

Our governance framework for sustainability

Applying best practice in the interest of Sasol and its stakeholders

We began driving sustainable development as a group-wide strategic business objective in 2000. Since then, we have systematically embedded sustainability principles throughout our activities. Our governance framework provides the group with the policies, structures, targets and reporting systems necessary to address the material risks and opportunities that sustainable development presents.

Sasol Limited Board

At Sasol Limited board level, the following committees were primarily responsible for overseeing sustainability issues:

The Risk and SHE

Committee considers the top risks and SHE issues and monitors progress of mitigating actions. The committee shares its findings and recommendations on risk assessments and management policies, material risks and sustainability matters with the Audit Committee, which is responsible for overseeing the integrated reporting process.

The Nomination, Governance, Social and Ethics Committee

performs the functions of both a Nomination and Governance Committee, and a Social and Ethics Committee as required by the South African Companies Act, 71 of 2008. The committee monitors the company's social impact and oversees legal compliance, and ensures sound ethical practices.

The Audit Committee

ensures greater integration between its work and that of the Risk and SHE Committee, particularly in terms of integrated reporting and the application of the combined assurance model.

Leadership structures

The President and Chief Executive Officer (CEO) is accountable to the board for the successful implementation of the group strategy and overall management of the group. He chairs the Group Executive Committee (GEC), which comprises the Chief Financial Officer (CFO) and other vice presidents who support the CEO in fulfilling this responsibility. His mandate includes responsibility for safety, health and environment (SHE) in accordance with the Sasol SHE policy.

 Information on the Sasol SHE policy is available on our website, www.sasolsdr.com

Executive Vice President and Executive Director: Sustainability and Human Resources in 2014 was responsible for advancing the group-wide sustainability agenda through the Sasol Inzalo Foundation and Stakeholder Relations, as well as Enterprise Development and Supplier Development.

Executive Vice President: Upstream and Business Enablement in 2014 shares responsibility for advancing the safety, health and environmental (SHE) agenda with the CEO.

The following sub-committees supported the GEC on sustainability-related issues:

- **The Group Executive SHE Committee**, chaired by the CEO, addresses SHE governance issues. It meets quarterly and is attended by GEC members, functional heads and business unit managing directors.
- **The Issues Alignment and Integration Committee**, chaired by the Executive Director: Sustainability and Business Transformation, aligns and integrates the group's response to those issues that have a significant impact on Sasol and/or are important to our key stakeholders.
- **The Sasol Business Transformation Process Committee**, chaired by the Executive Director: Sustainability and Business Transformation, manages business transformation in line with South African legislation and to deliver on our long-term business goals.
- **Various Project Mandating Committees**, each chaired by a GEC member, address key issues relating to capital projects, climate change, air quality, waste management and land risk management.

 The composition, mandate and activities of these and other board committees are outlined in more detail in the corporate governance section of our annual financial statements.

Functional structures

Over the last three years, there was specific focus on integrating activities across different functional areas to ensure an aligned approach to sustainability.

Various group functions co-ordinate our strategic approach to sustainable development:

SHE: direction and governance for SHE excellence

The SHE function comprises experts based in the Corporate Centre, Professional and Specialised Services (PSS) and business units. The CEO, GEC and the Risk and SHE committee mandate the SHE function to design SHE management systems and processes. They ensure and assure adherence to group SHE requirements and the effective management of SHE risks. Each business unit is required to track its SHE performance and report quarterly to their respective boards on major SHE risks and liabilities, progress against group targets, and any major incidents and occurrences of non-compliance. The Corporate Centre reports on consolidated SHE performance, compliance and risk management to the relevant corporate governance structures.

A significant development during the reporting period was the finalisation of the One Sasol SHE Excellence approach. This management framework supports our goal of achieving zero harm and sustainability through a risk-based, standardised and systematic approach. It is supported by clear procedures that provide direction on how SHE requirements should be met, as well as by a set of toolkits to assist in implementing best-practice performance requirements. It reduces the complexity of SHE practices through standardisation across our different operating sites and geographies, and ensures alignment of the SHE-related roles and responsibilities of business management and the SHE function. The focus of the approach is to identify key undesirable SHE events and their mitigation.

