



DELIVERING SOCIAL VALUE



Promoting social and economic development

Contributing to social and economic development in the countries in which we operate is essential to securing and maintaining our licence to operate

In addition to the social and economic value we create through our core business activities, we undertake targeted community and enterprise development initiatives.

Creating social value through our business activities

We make a valuable contribution to socio-economic development in the countries in which we operate by:

- providing employment opportunities, and skills development and training interventions, to our employees and the broader community;
- investing in infrastructure and other social services in our communities;
- paying taxes and royalties to governments, which contribute to addressing social needs; and
- purchasing goods and services from local businesses, which supports their ability to create employment and remain economically active.

During the reporting period, the financial value distributed directly by Sasol amounted to R91,3 billion. This included:

- R30,7 billion to our employees in wages and benefits;
- R12,9 billion in direct taxes to government;
- In South Africa, Sasol is the top contributor to the national fiscus, paying R35,8 billion in direct and indirect taxes;
- R14,1 billion to our providers of equity capital;
- R2,5 billion to our providers of loan capital; and
- R31,1 billion re-invested in the group to sustain value for stakeholders.

An additional R497,9 million was invested in socio-economic development initiatives in our communities, which excludes skills spend on employees.

Through a broader multiplier effect, the positive developmental contribution of these activities and investments extends significantly beyond direct value distributed.



A review of the total economic value contributed over the past three years is provided on page 73, with additional details provided in our annual financial statements.

Investing in skills, research and development

We invest significantly in growing the skills base in the regions in which we operate. Our approach is focused on delivering longer-term value through school-based education in science, technology and literacy; facilitating access to higher education; improving the quality of higher education; and developing critical and scarce work skills. We also invest in enhancing specialised research and development capacity.

To develop a pipeline of talent to support our strategic objectives, we run one of the largest bursary schemes in South Africa. We also invest in critical skills development initiatives for artisans, engineering contractors and chartered accountants. Investments that contribute to empowering local communities include deepening the pool of civil construction skills.

The Sasol Global Learning Skills Academy trains artisans beyond Sasol's immediate requirements, thereby deepening the broader national skills pool. Learnerships are offered in various disciplines including welding, process operation and instrumentation. To date, the academy has trained 752 artisans, with 238 currently receiving training. Of the total, 458 learners in maintenance and electro-mechanics have been employed at Sasol.

In collaboration with the South African Department of Labour, we trained 1 200 candidates in basic construction skills in 2013, with a further 2 400 candidates trained in 2014.

Sasol Technology is in its ninth year of collaborating with eleven South African universities to develop and incentivise the retention of academics by providing salary subventions and grants for overseas travel to expand their scientific experience. We have provided financial support to academics totalling R185 million to date, and have awarded research grants of approximately R49 million. Over the past four years, we have awarded non-binding grants of approximately R16 million to increase the pipeline of African, Indian and Coloured students at postgraduate level. Of the 118 students being supported by this initiative, 90 are from previously disadvantaged groups. Our total investment in this initiative over the full period will be R250 million.

PROMOTING SOCIAL AND ECONOMIC DEVELOPMENT continued

The Sasol Inzalo Foundation drives excellence in science, technology, engineering and mathematics (STEM) education at all levels of the education value chain in previously disadvantaged sectors of South African society. Through the Foundation, we are supporting postgraduate chemistry fellows to study Honours, MSc and PhD degrees in chemistry and environmental sciences at previously disadvantaged universities in South Africa. A co-funding partnership with the National Research Foundation has enabled the expansion of the programme, leading to an increase in participation from 50 in 2013 to 87 in 2014, including six postdoctoral fellows. In 2013, 21 fellows graduated with Honours degrees and two are pursuing PhD studies.

