

**sasol**  
reaching new frontiers



*annual review and summarised financial information 2010*

*focused and energised*



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The adoption of the third King Code of Governance Principles (King III) in 2010, and its specific requirements for "integrated reporting", is reflected in the changes made to the narrative structure of this year's annual review. We believe that a more holistic articulation of a business – one that does not artificially split financial and "non-financial" disclosure – will provide a more complete analysis to satisfy the information needs of the broad range of stakeholders that use the annual review. A core part of this approach is the integration of social and environmental performance issues within our operating reviews. This complements our separate sustainable development report on [www.sasolsdr.com](http://www.sasolsdr.com). In line with this approach, the sustainable development-related issues managed by functional departments within Sasol are reported in a newly-introduced review for Sasol Group Services, and not in a summarised sustainable development chapter as in the past.

**Through our commitment to integrated sustainability reporting, Sasol aims to provide stakeholders with a balanced view of the performance of our business through a suite of reporting publications, indicated below.**

The 2010 Sasol annual report consists of two books:

- AR** *Annual review*  
Including business overview, chairman's statement, chief executive's report and operating reviews.
- FIN** *Annual financial statements*  
Including a full analysis of the group's results by the chief financial officer.

**Other related publications:**

- 20F** *Form 20-F*  
Our annual report under the Securities Exchange Act of 1934 on Form 20-F was filed with the United States Securities and Exchange Commission on 28 September 2010. The Form 20-F is available on our website ([www.sasol.com](http://www.sasol.com)).
  - SD** *Sustainable development report*  
This separate report provides more detail of particular interest to certain of our stakeholder groups, such as sustainable development analysts and professionals. In the interests of shortening the printed report and making for easier and more focused reading, we have included additional detail on our website ([www.sasolsdr.com](http://www.sasolsdr.com)).
- These reports provide a complete view of the group's strategy, businesses, performance against objectives, and prospects.

## For 60 years, Sasol has demonstrated its innovative spirit in the energy and chemicals sectors in South Africa.

Sasol has grown to become the country's leading fuel provider. Today we are an international player in the energy and chemicals sectors, and a preferred technology partner. Sasol's liquid fuels and chemicals products are used in almost every sphere of life.

Sasol is also a major contributor to the development of people and the improvement of socioeconomic conditions in the countries in which we operate. In the last ten years, we have made significant strides in our commitment to environmental sustainability, premised on our innovation and technology leadership.

As we emerge from the economic turmoil of the last 18 months, we are focused and energised. We have scrutinised our assets and interrogated our plans for the future. We are leaner and more flexible, and we understand what we have to do to transform and grow, profitably and sustainably.

We have the people and the technology, the experience and the innovative spirit to reach new frontiers, to meet the challenges of the future, and to grow our business significantly beyond where it is today.



This section provides a bird's eye view of the Sasol group; it shows our structure, business model and markets.

## our business

Sasol is an integrated energy and chemicals company. We are technology driven, converting gas and coal into liquid fuels, fuel components and chemicals through our proprietary processes. We are focused on commercialising our gas-to-liquids (GTL) and coal-to-liquids (CTL) technology internationally. Our first international GTL facility, Oryx GTL was brought into operation in 2007.

We mine coal in South Africa, and produce gas and condensate in Mozambique and oil in Gabon. We continue to advance our upstream oil and gas activities in Mozambique, Nigeria, Gabon and South Africa, and in Papua New Guinea and Australia.

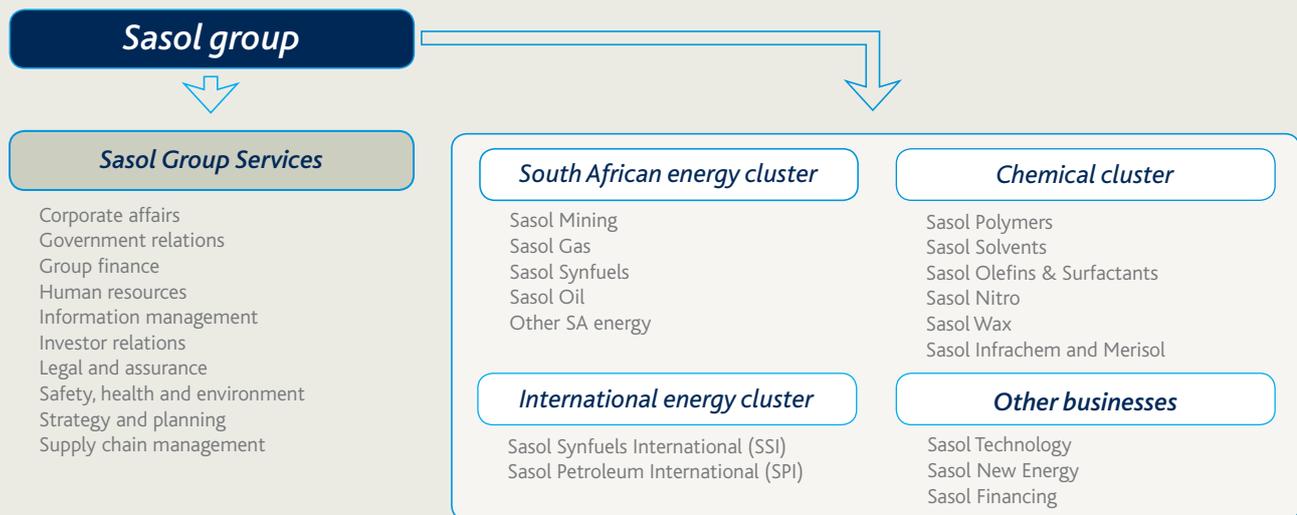
In South Africa, we refine imported crude oil and retail liquid fuels through our network of Sasol convenience centres, and supply gas to

industrial customers. We also supply fuel to other distributors in the region.

We have chemical manufacturing and marketing operations in South Africa, Europe, the Middle East, Asia and the Americas.

Formed in 1950, Sasol celebrates 60 years of reaching new frontiers in 2010. Sasol is listed on the JSE Limited in South Africa and the New York Stock Exchange in the USA.

## Our structure



**Southern Africa**



**North America**



**Australasia**



**South America**



This introduction to the world of Sasol caters specifically for new readers of the annual review.

## Our global presence

### Southern Africa

- 1 Cape Town (SA)
- 2 Durban (SA)
- 3 Johannesburg (SA)
- 4 Sasolburg (SA)
- 5 Secunda (SA)
- 6 Harare (Zimbabwe)
- 7 Lusaka (Zambia)
- 8 Gaborone (Botswana)
- 9 Maputo (Mozambique)
- 10 Temane (Mozambique)
- 11 Mozambique (offshore)
- 12 Windhoek (Namibia)

### Australasia

- 1 Sydney (Australia)
- 2 Port Moresby (Papua New Guinea)
- 3 NW Shelf offshore (Australia)

### North America

- 1 Lake Charles (Louisiana, USA)
- 2 Oil City (Pennsylvania, USA)
- 3 Richmond (California, USA)
- 4 San Francisco (California, USA)
- 5 Tucson (Arizona, USA)
- 6 Houston (Texas, USA)

### South America

- 1 São Paulo (Brazil)

### Rest of Africa and Middle East

- 1 Alexandria (Egypt)
- 2 Bandar Assaluyeh (Iran)
- 3 Doha (Qatar)
- 4 Ras Laffan (Qatar)
- 5 Dubai (UAE)
- 6 Tehran (Iran)
- 7 Escravos (Nigeria)
- 8 Nigeria (offshore)
- 9 Gabon (offshore)

### Europe

- 1 Birkenhead (UK)
- 2 Birmingham (UK)
- 3 Castletown (Isle of Man)
- 4 Farnham (UK)
- 5 London (UK)
- 6 St Andrews (UK)
- 7 Antwerp (Belgium)
- 8 Barcelona (Spain)
- 9 De Meern (The Netherlands)
- 10 Paris (France)
- 11 Vordingborg (Denmark)
- 12 Brunsbüttel (Germany)
- 13 Hamburg (Germany)
- 14 Herne (Germany)
- 15 Marl (Germany)
- 16 Moers (Germany)
- 17 Witten (Germany)
- 18 Sarroch (Italy)

- 19 Milan (Italy)
- 20 Terranova dei Passerini (Italy)
- 21 Linz (Austria)
- 22 Augusta (Italy)
- 23 Bratislava (Slovak Republic)
- 24 Nováky (Slovak Republic)
- 25 Warsaw (Poland)
- 26 Moscow (Russia)

### Central Asia, India and South East Asia

- 1 Shurtan (Republic of Uzbekistan)
- 2 Tashkent (Republic of Uzbekistan)
- 3 Mumbai (India)
- 4 State of Orissa (India)
- 5 Kertih (Malaysia)
- 6 Kuala Lumpur (Malaysia)
- 7 Singapore

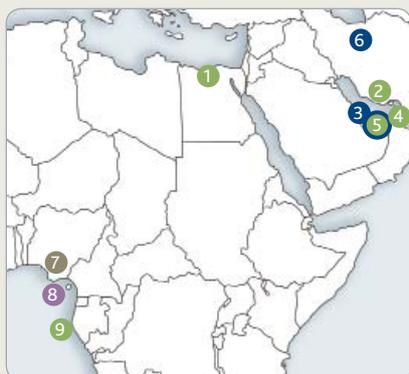
### Far East

- 1 Beijing (China)
- 2 Dongguan (China)
- 3 Guangzhou (China)
- 4 Hangzhou (China)
- 5 Hong Kong (China)
- 6 Lianyungang (China)
- 7 Nanjing (China)
- 8 Ningxia Hui Autonomous Region (China)
- 9 Shanghai (China)
- 10 Oita (Japan)
- 11 Tokyo (Japan)
- 12 Yinchuan (China)

