovating for a safer work environment



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

Delivering a steady improvement in safety performance

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

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

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

Introducing new safety training tools

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

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

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

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

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

Caring for service providers

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

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

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

our material sustainability focus areas

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

- **Developing and retaining a skilled and diverse workforce**

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

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

- **Promoting safety and health**

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

- **Responding to the changing regulatory context**

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

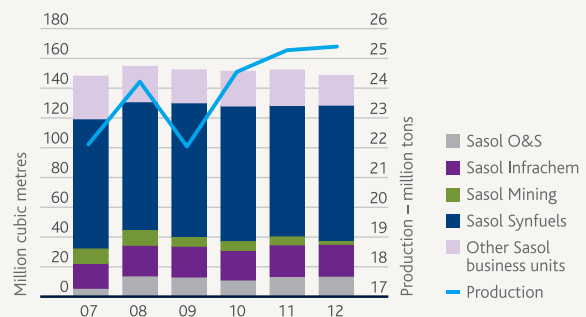
- **Addressing the climate change challenge**

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

- **Promoting water stewardship**

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

Water use



This sustainable development summary report provides high-level extracts from Sasol's 2012 sustainable development report, which covers all Sasol's business activities including exploration, research and development, construction, production, marketing and sales, in all the countries in which we operate, for the period 1 July 2011 to 30 June 2012.

Through our reporting process we seek to move beyond compliance and encourage robust dialogue with our stakeholders, with the aim of building trust and informing our strategy. Stakeholders are encouraged to provide feed back by using the feedback tool on the website. You are also welcome to engage with us in dialogue on www.sasolsdr.com.

Go to www.sasolsdr.com to view the full Sasol sustainability development report, or follow any of the links below for additional information.

