

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.

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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.