Sasol is registered as an Approved Training Organisation (ATO) by the South African Institute of Chartered Accountants (SAICA). As an ATO, we offer graduates the opportunity to train as chartered accountants at our businesses in Secunda, Sasolburg and Johannesburg, supported by a formal mentorship programme. Since the first learner intake in 1998, 74 have qualified as chartered accountants (CA), of which 47 are still in Sasol's employ. There are currently 13 learners in the outgoing Internal CA Training Programme and four learners in the externally hosted KPMG Training Programme. Sasol, in conjunction with KPMG, will also train ten chartered accountant trainees a year as part of the SAICA-initiated Thuthuka Bursary Fund, of which Sasol and KPMG are sponsors.

Promoting broad-based black economic empowerment

As at 30 June 2014, Sasol achieved a level 3 broad-based black economic empowerment (BBBEE) contributor status.

- **Equity ownership:** through the Ixia Coal transaction and the participation of Sasol Mining employees in the Sasol Inzalo share transaction, combined BBBEE ownership in Sasol Mining is over 40%. This exceeds the Mining Charter target of 26% by 2014. In support of the Liquid Fuels Charter, BBBEE group Tshwarisano LFB Investment (Pty) Ltd owns 25% of our liquid fuels production, distribution and marketing operations, housed in Sasol Oil (Pty) Ltd.
- **Employment equity:** our performance and progress in meeting our employment equity plan for the period 2012 to 2017 is discussed on page 45.
- **Preferential procurement:** during 2014, preferential procurement amounted to R33,4 billion, representing 86,8% of our total measured procurement spend of R38,45 billion. We have significantly improved our procurement from emerging medium enterprises, qualifying small enterprises and black- and women-owned enterprises (see page 65).
- **Enterprise development:** our activities to promote enterprise development are discussed on pages 65 to 67.
- **Skills development:** during the year, we invested R540 million in skills development for black employees which includes R116 million for female black employees (page 57).
- **Socio-economic development:** in 2014, we committed R327 million to socio-economic development initiatives excluding the Sasol Inzalo Foundation amount of R85 million (see page 60).

The following table sets out the scores achieved in attaining our level 3 BBBEE contributor status.

Element	Target score	Achieved 2014	Achieved 2013
Ownership	20	17,22	14,56
Management and control	10	7,58	9,81
Employment equity*	15	3,81	3,69
Skills development	15	9,29	9,51
Preferential procurement	20	18,7	17,85
Enterprise development	15	15	15
Socio-economic development	5	5	5
Overall	100	76,44	75,42



Our online report, which can be found at www.sasolsdr.com, includes additional information on: Sasol's BBBEE scorecard, our progress in terms of meeting the Petroleum and Liquid Fuels Charter and the Mining Charter.

* Refer to pages 44 and 45 for actions to address this element.

Creating value through social investment

Our community investment initiatives seek to promote people-centred, needs-driven sustainable development of the communities in which we operate. We aim to create sustained social impact through activities focused on legacy creation and to integrate the concept of 'giving' into the Sasol culture.

Our approach to social investment

The Sasol Inzalo Foundation was established to:

- consolidate and prioritise our social investments across the group, focusing on a set of priority issues that support a long-term approach to addressing societal challenges;
- move from responding to ad hoc requests to structured proposals more clearly linked to Sasol's competencies and business strategy, and more aligned with community needs and regulatory requirements;
- ensure effective group-wide co-ordination of initiatives, supported by monitoring and evaluation of the impacts of our investments; and
- encourage employee volunteering.

The Sasol Inzalo Foundation's board of governors approves the investment strategy, oversees governance, allocates resources and approves the focus areas. The management team is responsible for establishing governance procedures, policies and systems, managing the investment portfolio,

monitoring and measuring all programmes and managing reputation and brand awareness. The Foundation does not directly engage in investment activities, but provides the framework for making, governing and measuring investments.

The investment strategy, implemented since January 2014, prioritises programmes and projects in three focus areas.

- **Education:** developing skills and providing resources for schools, with a focus on science, technology, engineering and mathematics; providing undergraduate bursaries; supporting university collaborations including postgraduate studies; and investing in youth development with a focus on entrepreneurial and vocational skills development;
- **Economic development:** socio-economic and local development programmes, with strong links to enterprise and supplier development; and
- **Environment:** sustainable water use and loss prevention projects; energy access and security; creating value from waste; air quality improvements; and biodiversity.