### Europe



### Rest of Africa and Middle East



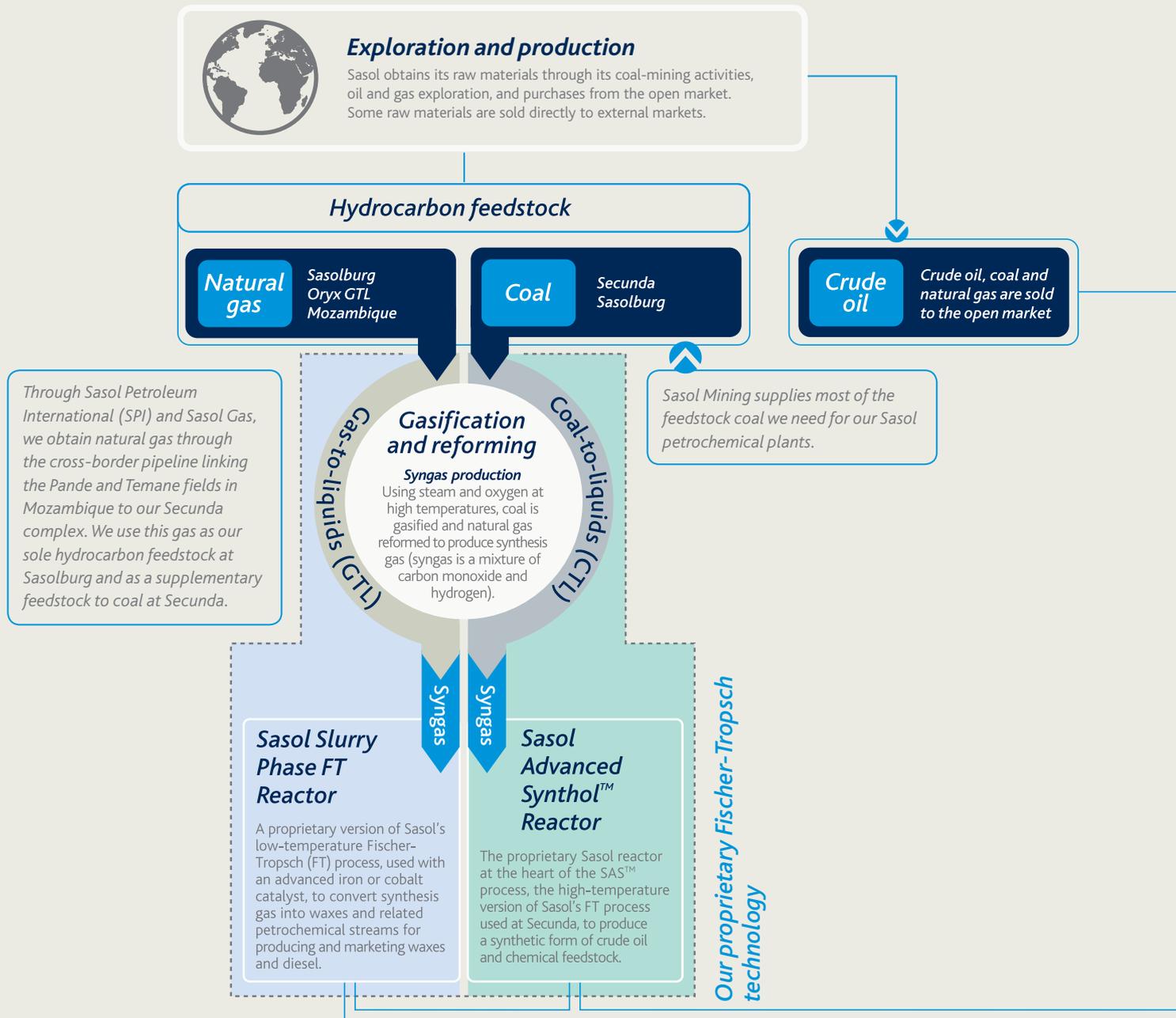
### Central Asia, India and South East Asia



### Far East



## our integrated business model



### Greenhouse gas (GHG) emissions

Coal is an important part of the world's energy mix, and Sasol will continue to produce transportation fuels from coal and gas. However, we are committed to substantially reducing our carbon emissions by, among others, developing more efficient production processes and investigating carbon capture and storage (CSS) solutions. We have set several targets to reduce our greenhouse gas emissions intensity by 15% (on the 2005 baseline) in all our operations by 2020, and we have spent R100 million (US\$11,1 million) in 2009 on energy efficiency-related projects, which should achieve a reduction of around 760 000 tons of GHG emissions a year.

Our global emissions of GHG, which have been independently verified, increased from 71,3 million tons (Mt) in 2009 to 75,8 Mt in 2010, mainly due to the inclusion of Oryx GTL emissions data. However, our emissions intensity improved to 3,05 (measured as carbon dioxide equivalent per ton of production) in 2010. This compares with 3,24 in 2009 and 3,02 (restated) in 2008. The improved overall GHG intensity is a result of the inclusion of Oryx GTL, and Sasol Polymers and Sasol Synfuels significantly increasing production volumes, which offset the emissions increase. The targets we have set for all our operations reflect not only our desire to be a responsible company, but also our awareness that a strong business case exists for sustainable development.

and to exceed targeted rates of return in a sustainable manner.

### Innovation

In downstream chemical process technology, we have developed several proprietary processes for recovering and processing a range of solvents, waxes and phenolics for the world market, as well as 1-pentene, 1-hexene, 1-heptene, 1-octene and higher alpha olefins, the last of which we convert into Sasol™ H(C<sub>12,13</sub>) alcohols. We have developed and patented several base-metal catalysts for our FT synthesis processes.

We have also been innovative in coal exploration and mining, where Sasol Mining (sometimes in partnership with technology suppliers) has developed high-extraction mining methods, advanced directional drilling techniques, roof-bolting systems, continuous-miner systems and a virtual-reality training system for continuous-miner operators, among other cost-saving innovations.

### Research

Besides the research and development and new-product formulation and testing work we do at Sasolburg through Sasol Technology's fuel research group, we conduct further fundamental research at the Sasol Advanced Fuels Laboratory (SAFL), in collaboration with the University of Cape Town, and the Sasol Fuels Application Centre (SFAC). SFAC enables us to conduct sea-level engine and fuel research and tests in line with international trends.

Crude oil as feedstock

Our GTL diesel has a higher quality than diesels derived from crude oil. GTL diesel has a high cetane number (70+ versus the conventional 45 – 55), low sulphur (less than five parts per million), low aromatics (less than 1%) and excellent cold-flow characteristics. Our GTL diesel, therefore, is ideal as a low-emissions, premium grade fuel and as a blend stock for upgrading conventional diesels.

### Markets

Sasol markets products directly to the consumer, as well as to commercial and industrial customers, thereby integrating its upstream and downstream activities.

Fuel components

Refine and blend

### Fuel products

In the liquid fuels business, synthetic fuels components are upgraded and marketed together with conventional fuels produced in a refinery from crude oil.

Co-products

Coal gasification and the FT process produce co-products for recovery and beneficiation. These include ammonia, fertilisers, explosives, crude tar acids and sulphur.

Chemical building blocks

Chemical process

### Chemical products

Chemical intermediates from the FT process are separated, purified and, together with conventional chemical raw materials, converted into a range of final products such as polymers, solvents, olefins and surfactants and waxes.

### Water

Various technological advancements in effluent recycling, cooling, pre-treatment of water for steam generation and solids handling are paving the way for significantly improved zero liquid effluent discharge designs, which are being developed irrespective of water availability or pricing.

### New energy

Sasol New Energy Holdings (SNE) was created to focus on new technologies that can be integrated with our core technologies to reduce our GHG footprint. As part of our commitment to reduce production of carbon dioxide in our operations and integrate new technology into our FT processes, SNE will look into renewable and lower-carbon energy options such as solar, biofuels and biomass, as well as nuclear, hydro and natural gas.

At work, sleep or play, travelling, watching a favourite film on television, camping outdoors or reading a good book,

## our products

Our fuels, chemicals and related products benefit the lives of millions of people around the globe. From hot-melt adhesives and car parts to microchip coatings, printing inks, household and industrial paints, cellphone circuit boards, transport fuels, compact discs, medical lasers, sun creams, perfumes and plastic bottles, hundreds of our products made in South Africa, the USA, Europe, the Middle East, Asia and other regions have many thousands of end uses.



### Cars

- Many plastic components are manufactured from polypropylene, a Sasol Polymers product.
- Brake fluid contains Sasol Pentylol™, made by Sasol Solvents.
- Poly ethyl benzene found in automotive paint and the bitumen on road surfaces (a coal by-product) comes from Sasol Oil's subsidiary, Tosas.
- Alumina made by Sasol Olefins & Surfactants is used as an automotive emissions control catalyst.
- Plasticiser alcohol is used for dashboards.
- Wax is used in tyres.

### Automotive fuel

Sasol produces fuel from coal and gas and also supplies a range of lubricants for motor vehicles.

### Jet fuel

Sasol's synthetic jet fuel, which is produced at Sasol Secunda, is a world first.

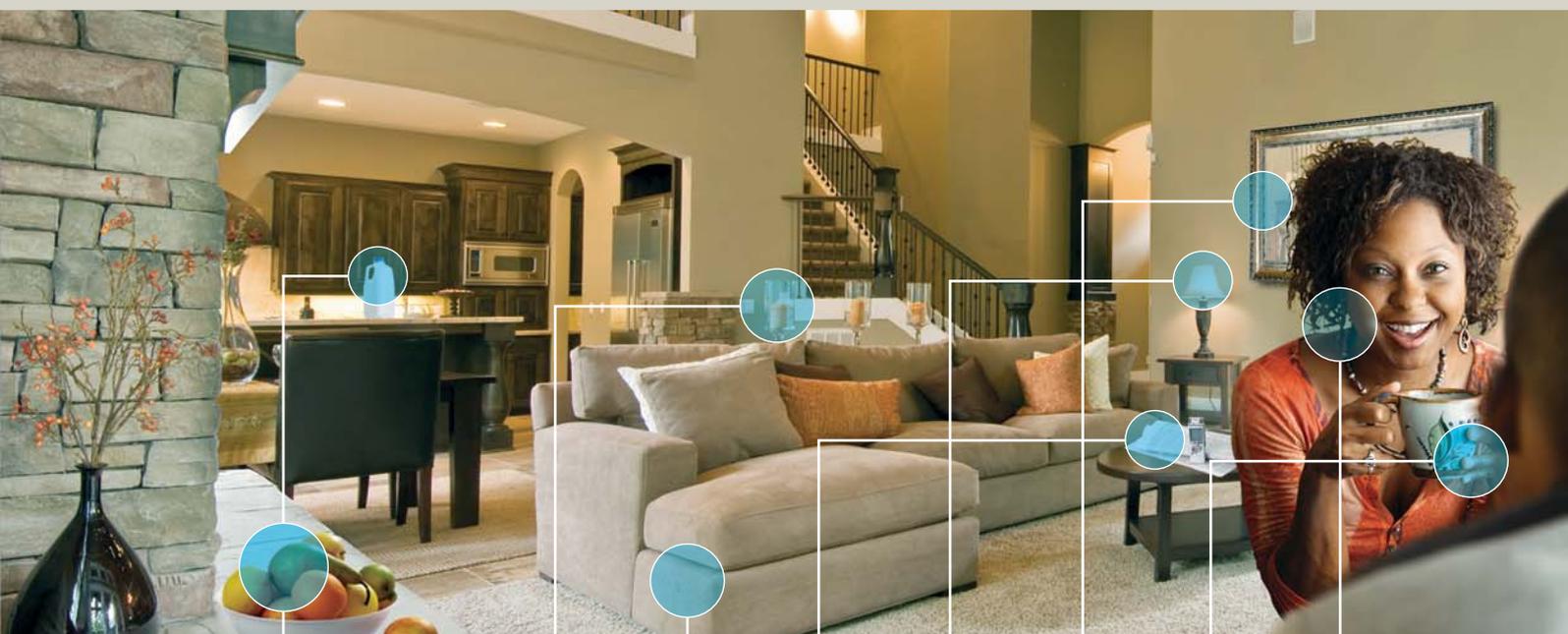
### House paint

Most popular house paints are sold in pails made from polypropylene manufactured by Sasol Polymers.

### Detergents, cleaners and personal care

Sasol Olefins & Surfactants is one of the world's leading producers of surfactant intermediates and surfactants, which ultimately find their way into laundry detergents, other household and industrial cleaning products and personal care products.

chances are you will be benefiting from one of the quality products made and marketed by Sasol worldwide.



**Milk and fresh produce**

Ammonium sulphate and other Sasol Nitro fertilisers provide nutrients for crops and pastures.

**Candles, crayons and shoe polish**

All these have a common ingredient: wax, produced by Sasol Wax.

**Magazines**

Printing ink contains Propylol™, a chemical derivative of petroleum, manufactured by Sasol Solvents, as well as special waxes produced by Sasol Wax.

**Mirror**

Propyl-alcohol, a product of Sasol Solvents, is the solvent in the binding medium that provides the smooth finish on mirrors.