Human Resources (HR): developing and empowering values-driven high-performance people

The group HR function is responsible for developing and monitoring Sasol's HR strategy and its supporting policies and standards. The HR strategy has three key objectives:

- ensuring the right talent is in the right place at the right time to enable Sasol's transformation and growth strategy;
- delivering the Sasol employee value proposition to enable employee engagement and a values-driven high-performance culture; and
- implementing a technology enablement platform and building HR capability to drive effective and integrated service delivery.

The group HR function encompasses talent management, learning, rewards, employee relations, diversity and transformation, and human resources activities. HR teams in each business unit implement HR strategy and policies. Further information on the activities and performance of the HR function is provided on pages 41 to 45.

Public and Regulatory Affairs: building, nurturing and protecting our reputation

The Public and Regulatory Affairs function manages various sustainability-related issues including corporate branding and communications, the Sasol Global Foundation, enterprise and supplier development, and regulatory and stakeholder affairs. A review of our social investment activities is provided on page 59, and our enterprise development activities on page 65.

Governance and Ethics: promoting an ethical culture

Ethics management is a dedicated function within Sasol, headed by the Chief Ethics Officer. The group ethics office manages the implementation of the Sasol code of ethics through a comprehensive programme with two main focus areas: proactively advancing an ethical culture in Sasol; and handling ethical transgressions. Internal audit provides the board with assurance that ethics compliance processes are working as designed. Ethics officers are appointed for each business entity and function, with various group functions also serving as focal points. Details on our recently revised code of ethics and our ethics line are provided on page 61.

Risk Management

The responsibility and accountability for Sasol's global enterprise risk management process resides with the Chief Risk Officer. The Group Risk Management function, under the leadership of the Chief Risk Officer, is responsible for developing, implementing and monitoring the enterprise risk management processes across the group.

For further detail of Sasol's governance of risk management please refer to:

 The Form 20-F for a detailed comprehensive review of risks.

 The Annual Integrated Report for the top risk and mitigation actions.

 Our online report, which can be found at www.sasolsdr.com, includes additional detail of our approach to engaging with stakeholders and our sustainability-related memberships, as well as a review of fines, penalties and settlements.

Identifying our material sustainability focus areas

Each year we follow a structured process to identify our most material sustainability issues

The outcomes of our internal risk assessment process and the priority interests of our key stakeholders are considered in identifying these issues. This year, these were clustered into six sustainability focus areas, which we cover in this report. The GEC and the Risk and SHE Committee reviewed the outcomes of this process. One new material sustainability focus area, enterprise and supplier development, was added to those identified in 2013.

The relationships between our top risks and our material sustainability focus areas

Material sustainability focus area	Top group risk
Ensuring the safety, health and wellbeing of our people	<ul style="list-style-type: none"> Risk of a major safety, health or environmental (SHE) undesirable event or liability occurring.
Investing in our people	<ul style="list-style-type: none"> Risk of non-availability of sufficient management and technical skills. Risk of failure to address transformation, localisation, diversity and cultural requirements in South Africa and other countries in which we operate.
Responding to environmental challenges	<ul style="list-style-type: none"> Risk of climate change and related policies impacting our operations, growth strategy and earnings. Risk of uncertainty in public policy and regulatory developments and non-compliance with or adverse impact of laws, regulations and standards.
Delivering social value	<ul style="list-style-type: none"> Risk of failure to address transformation, localisation, diversity and cultural requirements in South Africa and other countries in which we operate.
Driving enterprise and supplier development	<ul style="list-style-type: none"> Risk of failure to address transformation, localisation, diversity and cultural requirements in South Africa and other countries in which we operate.
Providing safe, essential and quality products	<ul style="list-style-type: none"> Risk of viable superior or alternative technologies from competitors.

IR Additional detail on the context of each of these risks, their relationship with the six capitals and our relevant mitigation actions are provided in our Annual Integrated Report (page 38).

Identifying the priority sustainability interests of our stakeholders within the framework of our material sustainability focus areas

Our key stakeholders are those who are impacted by our business and who play a role in our ability to deliver on our strategic objectives over the short, medium or long term. We identify their sustainability interests through engagements that take place regularly during business activities. Feedback on our Annual Integrated Report and Sustainable Development Report are also taken into account.

