

# Water stewardship

## Water is a critical feedstock for our primary processes

Ensuring responsible water stewardship throughout our value chain is fundamental to the viability of our business. Minimising the impact of our activities on shared water resources and ecosystems is key to maintaining our ability to operate.

### Our approach to water stewardship

We recognise the imperative of contributing to water security and have adopted a holistic approach to water stewardship. In addition to a strong focus on water efficiency and pollution prevention measures within our operations, we have been exploring and implementing partnership opportunities in some of our critical water catchment areas.

Management of on-site water-related issues is co-ordinated by the various SHE structures outlined on page 27. In addition, we have established a water stewardship steering committee that brings together senior functional and business unit representatives from across the group to develop, co-ordinate and govern group positions and actions on water, and to provide assurance to the Group Executive Committee that our water stewardship risks and commitments are being addressed. Key activities included the finalisation of a group water landscape overview, the preliminary identification and prioritisation of water risks at a regional level, and the co-ordination of engagement with government on various policy and regulatory matters.

In 2012, we launched Sasol Water Sense, a group-wide initiative to align our water stewardship practices. Sasol Water Sense has created a common identity for our water response strategy, as well as a focused communication plan.

### Our water stewardship performance

We use the UN Global Compact CEO Water Mandate – a public/private initiative launched in July 2007 – as the framework for assessing and reporting on our water performance. Our President and Chief Executive Officer has reaffirmed Sasol's endorsement of the CEO Water Mandate.

### Minimising impacts in our direct operations

Achieving water-use efficiency in our operations remains a priority, particularly in our largest operations in South Africa that are dependent on the Vaal River System. This water catchment area, which supplies approximately 80% of our total water requirement, continues to experience water demand that exceeds the system's sustainable supply capability. While no compulsory water-use efficiency targets have yet been set for industrial water users in South Africa, we anticipate that such targets will be imposed in future by the Department of Water Affairs (DWA).

During 2011, we set voluntary water-use efficiency targets for our two most water-intensive business units. The implementation of these group-initiated water targets has proved challenging and is achieving mixed results.

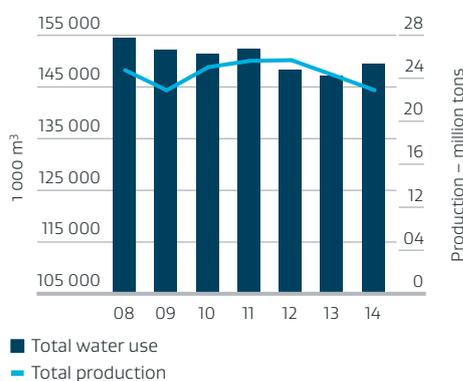
To date, we have achieved a 4,2% water-efficiency improvement at Sasol Synfuels, while audited water intensity numbers for Sasol Infrachem are not available. The targeted gains in this area are not expected to be realised.

Given the complexity of the water linkages in Sasol's chemical processes, as well as significant challenges associated with the water measurement metrics, we have recognised the need to revisit these targets. Following a benchmark study that revealed that regional targets are more common for water use than global group-wide targets, we will be developing new regional water targets for 2020 as well as appropriate water targets for our international operations. We plan to finalise and report these new targets in the next financial year.

Sasol Technology has a portfolio of water research projects dedicated to supporting our operations in Sasolburg and Secunda, as well as our new GTL ventures. An important initiative this year was the development, with General Electric, of an innovative new water technology that will clean wastewater and provide biogas as a by-product for power generation. We have also been working with our water-intensive JV partners to proactively respond to water challenges. We are supporting our ORYX GTL facility in implementing water re-use solutions to meet the facility's ambitious water targets, and we are working with our partners in Canada to ensure the hydraulic fracturing process is conducted safely and in an environmentally responsible way, including recycling.

Our total water use in 2014 was 149,5 million m<sup>3</sup>. This represents a slight increase in water consumption from 147,2 million m<sup>3</sup> in 2013 and 148,3 million m<sup>3</sup> in 2012. The total quantity of water recycled in 2014 was 186,8 million m<sup>3</sup>, as compared to 145,4 million m<sup>3</sup> in 2013.

Total water use



### Engaging with stakeholders on water management

In addition to our continuing internal focus on water efficiency, we are working with other water users in the Vaal River System in South Africa to identify the most cost-effective, high-impact opportunities for improved water usage in the catchment area. Although our total water demand from the system is high (almost 4% of total supply), it is small compared to other main users, notably urban homes and agriculture. When coupled with appropriate internal measures, there is significant benefit in realising external opportunities to save water and use it more efficiently. This will provide greater benefits to more people, both in terms of enhanced water security and opportunities for job creation.

To address the challenge of water losses from municipal water supply infrastructure in the Vaal catchment area, which is as high as 45%, we have entered into three water conservation partnerships with municipalities located in the area. The partnerships comprise an R8 million investment by Sasol, with committed leveraged partner funding of R9 million. The focus has been on fixing leaking taps and toilets in residential areas, and providing associated job opportunities, in an innovative approach aimed at enhancing water security for all users who rely on the Vaal River System. We have also undertaken a comprehensive awareness campaign in partnership with schools in the greater Sasolburg region, where we have funded the production and roll-out of school curriculum support material developed by the DWA.

Sasol's external water conservation partnership in the Emfuleni municipality near Sasolburg, continued to yield remarkable results. In the past year, 4,76 million m<sup>3</sup> of water, with an economic value of approximately R26 million, has been saved. Over the two-year period, a total of 114 000 households and 94 schools have been visited, some more than once, to repair multiple leaks. This equates to 22% of our Sasolburg operation's annual raw water needs. Some 79 local residents were trained in basic plumbing skills and were

employed either as "water conservation warriors" or plumbers' assistants for the duration of the project.

In addition to these partnerships with municipalities, we have partnered with the South African Irrigation Institute, the Sand-Vet Water Users Association and some 100 participating farmers. The two-year project focuses on improving irrigation effectiveness by informing farmers on best practices and advising them on scheduling needs.

### Public policy

As part of our commitment to informing the development of effective public policy, we have continued to engage in various government-led policy initiatives. In addition to working with the DWA to achieve legal recognition for water offsetting mechanisms, we have made progress in addressing the delays in finalising some of our water licence applications. We continued to be represented on the Vaal River Strategy Steering Committee, which provides a high-level platform for engagement between the water sector and the DWA.

An important milestone this year was the conclusion of an agreement between the DWA and the Strategic Water Partners Network on water offsetting. The DWA has recognised the potential for water offsetting mechanisms, under the right conditions, as a means of enabling necessary improvements in the municipal sector through partnerships with private sector water users. The principles of water offsetting have been included in the revised National Water Resource Strategy under "emerging policies". We believe this has the potential to realise significant benefits for water conservation and socio-economic development.

### Transparency

We report annually on water-related issues in our Sustainable Development Report, which we have been publishing since 1996. This year, Sasol again participated in the CDP's Water Disclosure Project. Our business units have continued to engage with external bodies, including non-governmental organisations, on their water activities.



Our online report at [www.sasolsdr.com](http://www.sasolsdr.com), includes additional details on our innovative wastewater demonstration plant (with GE), and our recent project to treat reaction water in Secunda.