**Cosmetics and perfume**

Sasol Solvents provides the solvents used in cosmetics such as lipstick, face creams and mascara, as well as in perfumes. Wax is also a major ingredient of many cosmetic products.

**Textiles and clothing**

Propylene and ammonia (produced from coal) when combined, produce a polymer which is converted into acrylic fibre, used to manufacture carpets, pullovers and blankets.

**Light bulbs**

Argon, an inert gas used in conventional light bulbs, is produced by Sasol Synfuels.

**Nail varnish**

Methyl ethyl ketone is found in nail varnish and acetone is the main solvent in nail varnish remover. These are supplied by Sasol Solvents.

Maintaining positive relationships with our various stakeholders is an important part of the way we do business.

## our key relationships

*The relationships we build and maintain with all our stakeholders are guided by our shared values.*

### ➤ Regulatory authorities

We work to establish and maintain constructive relationships with governments of the countries in which we operate, or plan to operate. We seek to identify how Sasol's growth can support the growth strategies of these countries – ensuring alignment with their development and economic requirements and challenges.

### ➤ Customers

We interact directly with many of our customers, both to solicit their feedback on our products and services, and also as part of our commitment to ensure effective product stewardship, particularly for some of our more hazardous products.

### ➤ Investors

We keep shareholders and the investment community updated on our financial results and topical issues. This includes regular presentations and discussions on group performance and strategy with investment analysts, institutional investors and journalists in South Africa, North America and Europe. We also publish highlights of our annual and interim financial results in the main South African daily newspapers.

### ➤ Business organisations

We are active members of relevant industry associations in the countries in which we operate, enabling us to channel our views into governmental initiatives, as well as working cooperatively on industry initiatives with our peers, within the ambit of applicable legislation.

### ➤ The media

We maintain a well-resourced group communication, investor relations, sponsorship and brand management team. In addition, most of our major businesses employ full-time communication staff whose tasks include media support.

### ➤ Local communities and civil society organisations

In addition to the public participation initiatives implemented as part of new projects, we undertake community outreach initiatives at most of our existing operations. These engagements provide us with a deeper understanding of community interests and enable us to work in a proactive rather than reactive manner.

### ➤ Suppliers and service providers

We engage with our suppliers and service providers to understand and address their concerns, and to ensure they adopt and adhere to our safety standards. Their safety records are included in the group recordable case rate (RCR).

### ➤ Tertiary institutions

Our work with tertiary institutions remains an important component of our skills development initiatives – both for internal and external talent pools – and is key to our global research and development work.

### ➤ Employees

Without our employees there would be no other stakeholders; they are the foundation upon which all our activities depend. Maintaining effective communication with our staff is fundamental to the success of the company. We communicate with employees in many different ways, including through a regular letter from the chief executive, internal newsletters, the Sasol intranet, shop-floor briefings, posters and 360° performance reviews. While we conduct internal staff surveys and focus groups, we recognise that there is scope for further engagement, specifically on sustainable development.

### ➤ Joint-venture partners

We have joint ventures (JVs) in ten countries (including South Africa), covering all major areas of our business from chemicals to retailing fuel. Our shareholding varies from 40% – 50%, and the nature of our control over their operating activities ranges from total management control (contracted to Sasol), 100% control by the JV management, or management control by the other JV partners. While the nature and form of our engagement will vary depending on the level of control, the underlying principle of maintaining active and open engagement applies equally to all our JVs.

SD

A more detailed review of our approach to stakeholder engagement is provided in our separate sustainable development report and on our website.

## our vital statistics

year ended 30 June 2010

		2010	2009			2010	2009
Market capitalisation (cap)	Rm	<b>183 350</b>	179 780	Turnover	Rm	<b>122 256</b>	137 836
Year-end share price (JSE, SA)	R	<b>274,60</b>	269,98	External turnover, SA	Rm	<b>62 014</b>	68 561
Year-end share price (NYSE, USA)	US\$	<b>35,27</b>	34,82	External turnover, rest of world	Rm	<b>60 242</b>	69 275
Total assets	Rm	<b>156 484</b>	145 865	Attributable earnings	Rm	<b>15 941</b>	13 648
Total interest bearing debt	Rm	<b>15 032</b>	17 814	Wealth created	Rm	<b>47 996</b>	50 503
Enterprise value (cap + debt)	Rm	<b>186 764</b>	181 194	Capital invested for growth and business enhancement	Rm	<b>16 108</b>	15 672

Number of employees worldwide	<b>33 339</b>	Return on equity (ROE)	<b>17,9</b>
Employee cost to turnover	<b>12,9</b>	Enterprise value: Earnings before tax, depreciation and amortisation (EBITDA)	<b>6,1</b>
Employment equity positions in SA	<b>56%</b>	Earnings yield	<b>9,7%</b>
Investment in employee training and development	<b>R386 m</b>	Dividend yield	<b>3,82%</b>
Safety recordable case rate (RCR)* (including occupational illnesses and service providers)	<b>0,51</b>	Dividend cover (times)	<b>2,6</b>
		Gearing	<b>1,0%</b>

R:US\$ exchange rate – average	<b>7,59</b>
R:US\$ exchange rate – closing	<b>7,67</b>

R:€ exchange rate – average	<b>10,55</b>
R:€ exchange rate – closing	<b>9,39</b>

\* 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 workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.

After extensive consultation with senior management, we have clarified the articulation of our vision and strategy.

## our strategic direction

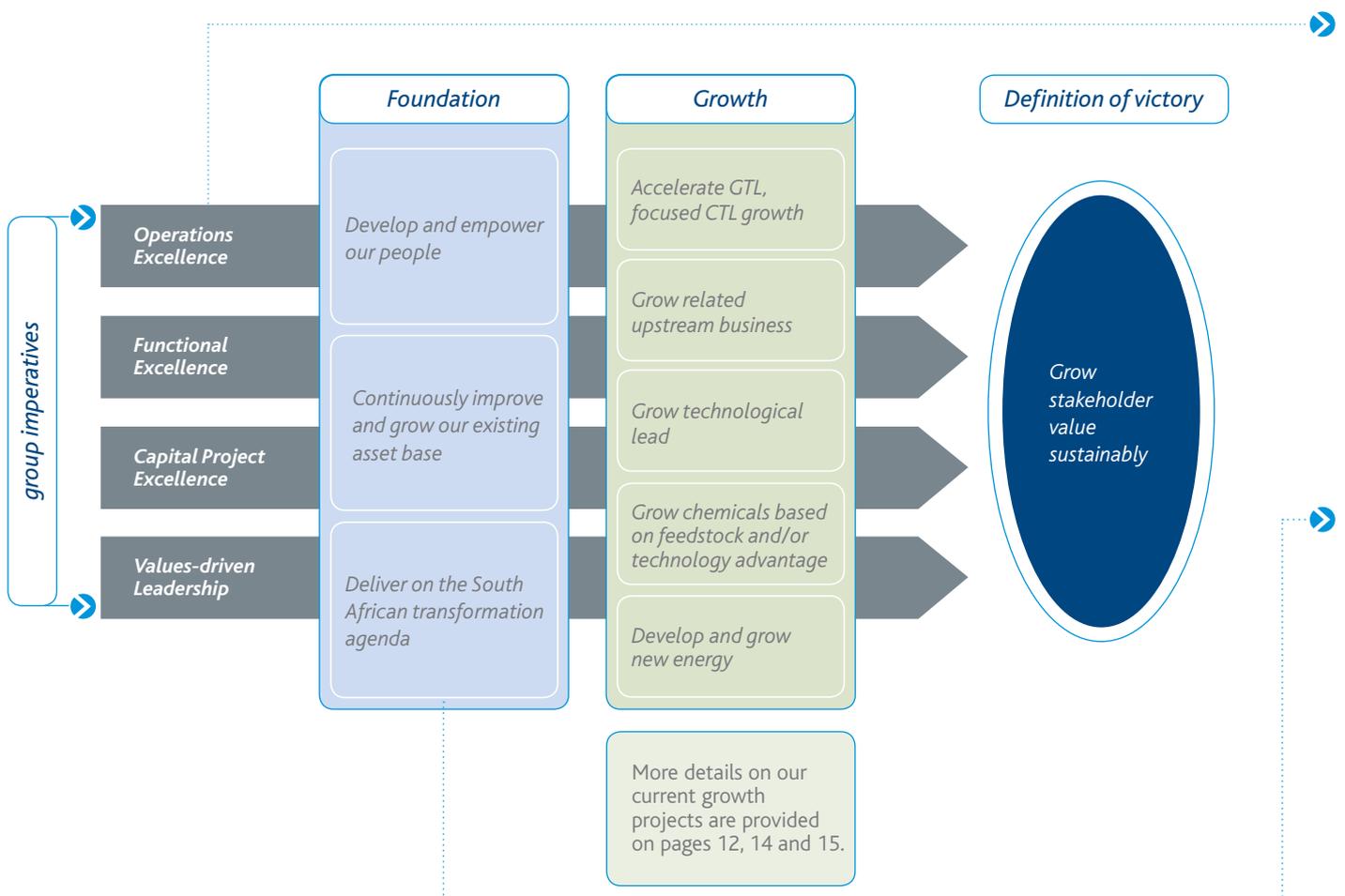
### our vision

To grow profitably, sustainably and inclusively, while delivering value to stakeholders through proprietary technology and the talent of our people, in the energy and chemical markets in Southern Africa and worldwide.

### our strategic agenda

Our growth in sustainable stakeholder value is built on a foundation of developing people and improving assets. We aim to grow our GTL, CTL, upstream, chemicals and new energy business. This is achieved through our technological prowess and through group imperatives that deliver functional, operational and capital project excellence, supported by Values-driven Leadership.

Guiding our intentions and underpinning all our actions are our shared values of safety, customer focus, winning with people, excellence in all we do, continuous improvement and integrity.



*While our strategic direction remains generally consistent, we have aligned it to changes in our increasingly global business environment.*

## **unpacking our strategic agenda**

### **Group imperatives**

*The execution of transformational initiatives at group, business unit and functional levels give effect to Sasol's strategy. The Sasol business transformation steering committee provides overall governance and ensures clear focus and integrated implementation of these major programmes.*

#### **Operations Excellence**

This programme aims to improve profitability across Sasol's value chains by developing standardised, world-class management systems and by implementing best practice in our plants and businesses. Projects are facilitated to ensure sustainable continuous improvement. The programme also seeks to develop competent and engaged people to adopt these practices and deliver targeted performance.

#### **Functional Excellence**

This programme aims to assist centralised enterprise functions to identify process, structural and technological inefficiencies

and implement improvements that achieve simple, standardised and shared ways of working. The programme aims to improve the cost effectiveness and service efficiency of all the functional areas of our business.

#### **Capital Project Excellence**

This newly introduced initiative aims to ensure the flexible and effective use of capital in the group's project value chain. It is focused on delivering projects that meet all quality requirements in the shortest possible time, at the lowest possible cost, yielding the greatest possible return on investment.

#### **Values-driven Leadership**

Project Enterprise, our culture transformation programme, was launched in 2006 and has realised significant results. It aims to inspire employees to experience and emulate the change in behaviour and style evidenced by their leaders. Future activity will focus on assisting leaders to achieve effective culture change in day-to-day business decisions.

### **Foundational pillar**

#### **Develop and empower our people**

We endeavour to be an employer of choice by paying competitive, market-related salaries and wages, creating safe, healthy and rewarding workplaces and promoting positive corporate values. We invest significantly in skills development and training, focused leadership development and succession planning, to ensure a pipeline of talent to meet our strategic objectives.