Some of the most significant sustainability-related issues raised by our stakeholders are presented alongside, with references to where these are discussed in more detail elsewhere in this report.

- The actions being taken to address air quality concerns around our key operations in South Africa (pages 47 to 48);
- The nature of our long-term commitment to investing in South Africa (pages 66 to 67);
- Our response to issues relating to climate change mitigation and energy security, and the potential business impact of associated policy measures (pages 50 to 51);
- The steps we are taking to ensure safety at our operations and achieving zero harm (pages 33 to 34);
- The nature of our contribution to supporting socio-economic development in the communities in which we have major operations (pages 57 to 58); and
- Changing expectations in relation to broad-based black economic empowerment in South Africa (page 58).

IR An overview of our key stakeholders, how we engage with them, and their priority interests, is provided on our website: www.sasolsdr.com.

20-F For comprehensive disclosure on our material risks, please refer to Sasol's Form 20-F filed with the SEC.

Our material sustainability focus areas

We have identified our most material sustainability issues based on our top ten risks and the views and interests of our stakeholders. These issues have been categorised into six material focus areas, shown in the diagram below.



Please refer to the value creation scorecard in our Annual Integrated Report (page 34) to understand the relationships between our material sustainability focus areas and the six capitals.



Performance against our sustainability focus areas

The following table outlines our most material sustainability focus areas and summarises our progress in addressing them.

	Our 2014 performance	Our commitments
Ensuring the safety, health and wellbeing of our people	<ul style="list-style-type: none"> There were five work-related fatalities during 2014. Group recordable case rate (RCR) including illnesses increased to 0,42 from 0,37 (restated), while the RCR excluding illnesses increased to 0,36 from 0,33 (restated). For more details on the restatement of our safety performance refer to page 33 and 34. Lost workday case rate increased to 0,15 from 0,14 (restated for 2013). 451 recordable cases, comprising 161 lost workday cases, 223 medical treatment cases and 67 illnesses. 30 significant fires, explosions and releases, down from 43 in 2013. Significant transport-related incidents remained the same at 29. 23 new cases of noise-induced hearing loss and 21 new cases of pneumoconiosis, similar to previous years. HIV prevalence rate of 10% and antiretroviral utilisation compliance level of 88% among HIV-positive employees. 	<ul style="list-style-type: none"> Continuously strive for zero harm. Continue the implementation of the One Sasol SHE Excellence approach. Further strengthen the group's incident investigation capability. To Improve our health and wellness management process for our workforce, which includes continued focus on HIV/Aids. Embed leading industry practices on noise reduction. Strive for no cases of pneumoconiosis for all new employees with no previous exposure to occupational stressors. Enhance our commitment to process safety.
Investing in our people	<ul style="list-style-type: none"> Employee turnover rate of 6,1% in our South African operations and 2,5% in our other operations. During the year we lost a total of 213 760 person days to absenteeism and strike action, which is below the industry average. 450 employees were on strike for 31 days at our Mining division based on a wage dispute which was resolved amicably. Our total strike person days therefore were 13 950. Trained 230 523 employees through development interventions, allocated 577 bursaries and managed 9 191 individual senior development programmes. Coached and mentored 393 workplace and leadership employees. Established 20 mentorship circles as part of the Women's Empowerment Programme. Progressed our 2017 South Africa employment equity plan and our women empowerment strategy. 	<ul style="list-style-type: none"> Continue to build a values-driven, high-performance culture across all our operations, with a particular focus on embedding the new operating model. Advance performance management and accountability through enabling remuneration policies. Embed a culture of recognition and acknowledgement. Maintain our strong focus on optimising talent sourcing and recruitment. Drive our targets for achieving diversity and inclusion at every management level in the organisation. Continue our focus on up-skilling and empowering local talent in all regions in which we operate. Strengthen activities to develop effective leaders, to deliver on our strategic agenda.
Responding to environmental challenges	<ul style="list-style-type: none"> Total greenhouse gas (GHG) emissions have decreased slightly to 70,5 million tons carbon dioxide (CO₂) equivalents; GHG emission intensity increased to 3,20 from 2,98, primarily due to the divestiture of Arya Sasol Polymer Company in Iran and the exclusion of its data. Total water consumption increased to 149,5 million m³ from 147,2 million m³; total water intensity increased to 6,78 m³ water per ton of product from 6,21 m³. 	<ul style="list-style-type: none"> Work with our host country governments to find practical and sustainable solutions to mitigate climate risk, in balance with economic development and growth drivers. Issue new sets of GHG mitigation targets for our South African and international operations, and confirm updated energy efficiency targets.