CREATING VALUE THROUGH SOCIAL INVESTMENT continued

Our social investment in 2014

During 2014, the group committed R311 million to corporate social responsibility initiatives globally, which includes R38 million spent in host communities outside South Africa. The R311 million excludes the investment in the Ikusasa projects.

The total corporate social responsibility spend for the year included:

- R7,8 million in economic development
- R67,5 million in host communities
- R186,6 million in education
- R4,6 million in youth development
- R27,9 million in sponsorships (mainly youth)
- R10,0 million in strategic projects
- R6,0 million in environmental initiatives
- R1,2 million in employee volunteering

Sasol Mining invested R16,6 million as part of their Social and Labour Plans in accordance with the Mining Charter. This is included in the R67,5 million for host communities detailed above.

Through our Ikusasa initiative, we invested a further R186 million in the year, of the R800 million earmarked, in development projects in the Metsimaholo and Govan Mbeki municipalities in Sasolburg and Secunda.

We continue to partner with the Department of Health in South Africa to support community initiatives to reduce the HIV/Aids infection rate in the areas where we operate.

Investing in development outside South Africa

Our corporate social investments outside South Africa include USD\$3,2 million in Mozambique, R9 million in Qatar and additional investments in Uzbekistan, Germany and the United States.

- **Mozambique:** our focus for the year was on improving access to healthcare, education and water for local communities in and around our sites. Key initiatives included building and upgrading health centres; capacity building for health professionals; driving skills development initiatives such as bursaries; and supporting infrastructure development.
- **Qatar:** our social investments focus on the four pillars of Qatar's National Vision 2030 and include investments in the human, social, economic and environmental sectors. We support various initiatives relating to education, health and safety, arts and culture, skills development and environmental protection. Key initiatives include the "Definitely Able" campaign that highlights the positive contribution and possibilities of people living with disabilities in Qatar, and the "Qatar e-Nature" mobile application that promotes awareness of the rich diversity of Qatar's natural environment.
- **Uzbekistan:** we have an active bursary programme in partnership with the Westminster University in Tashkent, as well as investing in the establishment of social enterprise initiatives.
- **Germany:** we launched a bursary programme for former apprentices to study at university, invested in a laboratory for school children in Brünsbuttel, and provided education and bursary support for communities around our Sasol O&S operations.
- **United States:** our commitment goes beyond plant operations and extends into neighbouring communities where we participate in civic programmes, promote employee volunteerism, contribute to charities and support local businesses by buying from local suppliers and service providers whenever possible. We work to develop and promote people-centred, long-term sustainable programmes through the development of corporate social responsibility initiatives based on input we received through extensive engagement with our neighbours and employees.



Our online report, which can be found at www.sasolsdr.com, includes additional information on various corporate social investment and skills development initiatives around the world. More information about our Voluntary Property Purchase Programme (VPPP) in Louisiana, can also be found [here](#).

Adhering to ethical standards and preventing corruption

Promoting high ethical standards and combating corruption throughout our sphere of influence is an important part of our drive to deliver social value through our core activities

Promoting ethical behaviour through the Sasol code of ethics

Our approach to ensuring sound ethical behaviour is governed by the Sasol code of ethics, with the group ethics office responsible for its implementation. The programme's focus is two-fold: firstly, to proactively advance an ethical culture in Sasol; and secondly, to deal with transgressions.

The Sasol code of ethics addresses corruption, bribery, conflicts of interest, human rights and related subjects, and governs our approach to ethical behaviour and fair business practice. It describes the four fundamental Sasol ethical standards – responsibility, honesty, fairness and respect – that should inform the decisions of all employees in their day-to-day business activities. Each year, senior and middle management, as well as employees identified as being in "high risk" positions, are required to formally certify that they know and understand the code of ethics and its associated guidelines. Regular training is provided to ethics officers in all aspects of ethics management.