#### **Continuously improve and grow our existing asset base**

We continue to grow our existing production, focused on achieving a world-class safety record and moderating our environmental impact by achieving our stated targets for emissions reductions, and by improving energy efficiency. We seek to continuously improve the efficiency and reliability of our operations.

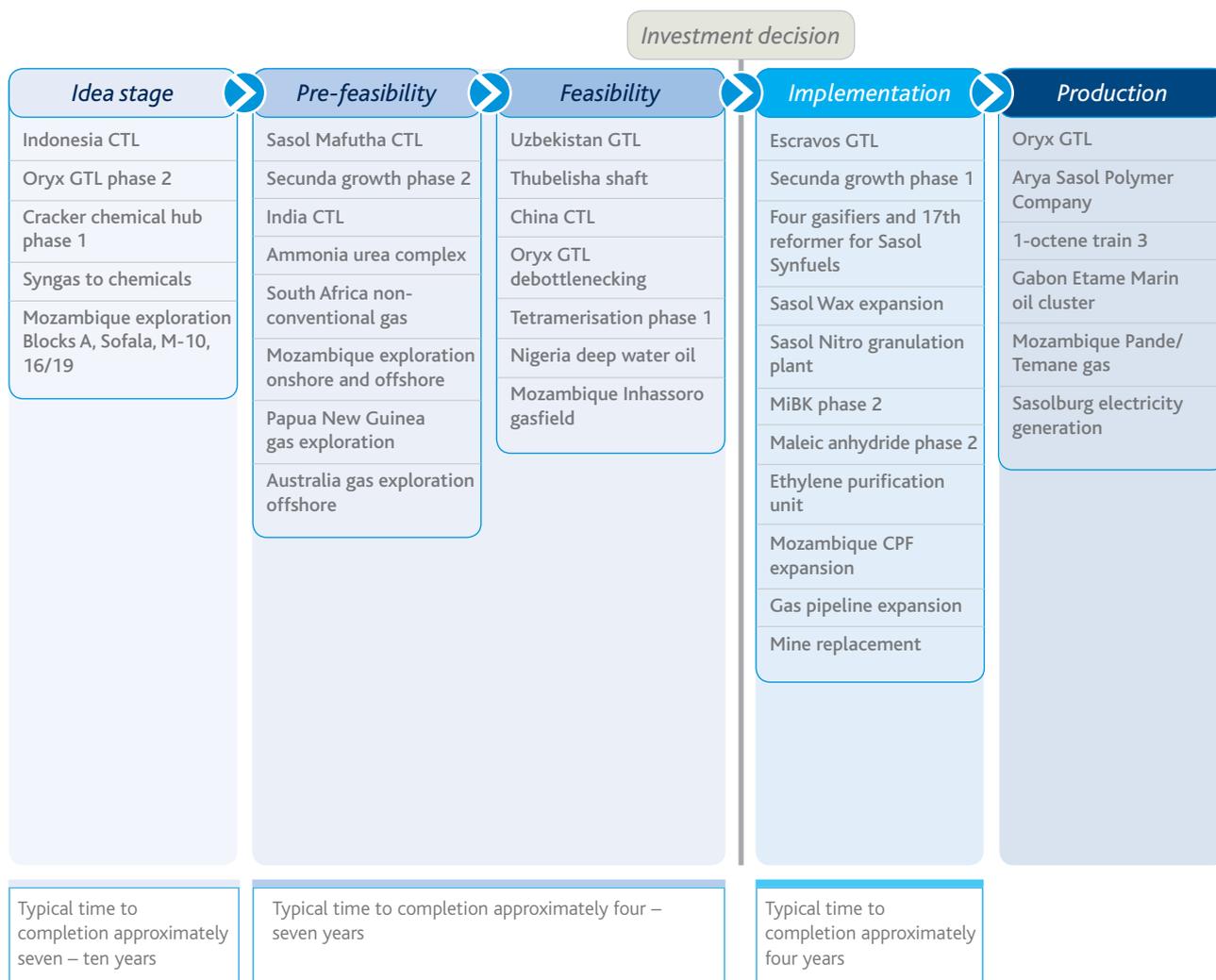
#### **Deliver on the South African transformation agenda**

As a proud South African company, we view black economic empowerment (BEE) as a moral obligation and a business imperative. We subscribe to the Code of Good Practice for Broad-based Black Economic Empowerment. Our broad-based BEE verification certificate, issued on 4 September 2010, confirmed our level 4 contributor status, with a 100% procurement recognition level. As Sasol is recognised as a value-adding enterprise, customers receive R1,25 preferential procurement recognition for each R1 they spend with Sasol group companies.

Our pipeline of growth projects is strong and continues to advance.

## project pipeline

Our flexible approach to our capital expenditure programme allows us to continuously reprioritise to ensure our pipeline of growth projects is advanced.



Within the context of our strategic agenda, we set specific management priorities each year.

## our top priorities – 2011 financial year

All Sasol's businesses and functions operate on a basis of sound governance and aim to achieve their targets on profit, safety, transformation and environment, while behaving in accordance with Sasol's shared values and complying with all relevant laws. Within this context, the following are the top priorities for the 2011 financial year.

<b>1</b>	<b>Improve safety performance</b>	<p>Zero fatalities</p> <p>*RCR of less than 0,45</p>
<b>2</b>	<b>Improve operational stability and reliability</b>	<p>Implement business improvement plans</p> <p>Improve plant/factory availability and utilisation through Operations Excellence</p> <p>Implement and drive a group-wide energy efficiency programme</p>
<b>3</b>	<b>Reduce functional costs</b>	<p>Cost reduction in line with targets – cumulative 15% by 2011 (30% by 2012)</p> <p>Effectiveness of service to be maintained or improved</p>
<b>4</b>	<b>Pursue group growth drivers</b>	<p>Grow upstream gas resources</p> <p>Accelerate development of new GTL projects</p> <p>Drive project execution excellence across all projects</p> <p>Ramp up Sasol New Energy activities</p>

\*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 workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.

Sasol has a strong pipeline of growth projects across the world and is seeking further opportunities both in upstream gas

## our growth opportunities worldwide

In line with our strategic intent, Sasol is pursuing local and international opportunities to grow our upstream asset base, and leverage our proprietary Fischer-Tropsch conversion technology to develop new GTL and CTL facilities. Recent technology developments in the cost-effective extraction of shale gas, and resulting lower gas prices, present a significant opportunity for the expansion of our GTL value proposition. We continue to develop a number of CTL opportunities and are also progressing plans to expand our chemicals businesses.

### 1 South Africa

**Firm plans to grow Sasol Synfuels production by 3,2%.** In addition, **Project Mafutha** is a Sasol initiative to investigate the merits of establishing a new CTL facility in the northern Limpopo Province of South Africa. Sasol has signed a Memorandum of Understanding (MOU) with the Industrial Development Corporation of South Africa (IDC) as a 49% stakeholder in the possible CTL facility.

**SPI and partners, Chesapeake and Statoil, have been awarded a petroleum technical cooperation permit** to assess the prospective shale gas resource in the Karoo Basin. The board has approved a R8,4 billion plan to **double hard wax production** in South Africa. We expect the first phase to come into operation in 2012, and the second in 2014. We also plan to invest R1,9 billion in a **new ethane/ethylene separation unit in Sasolburg.**

### 2 Mozambique

**Sasol Petroleum International is expanding its gas infrastructure** in the onshore Pande and Temane fields, while actively exploring for new gas resources both onshore and offshore. We have grown our acreage position through entry into offshore Blocks M-10 and Sofala and have finalised negotiations with the government on onshore Block-A.

### 3 Nigeria

**The development of the Escravos GTL plant in Nigeria is advancing,** in partnership with Chevron and the Nigerian National Petroleum Corporation, and we are expecting completion of the project in 2012.

### 4 Qatar

**Oryx GTL,** jointly owned by Qatar Petroleum and Sasol, is the world's largest commercial scale GTL facility. We are debottlenecking the plant by 10% and have our sights on expanding the facility when the time is right.

### 5 Germany

**To support Sasol Olefins & Surfactants' (O&S) selective growth strategy,** a project has been started to enable the business to sell purified tri-ethyl aluminium into the market. In the area of aluminas, Sasol O&S increased the capacity for calcined products by commissioning a new calciner unit. **The Sasol-Huntsman joint venture** is expanding production of maleic anhydride by 75% at Moers in Germany.

### 6 Uzbekistan

**Exploring GTL opportunities.** Sasol has formed a partnership with Petronas and state oil and gas company, Uzbekneftegaz, to establish a GTL plant in Uzbekistan. A feasibility study is underway. A MOU has been signed to cooperate in the Uzbek oil and gas industry and a Sasol Synfuels International (SSI) representative office has been opened in Tashkent.



### 7 India

**Sasol Synfuels International (SSI) is conducting a pre-feasibility study into a CTL facility in India.**

The government has awarded the SSI and Tata Group joint venture long-term access to a portion of the Talcher coalfield in the State of Orissa, the largest coal block award ever made in India to a private company.

exploration and downstream hydrocarbon beneficiation and chemical production.



### 8 China

Advanced plans to develop Sasol's first CTL plant outside SA. Following the completion of a feasibility study, we await the Chinese government's approval for the CTL plant to go ahead. **Together with a joint-venture partner, Sasol O&S has started basic engineering work** to expand our oleochemical alcohols capacity in Lianyungang. Studies have been conducted to explore further business opportunities for Sasol O&S' Nanjing-based surfactant business.

### 9 Indonesia

SSI has signed a MOU with the Indonesian government to investigate the viability of developing a CTL plant in the region.

### 10 Papua New Guinea

With our entry into four petroleum prospecting licences in Papua New Guinea in 2008, Sasol Petroleum International (SPI) established itself as a 51% equity operator in this area. Together with our new partner, Talisman, we are active in the maturation of prospects, which are planned to be drilled in 2011.

### 11 Australia

Sasol's main activities in Australia are aimed at growing our upstream gas resources and investigating options to develop GTL projects. In 2010, SPI entered into a new exploration permit, AC/P-52 through a 45% farm-in with Finder Exploration.

### 12 USA

Sasol Solvents has started basic engineering to develop technology to manufacture octene by tetramerising ethylene for use as a comonomer in the manufacture of linear low-density polyethylene at Lake Charles.

Sasol has a well-developed risk management capability. The principal risks of the Sasol group are summarised below.

## principal integrated risks

Details of our risk management process are provided in the corporate governance section of the annual financial statements. Our main financial risks, including those related to the global economy and currencies and commodity prices, are disclosed in our chief financial officer's review of the annual financial statements.\*

**A major safety, health or environmental (SH&E) incident or liability.**

**Context:**

While Sasol's safety performance compares favourably with typical recordable case rate (RCR) values for petrochemicals/chemicals operations (excluding mining), the improvement in our RCR in 2008 did not continue during 2009 and 2010. It has reached a plateau and in 2010 we had eight fatalities. This is not acceptable and we remain committed to achieving our goal of zero harm. On the environmental front, the recent oil spill in the Gulf of Mexico could result in even more stringent safety requirements at drilling operations the world over. The development of facilities in new territories presents a challenge to ensuring the appropriate accommodation of Sasol SH&E policies and design standards.