	Our 2014 performance	Our commitments
Responding to environmental challenges (continued)	<ul style="list-style-type: none"> Registration Certificates were successfully transitioned to Atmospheric Emission Licenses, ensuring continued lawful operation for Sasol and Natref. We are also exploring alternative options that we anticipate will yield sustainable improvements in ambient air quality; one such option relates to air quality offsets where we are pioneering foundational research by exploring solutions to reduce domestic coal burning. Further progress achieved in our partnerships with three municipalities in the Vaal River System in South Africa. Collaborating with the Department of Environmental Affairs (DEA) on a study aimed at determining greenhouse gas mitigation potential in South Africa. Continued investments and investigations to reduce atmospheric emissions and improve ambient air quality in Secunda and Sasolburg, South Africa. Engaged with government and other stakeholders to explore alternative compliance mechanisms (such as offsets) for air quality and water, as a means of ensuring effective achievement of government's environmental goals. 	<ul style="list-style-type: none"> Continue to support the UN Global Compact CEO Water Mandate and deliver progress in all six key focus areas. Finalise new regional water targets for 2020 as well as appropriate water targets for our international operations. Ensure effective delivery on the municipal water conservation partnerships, pursue new partnership opportunities and support efforts to develop a regulatory mechanism which enables sustainable investment in collective action-focused water partnerships.
Delivering social value	<ul style="list-style-type: none"> Total of R90,3 billion distributed to stakeholders. Invested R1,4 billion in socio-economic development and skills development. Total includes R901 million skills development; R186 million for Ikusasa; R47 million in bursaries; and R265 million for Corporate Social Investment (CSI). Obtained a level 3 broad-based black economic empowerment (BBBEE) contributor status. Revised our new code of ethics and human rights policy. 	<ul style="list-style-type: none"> Further embed our corporate social responsibility strategy across the group. Drive achievement of our broad-based black economic empowerment targets. Provide training on our new human rights policy and its implications for key personnel. Integrate and embed human rights considerations into our engagements with suppliers. Continue to partner with the Department of Health in South Africa to support community initiatives to reduce HIV/Aids infection rates in the areas where we operate.
Driving enterprise and supplier development	<ul style="list-style-type: none"> Disbursed R11,1 million in loan funding and supported 11 small and medium enterprises (SMEs) through the Sasol Siyakha Trust. Launched the ChemCity Business Incubator, a multi-million rand facility hosted at ChemCity's Eco-Industrial Park. The supply chain team is in the process of defining a supply chain sustainability framework and approach that aims to manage risk, realise efficiencies, enhance service offerings and build a culture of responsibility. 	<ul style="list-style-type: none"> Ensure successful completion of ChemCity's Eco-Industrial Park development. Complete the next phase of buildings for the ChemCity Business Incubator, and drive uptake by SMEs. Continue to set the direction in minimising potential business disruptions resulting from environmental incidents and supply shortages (i.e. caused by production and business continuity issues faced by our suppliers).
Providing safe, essential and quality products	<ul style="list-style-type: none"> Responsible Care[®] Practice-in-Place remained constant at 89%. Responsible Care[®] Product Stewardship Practice-in-Place improved from 83% to 85%. One significant product stewardship non-conformance occurred and corrective measures have been put in place. Reviewed our product stewardship strategy and identified priority focus areas that are aligned to our international commitments. Completed product inventory for all final products and industrial waste streams to initiate a full review of compliance with international chemical control legislation. 	<ul style="list-style-type: none"> Continue to drive a risk-based approach to enhancing the SHE performance of our products throughout their lifecycle. Complete review of our product transportation safety strategy. Determine landscape mapping of Sasol's product packaging material management. Continue to implement a chemical risk assessment methodology developed by the International Council of Chemical Associations (ICCA).