Promoting disclosure through our EthicsLine

Employees and other stakeholders are able to report any breach of the code of ethics via our independently managed anonymous reporting facility, EthicsLine, or directly to forensic services. All cases are attended to and investigated, if found to be legitimate, and a formal process is in place to track, report and close-out calls. The group ethics system, a custom-designed technology platform, provides strictly controlled access to ethics investigations. The system also enables the group ethics office to identify trends relating to EthicsLine activity and investigations. Direct disclosures made to the group CEO's office or any other group executive are also channelled through the system.

During the reporting period, 583 calls were made to the EthicsLine, with a total of 946 allegations of unethical behaviour. This represents a 17% decrease on the 699 calls

received in the previous year. A total of 637 calls were resolved and 127 calls are still under investigation.

Investigations are often impeded due to the lack of information anonymous callers provide. We are working to enhance the quality of reports by raising awareness of how to report an ethics issue effectively.

The majority of the 220 ethical transgressions (substantiated or partly substantiated allegations) pertained to the principles of responsibility, honesty, fairness and respect, which relates to treating people with due regard to their human rights. Details are provided in the table below.

The group ethics office provides assurance that appropriate corrective actions are taken on ethical transgressions. Actions taken as a result of investigations and enquiries can include termination of employment, or can result in the cancellation of contracts in the case of suppliers and contractors. Relevant cases and trends are reported to governance committees quarterly. Potentially high-risk and sensitive matters are reported to the Audit Committee and the Nomination, Governance, Social and Ethics Committee.

Ethical principle	Substantiated allegations	
	2014	2013
Responsibility	55 (25%)	113 (45%)
Honesty	59 (27%)	22 (9%)
Fairness	36 (16%)	47 (19%)
Respect	70 (32%)	67 (27%)
Total	220	249



Our online report, which can be found at www.sasolsdr.com, includes a brief review of a recent incident where we took action against a non-compliant service provider who was acting in violation of our code of ethics.



Respecting human rights

As a global integrated energy and chemicals company, we recognise that we may operate in regions where human rights may be at risk, either in our operations or within our value chain

This risk exposure highlights the importance of performing due diligence to ensure that we respect human rights throughout our operations and in our relationships with stakeholders.

Implementation of our human rights policy

Sasol's policy on respecting human rights will be included in our revised code of ethics, which will be published in 2015. The policy defines our commitment to respecting human rights as set out in the Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. In meeting this commitment, we will strive to identify, assess and manage human rights impacts and risks throughout our activities. We aim to make a positive and constructive contribution to the reduction and elimination of human rights abuses within our sphere of influence, and expect our suppliers, partners and customers to uphold the same standards.

Our human rights policy was informed by a comprehensive independent study that reviewed our existing approach and risk exposure to human rights abuse. While certain gaps were identified, none suggested that any of our activities directly demonstrated a lack of respect for human rights. Although there were no indications of any direct complicity in human rights abuses, this remains a potential risk area due to the extent of Sasol's value chain.

Based on the nature, location and scale of our activities, our commitment to respecting human rights includes a specific focus on the following issues: non-discrimination and

respect for diversity; freedom of association and the right of collective bargaining; the provision of a safe and healthy working environment; prohibition of forced labour and child labour; establishing fair wages and benefits; respecting the rights of our local communities; security arrangements; protecting the environment; and managing our supply chain.

Our internal due diligence process requires that country risk assessments are performed before entering any given country. These assessments include screening for potential human rights non-compliance or violations. We evaluate all our investment decisions against the Sasol code of ethics and, as a signatory of the United Nations Global Compact, we endeavour to ensure compliance with domestic and international human rights regulations and principles. We recognise that appropriate training is essential in ensuring effective communication and adoption of our revised approach to human rights. In the year ahead, we will also be aligning and working closely with our supply chain management team to ensure appropriate integration of human rights issues within a revised supplier code of conduct, and to identify and work with suppliers who may be at risk.

Performance

No reports of Sasol being complicit in any human rights violations have been recorded to date.





Introduction

About Sasol

Managing sustainability

Our material sustainability focus areas

Our performance data