**Mitigation:**

We manage our activities according to the philosophy of 'zero exposure to harm'. All Sasol operations are committed to meeting strict performance targets on safety and health, process safety management, greenhouse gas (GHG) emissions, water management, energy efficiency and volatile organic compounds. We regularly update and train our staff on these key SH&E requirements and carry out internal and external audits to check compliance with SH&E regulations.

**Risk of not delivering a viable carbon dioxide (CO<sub>2</sub>) solution.**

**Context:**

With increasing understanding of the causes and consequences of climate change, there are greater global efforts to reduce GHG emissions. These include laws to reduce emissions, with possible financial penalties for not doing so. Sasol's processes make the group a significant emitter of GHGs. Its growth aspirations rely on a viable CO<sub>2</sub> reduction solution being developed.

**Mitigation:**

GHG reduction targets are in place and a sub-committee of the group executive committee (GEC) has been established to provide direction on issues related to Sasol's GHG reduction plans. The group's approach to reducing its GHG emissions is based on four pillars: increased use of low-carbon energy, increased use of renewable energy, improved energy efficiency at its operations and implementation of carbon capture and storage (CCS). A new business unit, Sasol New Energy, has been formed to manage the first three, and the fourth is being coordinated by a CCS project team.

**Viable superior or alternative technologies from competitors.**

**Context:**

Increasing environmental and energy security considerations mean that competition in our industry is intensifying, with more public and private resources being committed to developing new technologies.

**Mitigation:**

Numerous management controls are in place to mitigate this risk and enhance group operability. A more robust risk impact scale for technology has been employed. Improved intelligence gathering helps us identify and address competitor technologies.

\* Please see risk section (Item 3 D Risk factors) of the annual report as filed on the Form 20-F for more comprehensive disclosure on the material risks facing the Sasol group of companies.

Each risk is explained in relation to why it is material to Sasol, and how we are managing it.

*Risk of increasing portfolio exposure to high-risk countries. This covers a broad range of risks from those related to human rights to the availability of reliable utilities and infrastructure.*

**Context:**

Sasol's growth ambitions depend mainly on the opportunity to commercialise its GTL and CTL technologies across new frontiers. Most of the world's available gas and coal reserves are in developing countries, often in remote and underdeveloped locations.

**Mitigation:**

Sasol follows strict procedures for measuring country risks. We use our carefully formulated business development and implementation model, the level of equity participation through joint ventures as well as information from reputable rating agencies to assess country risk on a regular basis. Wherever it operates, Sasol is guided by its values and code of ethics. We believe in business and social partnerships, based on our South African experience.

*Not succeeding with the engineering, construction and commissioning of new plants.*

**Context:**

Sasol's growth ambitions include a number of large projects that require significant technical skills, as well as capital equipment and raw materials. The recession has led to some easing in the market for construction talent, but critical skills needed to execute projects are still relatively scarce, putting pressure on the cost of projects. Additionally, the prices of many key inputs, like steel, remain high.

**Mitigation:**

Sasol has a comprehensive plan to access, train and retain appropriate skills. We are broadening our supply base, building relationships with new manufacturers of equipment in countries like India and China. We regularly review international benchmark findings on project management and incorporate into practice the learning from previous projects. We work to continuously optimise project design.

*Failure to deliver timeously on cultural change initiatives and transformation in South Africa.*

**Context:**

To sustain Sasol's business, the group understands the importance of creating a high-performance, ethical, inclusive culture for all its employees. In this way we will be able to attract and retain the skills we need. South Africa has various laws in place to meet the country's transformation targets, and which are required to obtain various licences, permits and mineral rights. Failure to meet these may have material consequences for Sasol's reputation, licence to trade and ability to attract and retain skills.

**Mitigation:**

Five processes underpin Sasol's success in delivering on its goal to develop the company's culture and meet its targets in South Africa for transformation. These are Values-driven Leadership, talent management, employment equity, diversity management and compliance with the broad-based black economic empowerment (BEE) scorecard. The Sasol BEE office coordinates activities to optimise Sasol's compliance with transformation requirements. The Sasol Inzalo BEE equity ownership transaction was concluded in 2008, and our BEE focus also includes enterprise development to support sustainable small businesses.

*Non-compliance with applicable laws, regulations and standards.*

**Context:**

Authorities globally are intensifying their efforts to identify and prosecute conduct that is in violation of laws. In particular, they are focusing on anti-competitive behaviour, which can lead to fines, civil claims and damages awards. Various jurisdictions have specialised legislation aimed at combating corruption and companies found guilty of contraventions face fines and damage to their reputations. Tax laws are becoming increasingly complex, as are sanctions against certain jurisdictions.

**Mitigation:**

A group legal compliance committee has been established and additional legal compliance employees have been recruited. Regular legal compliance risk assessment workshops are held throughout the group and specific compliance programmes are implemented. These include training in high-risk legal compliance areas such as competition and anti-corruption. Sasol is setting up a public policy and regulatory affairs department to focus on finding solutions to the key policy and regulatory challenges the group faces.

## our board of directors From left to right: Hixonia Nyasulu, Pat Davies, Nolitha Fakude, Christine Ramon, Johnson Njeke, Colin Beggs, Greg Lewin



### Expertise and experience

### Directorships and recognition

#### Hixonia Nyasulu

(56)  
BA (Hons)

#### Non-executive chairman

2006: Appointed to board. • 2008: Appointed as chairman. Chairman of nomination and governance committee, and member of remuneration committee and risk and safety, health and environment committee.

Founded TH Nyasulu & Associates; founder and non-executive chairman of Ayavuna Women's Investments (Pty) Limited; member of JP Morgan Advisory Board; past member of Banking Enquiry Panel, investigating charges in retail banking; past deputy chairman of Nedbank Limited and past director of Tongaat Hulett Group (Pty) Limited, McCarthy Retail (Pty) Limited and Anglo Platinum Limited.

Director of Unilever Plc NV and Barloworld Limited. Rated by Financial Mail as one of the top three influential women in business in South Africa.

#### Pat Davies

(59)  
BSc Eng (Mech)

#### Chief executive

1975: Joined Sasol. • 1997: Appointed to board. • 2005: Appointed chief executive. Member of risk and safety, health and environment committee.

Has been responsible for oil and gas businesses, the internationalisation of Sasol's gas-to-liquids technology, and for Sasol's Mozambican natural gas project, from inception to successful completion.

Director of Sasol Limited; Sasol Financing (Pty) Limited; Sasol Olefins & Surfactants; Sasol Polymers; Sasol Synfuels (Pty) Limited; Sasol Synfuels International (Pty) Limited and Sasol Technology (Pty) Limited.

#### Nolitha Fakude

(45)  
BA (Hons)

#### Executive director

2005: Appointed to board. Member of risk and safety, health and environment committee. Responsible for sustainability and transformation; group human resources; corporate and government affairs; safety, health and environment; supply chain, information management and shared services.

Past member of group executive committee at Nedbank Limited, responsible for group strategy, marketing, corporate affairs and transformation.

Chairman of Sasol Mining Holdings (Pty) Limited and non-executive director of Sasol Oil (Pty) Limited; Sasol Olefins & Surfactants; Sasol Polymers; Sasol Synfuels (Pty) Limited; trustee and non-executive director of National Empowerment Fund; council member and second deputy chairman of Human Resources Development Council of South Africa.

#### Christine Ramon

(43)  
CA(SA)

#### Executive director and chief financial officer

2006: Appointed to board. Member of the risk and safety, health and environment committee.

Past CEO and financial director of Johnnic Holdings Limited; past director of Johnnic Communications Limited and chairperson of Autopax; past director of National Health Laboratory Services and of Tsogo Sun Investment Holding Company. Past standing advisory committee member of the International Accounting Standards Board.

Chairman of Sasol Financing (Pty) Limited; director of Sasol Mining (Pty) Limited; Sasol Oil (Pty) Limited; Sasol Olefins & Surfactants; Sasol Synfuels International (Pty) Limited; Sasol Petroleum International (Pty) Limited; Sasol Polymers; Sasol Solvents and Sasol Synfuels (Pty) Limited. Director and audit committee member of Transnet Limited. 2006: recognised as Young Global Leader by World Economic Forum. 2009: Awarded Most Influential Woman in Business in South Africa in the Chemical, Pharmaceutical and Petrochemical sector, by CEO Magazine.

#### Johnson Njeke

(51)  
CA(SA)

#### Independent non-executive director

2009: Appointed to board. Member of audit committee.

Past partner at PricewaterhouseCoopers; co-founder of Kagiso Trust Investment (Pty) Limited and past board member of various companies in the Kagiso Group; past chairman of South African Institute of Chartered Accountants and past member of Katz Commission of Inquiry into Taxation in South Africa.

Chairman of Silver Unicorn Trading 33. On the boards of Adcorp Holdings Limited; ArcelorMittal South Africa Limited; Barloworld Limited; Metropolitan Holdings Limited; MTN Group Limited; Member of the Council of the University of Johannesburg; member of the audit committee of MTN Group and Barloworld.

#### Colin Beggs

(62)  
CA(SA)

#### Independent non-executive director

2009: Appointed to board. Member of audit committee.

Past senior partner and CEO of PricewaterhouseCoopers; past chairman of PricewaterhouseCooper's global board; past chairman of South African Institute of Chartered Accountants (SAICA) board; past chairman of accounting practices committee of SAICA and past member of New Partnership for Africa's Development committee.

Director and member of the audit committee of ABSA Holdings and ABSA Bank Limited, and certain subsidiaries of the Discovery Group. Member of the Accounting Practices Board. Member of audit committee of SA Business Trust; founder member and director of Ethics Institute of South Africa.

#### Greg Lewin

(57)  
BE (Chem), MBA,  
FREng FIChemE

#### Independent non-executive director

2010: Appointed to board. Member of risk and safety, health and environment committee.

Past executive vice president of Shell Downstream; past president of Shell Global Solutions and past president of Institution of Chemical Engineers.

Chairman of Industry Advisory Group, Faculty of Chemical and Biomolecular Engineering, Melbourne University; member of IChem Foundation; International Fellow of Royal Academy of Engineering and Fellow of Institution of Chemical Engineers.

From left to right: Brian Connellan, Henk Dijkgraaf, Mandla Gantsho, Anshu Jain, Imogen Mkhize, Jürgen Schrempp, Tom Wixley



	<i>Expertise and experience</i>	<i>Directorships and recognition</i>
<p><b>Brian Connellan</b> (70) CA(SA)</p>	<p><b>Independent non-executive director</b> 1997: Appointed to board. Chairman of audit committee and member of risk and safety, health and environment committee and remuneration committee.</p> <p>After joining the Barlow Rand Group in 1964, his career with Barlows covered a wide range of responsibilities, including the running of several major subsidiaries, both as chief executive and executive chairman. Appointed to the Barlow board in 1965, when executive chairman of Building Materials, Steel and Paint divisions. Executive chairman of Nampak Limited from 1990 until his retirement in 2000.</p>	<p>Over his long career he was director of a number of listed companies, including Tiger Brands Limited, Oceana Group Limited, Safren, Adcock Ingram Holdings Limited, Bidcorp plc, and until recently, Illovo Sugar. Currently director of Absa and Reunert. Past councillor of the South Africa Foundation, the Institute of Directors and the Corporate Forum and was a contributor to the first two King reports on Corporate Governance.</p>
<p><b>Henk Dijkgraaf</b> (63) MSc Eng (Mining)</p>	<p><b>Independent non-executive director</b> 2006: Appointed to board. Chairman of remuneration committee and of risk and safety, health and environment committee and member of the audit committee.</p> <p>Has held several operational, planning and managerial positions in oil and natural gas exploration and production companies of the Royal Dutch Shell group; past CEO of Shell International Gas and of Shell Coal and director of Shell Exploration and Production; past president of Shell Nederland and past CEO of Gasurie and Gas Terra.</p>	<p>Director and member of the audit committee of Eneco Holding NV; director of the Royal Tropical Institute and deputy chairman of Netherlands Institute for the Near East.</p>
<p><b>Mandla Gantsho</b> (48) CA(SA), MSc, PhD</p>	<p><b>Independent non-executive director</b> 2003: Appointed to board. Member of audit committee and nomination and governance committee.</p> <p>CEO of Nova Capital Africa, a leading emerging markets investment bank; past vice president, operations of African Development Bank Group; past CEO and chief financial officer of Development Bank of Southern Africa. Held senior management positions in Transnet Limited and Engen Petroleum Limited. Considerable experience in development finance and banking and corporate entrepreneurship.</p>	<p>Past director of AfroCentric Limited and Africa Water Facility.</p>
<p><b>Anshu Jain</b> (47) BA (Hons), MBA</p>	<p><b>Non-executive director</b> 2003: Appointed to board.</p> <p>Head of Corporate and Investment Bank of Deutsche Bank and member of management board; past head of global markets of the bank; past MD of Merrill Lynch in New York; past member of Indian Prime Ministers working group on inward Investment in India. Recently led Deutsche Bank team advising UK treasury on financial stability.</p>	<p>2010 Risk Magazine's Lifetime Achievement Award and Business Leader Award from NASSCOM in India. Member of Financial Services Global Competitiveness Group for the Chancellor of the Exchequer, UK.</p>
<p><b>Imogen Mkhize</b> (47) BSc, MBA</p>	<p><b>Independent non-executive director</b> 2005: Appointed to board. Member of risk and safety, health and environment committee and remuneration committee.</p> <p>Career history includes senior positions with Andersen Consulting and Nedcor Bank Limited; past managing director of Lucent Technologies (South Africa); past executive chairman of the Zitek Group and CEO of the World Petroleum Congress in South Africa from 2003 to 2006.</p>	<p>Chairman of Richards Bay Coal Terminal and director of several companies, including Mondi Limited and Mondi Plc; MTN South Africa; Murray and Roberts Limited; member of Financial Markets Advisory Board and past member of Harvard Business School Global Alumni board; chairman-elect of Rhodes Business School. 2001: Recognised by World Economic Forum as Global Leader for Tomorrow.</p>
<p><b>Jürgen Schrempp</b> (66) BSc Eng</p>	<p><b>Lead independent non-executive director</b> 1997: Appointed to board. Member of the nomination and governance committee and remuneration committee.</p> <p>Past chairman of the board of management of Daimler Chrysler AG and of the board of management of Daimler Benz Aerospace AG; past board member of several Daimler Benz subsidiary companies and past director of Allianz AG; the NYSE; Vodafone Group plc and South African Airways (Pty) Limited.</p>	<p>Non-executive chairman of Mercedes Benz South Africa; director of Jonah Capital (Pty) Limited and Compagnie Financiere Richemont SA and partner of Compagnie Financiere Rupert; non-executive chairman of Iron Mineral Beneficiation Services (Pty) Limited; member of the International Investment Council of the President of South Africa and chairman emeritus of the Global Business Coalition on HIV/Aids. He is the recipient of numerous awards from the business and industrial community.</p>
<p><b>Tom Wixley</b> (70) CA(SA)</p>	<p><b>Independent non-executive director</b> 2007: Appointed to board. Member of the audit committee and nomination and governance committee.</p> <p>Past chairman of Ernst &amp; Young; served on the International Council of Ernst &amp; Young International and past member of the Accounting Practices Committee and Accounting Practices Board.</p>	<p>Director of Anglo Platinum Limited and member of the audit committee; chairman of New Corpcapital Limited; director and member of audit committee of Clover Industries Limited, Avusa Limited, Sanlam Developing Markets Limited and Pan Africa Insurance Holdings Limited and current chairman of ad hoc committee on corporate law reform of South African Institute of Chartered Accountants.</p>

## *our group executive committee*



*From left to right: Christine Ramon, Riaan Rademan, Bernard Klingenberg, André de Ruyter, Bram de Klerk, Lean Strauss, Pat Davies, Nereus Joubert, Nolitha Fakude*

<i>Personal details</i>	<i>Role at Sasol</i>	<i>Expertise and experience</i>
<p><b>Pat Davies*</b> <i>BSc Eng (Mech)</i> 1995: Appointed to GEC</p>	<p>Chief executive and executive director. Director of several Sasol companies.</p>	<p><b>1975: Joined Sasol</b> Has been responsible for various portfolios, including the internationalisation of Sasol's GTL technology, and the group's oil and gas businesses, as well as Sasol Synfuels, Sasol Petroleum International, Sasol Synfuels International and Sasol Technology.</p>
<p><b>Christine Ramon*</b> <i>CA(SA)</i> 2006: Appointed to GEC</p>	<p>Chief financial officer and executive director. Director of several Sasol companies.</p>	<p><b>2006: Joined Sasol</b> Past CEO and financial director of Johnnic Holdings and past director of Johnnic Communications Limited.</p>
<p><b>Nolitha Fakude*</b> <i>BA (Hons)</i> 2005: Appointed to GEC</p>	<p>Executive director responsible for sustainability and transformation; group human resources; corporate and government affairs.  Chairman of Sasol Mining Holdings and director of several other Sasol companies.</p>	<p><b>2005: Joined Sasol</b> Past member of group executive committee of Nedbank Limited, responsible for group strategy, marketing, corporate affairs and transformation.</p>
<p><b>Bram de Klerk</b> <i>BSc Eng (Mech), MBA</i> 2003: Appointed to GEC</p>	<p>Group executive, Sasol Group Services, responsible for Sasol's Operations Excellence, Project Mafutha and safety, health and environment.  Director of several Sasol companies.</p>	<p><b>1973: Joined Sasol</b> Past managing director of Natref and Sasol Synfuels and previously responsible for Sasol Technology.</p>
<p><b>André de Ruyter</b> <i>MBA, LLB, BLC, BA</i> 2009: Appointed to GEC</p>	<p>Senior group executive, operations, responsible for Sasol Oil, Sasol Gas, Sasol Synfuels, Sasol Polymers, Sasol Solvents, Sasol Olefins &amp; Surfactants, Sasol Nitro, Sasol Wax and Sasol Infracem.</p>	<p><b>1993: Joined Sasol</b> Held various management positions, including manager group strategy; head of China CTL project in Beijing and managing director of Sasol Olefins &amp; Surfactants in Germany.</p>
<p><b>Nereus Joubert</b> <i>B Juris, LLB, LLD, AMP</i> 1996: Appointed to GEC</p>	<p>Group executive and company secretary, responsible for group company secretarial, legal, intellectual property, insurance, risk management and internal audit.</p>	<p><b>1994: Joined Sasol</b> Former professor of law and vice dean of the faculty of law at Rand Afrikaans University (now UJ). Alexander von Humboldt Scholar. Attended Advanced Management Programme at Harvard Business School.</p>
<p><b>Bernard Klingenberg</b> <i>MSc Eng (Mech)</i> 2009: Appointed to GEC</p>	<p>Group executive, responsible for human resources.  Director of several Sasol companies.</p>	<p><b>1986: Joined Sasol</b> Held various management positions, including managing director of Sasol Polymers, Sasol Nitro, Sasol Solvents and Sasol Olefins &amp; Surfactants SA.</p>
<p><b>Riaan Rademan</b> <i>B Eng (Mech), MBL</i> 2009: Appointed to GEC</p>	<p>Group executive, responsible for Sasol Shared Services, supply chain management, information management and Sasol's Functional Excellence programme.  Director of several Sasol companies.</p>	<p><b>1981: Joined Sasol</b> Held various management positions, including managing director of Sasol Mining and of Sasol Nitro. Attended Advanced Management Programme, Wharton, University of Pennsylvania.</p>
<p><b>Lean Strauss</b> <i>B Com (Hons), M Com</i> 2005: Appointed to GEC</p>	<p>Senior group executive responsible for Sasol's international energy cluster, Sasol Technology, Sasol New Energy and new business development.</p>	<p><b>1982: Joined Sasol</b> Held various management positions in Sasol Oil and Sasol Gas and was managing director of Sasol Nitro.</p>

\* For more information see our board of directors on page 18.

## chairman's statement

### Highlights and challenges 2010

- **Actions implemented to improve operating performance are delivering results.**
- **Successful execution of offshore projects supported earnings growth.**
- **Strategically well-positioned to leverage opportunities for growth through continued enhancement of technology.**
- **Balance sheet strength is supporting investment for growth and enhanced returns to shareholders.**
- **Improving our safety record remains our biggest challenge.**

### Sustainability: core to delivering on our growth drivers

The new King III Code of Governance Principles in South Africa calls for integrated sustainability reporting. Underlying this call is the desire that companies should more clearly demonstrate how social, economic and environmental considerations impact on the company's strategic growth drivers, as well as showing how these issues are being effectively integrated within the company's core strategy and throughout its sphere of influence.

We believe that our sustainability performance has a direct bearing on the achievement of our strategic growth objectives. At its most fundamental, growing our business is ultimately dependent upon the maintenance of a stable political environment, the ability to attract and retain the best and most appropriately skilled

employees, ensuring continued access to vital natural resources and feedstock (such as water, coal and gas), and maintaining positive relationships with our principal stakeholders, including governments, providers of capital, and the communities where we operate. Achieving each of these elements requires us to operate in an informed, responsive and socially responsible manner.

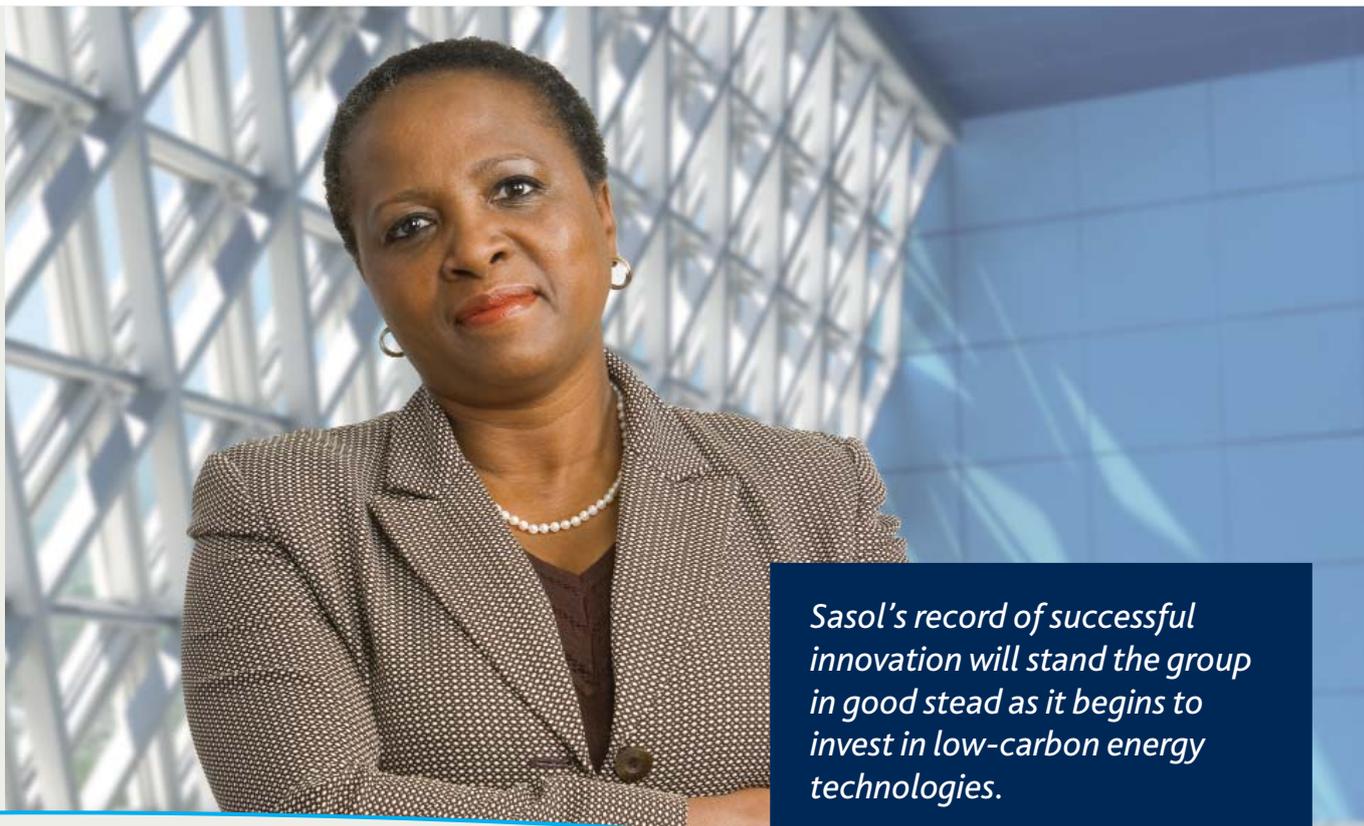
In addition to the various drivers relating to value-protection – where the focus is primarily on risk management, compliance and operational efficiency – sustainable development also presents opportunities for value-creation. We believe, for example, that there are significant commercial opportunities associated with meeting the profound challenges associated with

promoting energy security on the one hand, while addressing climate change and resource depletion on the other. Sasol has a long history of technological innovation and of commercialising technologies at scale. We see strategic growth opportunities associated with building on these competencies, and in identifying options for differentiating from the current fossil fuel-based energy mix. It is for this reason that we have established Sasol New Energy, which has been tasked with identifying and realising the business opportunities associated with a low-carbon future economy.

For Sasol, addressing sustainable development issues is as much an economic and business imperative as it is a moral imperative.

\* 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 workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.

**SD** A more detailed review of the integration between our sustainability performance and the achievement of our strategic growth objectives is provided in our separate sustainable development report.



*Sasol's record of successful innovation will stand the group in good stead as it begins to invest in low-carbon energy technologies.*

Hixonia Nyasulu, chairman

### Delivering solid shareholder returns

The board and management of Sasol share an obligation to grow stakeholder value sustainably for the many people around the world who have invested in Sasol. Since September 2008, this has included some 300 000 historically disadvantaged South Africans who have invested their savings in Sasol through the Sasol Inzalo share scheme. Discharging this responsibility has required a careful balance between the prudent management of cash and costs, and delivering growth.

The results Sasol has achieved in the year ended 30 June 2010 reflect management's decisive approach, particularly during the difficult economic circumstances of the past two years. Despite the economic turbulence, Sasol has delivered an average return on equity of 24% over the last five years while increasing shareholders' equity by 80%

(R42 billion). These numbers illustrate the strong track record of growth and solid financial platform that Sasol has established.

This solid foundation has allowed us to increase the dividend pay-out this year while maintaining our aggressive investment programme. I believe the dividend growth can be seen as a vote of confidence in the exciting growth prospects of the company.

In contrast to this encouraging financial performance, however, was a disappointing safety performance. The tragic deaths of eight people working on Sasol's sites during the year, including two employees of contractors, are of grave concern to us. In addition, there was one service provider fatality at premises leased from Sasol by the service provider, and not under the control of Sasol. I extend my deepest sympathy to their families, colleagues and friends. The company's recordable case rate (RCR)\*

was 0,51 in 2010. While this is in line with global standards, it is disappointing that the positive trend in Sasol's safety performance appears to have levelled out. Safety remains a top priority and I fully support the actions taken by management to address this situation.

### Delivering on the promise of growth

The economic resilience of the BRIC countries (Brazil, Russia, India and China), has been one of the defining features of the global economy this year. The robust growth recorded in these countries, which are home to more than half the world's population, continues to support the demand for the range of commodities that Sasol produces. These developments, alongside changes in world energy markets, provide a compelling backdrop to Sasol's strategy.

Greater detail on the progress made in executing our strategy is provided in the chief executive's report and elsewhere in

this annual report. Particularly pleasing has been the performance of Oryx GTL, our gas-to-liquids (GTL) joint-venture operation in Qatar. The technical and financial success of this facility has demonstrated the commercial viability of Sasol's proprietary technology and is already giving rise to further GTL opportunities. I pay tribute to the hard work, over many years, of all those who have developed and commercialised this technology.

I believe that Sasol's record of successful innovation will stand the group in good stead as it begins to invest in low-carbon energy technologies.

### **Investing in skills for growth**

The foundation for technology-driven growth is skills development. Besides the group's own human capital requirements, its significant investment in skills has an impact that extends far beyond its factory gates. The group's partnerships with a number of tertiary education institutions in South Africa is a good illustration of this. The group's funding of research and, through its extensive bursary programme, tertiary science education, ensures a strong pipeline of relevant skills for Sasol while broadening the skills base of those countries in which it operates, particularly that of South Africa.

I believe that such partnerships provide an exciting opportunity to marry the commercial needs of the business with the development needs of emerging countries.

### **Supporting South Africa's growth**

The implementation of Sasol Inzalo in 2008, in addition to real progress made on the other pillars of broad-based black economic empowerment (BEE), contributed to Sasol achieving its 2012

target of being a level 4 contributor to broad-based BEE by September 2010. We are committed to building on this achievement and ensuring that it is sustainable.

Along with many fellow South Africans, I continue to feel the afterglow of South Africa's successful hosting of the 2010 FIFA World Cup South Africa™. I believe that the event provided an invaluable opportunity for South Africa to showcase its ability as a nation, and the talent and warmth of its people. I am particularly hopeful that the spirit of partnership and sense of possibility that was so evident during the tournament will remain. We have an exceptional opportunity to harness the lessons we have learned in hosting the world's greatest sporting event to ensure lasting improvement in the lives of many South Africans.

I believe, though, that the World Cup should not be viewed as an isolated event. In many ways it confirms the economic and social progress that has been made over the last decade through much of Africa. Sub-Saharan Africa, over the past ten years, has established itself as one of the fastest growing regions in the world.

As the largest industrial company in South Africa and an important player on the African continent, Sasol is in a unique position to benefit from this growth momentum. The group's position, however, is not merely a passive one. Sasol's commitment to invest R44 billion in Africa, and its partnerships with various role players across a range of areas attest to our active involvement in improving the fortunes of the region and the continent at large. Further detail on our partnerships can be found throughout this report.

### **Cooperating to secure sustainable growth**

Sasol is committed to and engaged in ensuring environmental sustainability in general, and addressing the risk of climate change in particular. The United Nations climate change conference held in Copenhagen has placed renewed focus on the need to reduce greenhouse gas emissions. As a significant player in South Africa's carbon-based economy, Sasol recognises its responsibility in this regard. Furthermore, through its proven track record in technology development and scientific expertise, the company can make an important contribution to finding appropriate solutions. Sasol is engaging actively with the South African government and with various key stakeholders around the world, to find different ways to solve the unique challenges that we face as a developing country in addressing South Africa's greenhouse gas emissions.

In September 2010, Sasol was ranked as the sector leader of the oil and gas producers, as well as the global leader of the oil and gas super-sector in the international Dow Jones Sustainability Index (DJSI). This internationally recognised index defines corporate sustainability as a "business approach to create long-term shareholder value". Over 1 390 companies were assessed on their economic, environmental and social performance. Sasol first entered the index in 2009 and was ranked in the top 10% in the oil and gas producers' sector.

Sasol also has a great deal to learn from the expertise of others, particularly in areas such as carbon capture and storage. In this respect, Sasol's scientists participate



*The technical and financial success of Oryx GTL, Sasol's joint-venture operation in Qatar, has demonstrated the commercial viability of our proprietary technology.*

in a number of forums for technical cooperation both in South Africa and internationally. I am encouraged by the level of engagement and willingness to collaborate demonstrated by a number of industry players in addressing these pressing issues. The holistic solutions required to address the twin challenges of development and environmental sustainability will only be found through the cooperation of all role players.

### **Restructuring for effectiveness**

In May 2010, the Sasol board agreed on a number of changes to the group executive committee (GEC), the details of which are provided in the chief executive's report. I congratulate those GEC members appointed to new roles and wish them well with the challenges that lie ahead.

In addition, the board agreed that Pat Davies, who will soon reach Sasol retirement age, should extend his tenure as chief executive for another year. This is in the best interests of the company. We have, in the meantime, initiated a comprehensive search programme both internally and externally, as well as locally and internationally, for his successor.

### **Continuous improvement in reporting and governance**

The board has considered and endorsed the King Code of Governance Principles for South Africa 2009 (King III) issued by the Institute of Directors (Southern Africa) in September 2009. We are working towards meeting the revised governance principles and recommended practices introduced by King III. This is reflected, among other improvements, in this annual review which incorporates many of the recommendations for integrated reporting.

During the year, we completed a thorough review of all aspects of our compliance with competition legislation. This reflects the continued engagement between the board and the executive management of the company to ensure that the highest standards of good governance are maintained.

### **Acknowledgements**

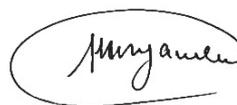
During the year, Benny Mokaba resigned as executive director. On behalf of the board, I wish him well in his future endeavours. I also extend a warm welcome to Colin Beggs and Greg Lewin who joined the board as non-executive

directors. Their appointments further strengthen the board.

I would like to thank the non-executive directors of the board whose wide range of experience, as well as their depth of knowledge and skill, has proved invaluable during these turbulent times.

Finally, I commend Pat Davies and his executive management team for the decisive leadership they continue to show, and which is evident in the results the company has achieved.

As the Sasol group nears the auspicious milestone of its 60th anniversary, I believe that the group is well positioned, with a firm financial foundation, compelling growth prospects and a strong commitment to sustainable development.



**Hixonia Nyasulu**  
Chairman

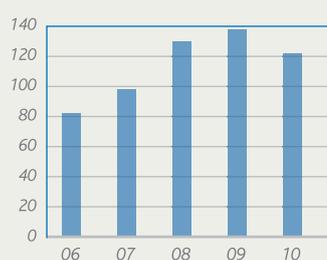
## chief executive's report



Pat Davies, chief executive

*Throughout the economic turbulence of the last few years, Sasol has maintained its record of profitability and cash generation.*

Turnover (R billion)



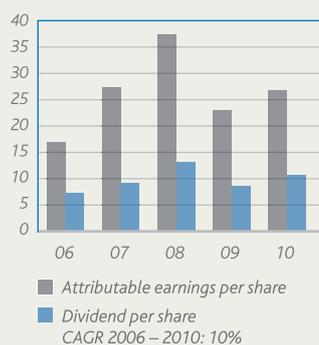
Operating profit (R billion)



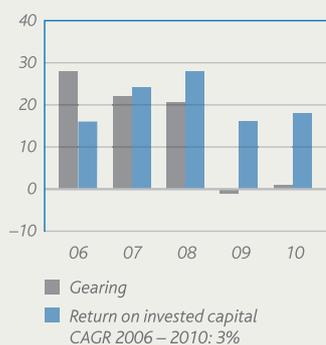
Operating profit/(loss) (contribution to group)

<ul style="list-style-type: none"> <li>South African energy cluster</li> <li>Mining</li> <li>Gas</li> <li>Synfuels</li> <li>Oil</li> <li>Other</li> </ul>	(Rm) 816 2 479 13 233 1 374 (25)	<b>74%</b>
<ul style="list-style-type: none"> <li>International energy cluster</li> <li>Synfuels International</li> <li>Petroleum International</li> </ul>	(Rm) 131 337	<b>2%</b>
<ul style="list-style-type: none"> <li>Chemical cluster</li> <li>Polymers</li> <li>Solvents</li> <li>Olefins &amp; Surfactants</li> <li>Other</li> </ul>	(Rm) 958 1 154 2 492 892	<b>23%</b>
<ul style="list-style-type: none"> <li>Other businesses</li> </ul>	(Rm) 165	<b>1%</b>

Attributable earnings and dividends per share (Rand)



Gearing and return on invested capital (%)



## Delivering reliable returns through the cycle

Over the past financial year, Sasol continued to deliver on its strategy by focusing on the world-class performance of our existing assets and progressing growth opportunities, based on our proprietary technology. The prompt actions taken in response to the global economic crisis, though painful, have resulted in a more efficient and effective organisation. Our financial position is strong and we have the flexibility to pursue our sustainable growth strategy with vigour. Our focus remains on optimising our businesses, leveraging our technology and investing strategically to enhance shareholder returns on a sustainable basis. A particular area of focus in the year was ensuring full compliance with all aspects of competition law and improving and strengthening our compliance programme.

Sasol reduced its cash fixed costs in 2010 while increasing volumes, particularly at Sasol Synfuels, Sasol Mining and Arya Sasol Polymer Company. Sasol Mining and our black economic empowerment (BEE) partner, Ixia Coal, delivered a remarkable 12% improvement in productivity alongside a cost saving of R125 million during the year. Seen in the context of sharply higher electricity costs in South Africa, which had a significant impact on Sasol Synfuels and Sasol Mining in particular, this cost reduction is a great achievement. I am particularly pleased that we managed to reduce our cost base without forced retrenchments.

Our chemicals businesses implemented far-reaching turnaround programmes to reduce costs and improve margins, and to introduce more flexibility to respond to changes in the macroenvironment. The results have been remarkable, with the chemicals businesses contributing

approximately 23% to the group's operating profit. These businesses are well-positioned for the future.

These operational achievements across the group translated into an operating profit of R23,9 billion, despite the rand's 16% appreciation against the US dollar in the year. Throughout the economic turbulence of the last few years Sasol has maintained its record of profitability and cash generation. This consistent performance has allowed the company to steadily reduce gearing from a high of 37% in 2005 to the unleveraged position we have held since last year. I believe this to be a testament to the actions taken by management over the last year, as well as to the inherent strength of Sasol's existing energy and chemicals businesses.

We have adopted a progressive dividend policy as indicated to the market in June. The final dividend declared was R7,70 per share, bringing the total dividend for the year to R10,50 per share.

## A strategic commitment to sustainability

*Sasol's group executive committee (GEC) formally adopted sustainable development as a group-wide strategic business philosophy in 2000. Since then, we have taken various steps towards integrating sustainability principles in our activities, in the belief that a commitment to sustainable development yields an important competitive advantage. As part of fulfilling this commitment, we have developed, implemented and are continuously improving our management framework to provide our businesses with the policies, governance structures, targets and reporting systems that are required to manage the risks and opportunities that sustainability presents.*

*This commitment to sustainable development is coordinated at group level and implemented at business level, with ultimate responsibility residing with our board of directors. Our group chief executive takes formal responsibility for sustainability, both in his role as the group's chief safety, health and environment (SH&E)*

*officer, and through his leadership role in driving a values-based culture throughout the organisation. He is assisted on the GEC by an executive director who has responsibility for sustainable development issues, greenhouse gas management, skills development, Operations Excellence, and SH&E. The GEC receives strategic and operations-specific inputs from all businesses, as well as from specialised committees. One of these is the group executive SH&E committee, which reviews performance and considers and approves recommendations on sustainable development and SH&E guidelines and policy for the group.*

*The board also receives input from the group risk and SH&E committee and the audit committee. In line with King III requirements, the audit committee plays a role in reviewing the integrated report and the nature of any associated external assurance processes.*

The strong financial performance, under difficult economic circumstances, was overshadowed by the tragic fatalities that occurred during the year. The deaths of eight people – employees and service providers – while carrying out their duties at Sasol has eclipsed an improved RCR of 0,51 for the year. In addition, there was one service provider fatality at premises leased from Sasol by the service provider, and not under Sasol's control. Such avoidable loss of life is of great personal distress to me and several interventions are underway to rectify this unacceptable situation. These interventions underline the seriousness with which we take the safety of our people and our target of zero harm.

## Delivering growth through technology and project execution

Our strategy of securing low-value hydrocarbon resources and converting them, through our technology, into high-value energy and chemical products remains compelling. Our GTL technology puts us in a position to monetise low-value gas feedstock by producing high-quality liquid fuels. As gas prices decline relative to oil prices, as has been the case recently, our process becomes increasingly profitable.

FIN

*More detail on the composition and activities of these various committees is provided in the corporate governance report in our separately published annual financial statements.*

*Beyond Sasol's unique technology and engineering expertise, the success of our growth strategy is predicated on strong partnerships.*

I believe that our strategy and technology position, along with our profitability and strong balance sheet, places us in an ideal position to capitalise on this significant change in the relative value of energy.

In the financial year, we made good progress executing our sustainable growth strategy. Sasol Synfuels International (SSI), off the back of a strong operational performance by Oryx GTL, recorded its first operating profit despite an increase in costs associated with the development of other new projects. Oryx GTL has demonstrated the viability of our GTL technology and our ability, alongside our partner, Qatar Petroleum, to successfully commercialise complex technologies.

Sasol's unique technology and expertise ensures a strong platform for growth in liquid fuels and selected chemicals markets. During the year, we announced an investment of R8,4 billion in new hard wax production capacity at our Sasolburg facility in South Africa. The demand for hard wax is growing rapidly and Sasol's unique technology has placed the company in an ideal position to seize this market opportunity.

Sasol made further progress on its polymer growth strategy with the ramp-up of production at Arya Sasol Polymer Company. The plant achieved an average capacity utilisation of 70% in the second half of the year.

Over the past four years, Sasol Petroleum International (SPI) has steadily expanded its exploration portfolio. Today we have exploration equity interests in seven countries while maintaining our upstream production in Mozambique and Gabon.

Our success in developing gas resources in Mozambique has created an opportunity for Sasol to increase electricity generation from cleaner natural gas instead of from coal. We have set ourselves a goal

of supplying half our electricity needs in South Africa from our own resources by 2012, and we have plans to take this further.

Pre-feasibility work on Project Mafutha, our proposed new coal-to-liquids (CTL) facility in South Africa, continues. The feasibility phase of the project, however, can commence only once work has been completed on a number of key matters.

Sasol's capital investment demonstrates our commitment and ability to executing our growth strategy. Over the last five years, through the highs and lows of the energy and chemical cycles, Sasol increased capital expenditure from R12,6 billion in 2005 to R16,1 billion in 2010. Last year, we indicated that we would reprioritise our capital spend to ensure that our need to conserve cash would not affect long-term growth. In 2010, we carried out this intention with investment (including pre-investment expenditure) in growth projects of R6,6 billion being maintained. This has secured a strong pipeline of growth projects while maintaining our ungeared position.

Sasol's successful track record of commercialising unique technologies has positioned the company well to exploit the opportunities arising from low-carbon energy alternatives. As I have stated before, the twin challenges of promoting economic development and simultaneously reducing greenhouse gas (GHG) emissions can only be met through innovation. A suite of technology solutions, ranging from those that drive greater energy efficiency and make available renewable sources of energy, through to carbon capture and storage, will be needed to meet these critical challenges.

Sasol New Energy, alongside Sasol Technology and in cooperation with a number of external partners, has made good progress in pursuing options in all these areas. This business unit will enable us to achieve three complementary goals: extending the life of our existing carbon resources; reducing Sasol's GHG footprint; and ensuring Sasol's long-term growth by commercialising exciting new energy technologies.

It would be disingenuous to portray the challenges of environmental sustainability as an opportunity only. Society expects of us, wherever possible, to ensure that we conduct our business in an environmentally sustainable way. In Sasol's case, a large part of this obligation is to reduce our GHG emissions and failure to do so will impact negatively on our licence to operate. We have set tough targets for the reduction of GHG emissions by 2020 and 2030. Our progress on meeting these targets is reported elsewhere in this report as well as in our separate sustainable development report.

Beyond Sasol's unique technology and engineering expertise, the success of our growth strategy is predicated on strong partnerships. During the year, we continued to see the value of the relationships we have built over many years. I would like to thank our partners with whom we are advancing new energy technologies, securing upstream resources and developing new chemical and fuel projects, for their continued support. Building strong relationships with existing and future partners is guided by a strong commitment to our values. Our focus on organisational culture over recent years has provided a strong basis for these relationships.

**Ensuring sound governance**

Management has continued to interact with the Sasol board to continuously



*Sasol Mining, in partnership with our BEE partner, Ixia Coal, delivered a remarkable 12% improvement in productivity.*

improve governance and systems of internal control within the group. In the year under review, deliberations focused on finding the most appropriate way to adhere to the principles and recommendations of King III.

Not only have we improved and strengthened our competition law compliance programme, but we are also cooperating with the South African Competition Commission on their ongoing investigations and we are making progress in dealing with matters outstanding.

### **Organising for sustainable, profitable growth**

In June this year, the board approved a number of changes to our group executive committee (GEC), aimed at streamlining the functioning of executive management. These changes will ensure we remain focused on greater operational efficiency, effective business support and sustainable growth. I wish Lean Strauss (senior group executive, new business development and technology), André de Ruyter (senior group executive, operations) and Nolitha Fakude (executive director, business sustainability and transformation) well in their new roles.

Sasol has continued to invest in skills throughout the economic cycle. A specific

challenge is to ensure a pipeline of talent and relevant skills into the future. To address this challenge we established a number of units, within the human resources structure and elsewhere in the group, focused on the sustainable supply of suitably qualified and experienced employees to resource our growth plans.

Linked to our investment in people is the ongoing strengthening of our technological advantage. In this regard, partnerships continue to be important. As an example, we concluded an agreement with our ninth South African tertiary institution to build institutional research capacity at a cost of R25 million a year over ten years. Another key development was that our latest Fischer-Tropsch design reactor and catalyst-testing reactor pilot plant in Sasolburg became fully operational in the year.

### **Outlook**

Although economic activity has rebounded more rapidly than many had predicted, aided by concerted government and central bank intervention in most developed countries and the continued dynamism of emerging economies, there is continued volatility. We remain cautious about the short-term economic outlook but confident that we are well positioned for sustainable long-term growth.

Continued strength in the rand in the second half of the year outweighed the benefits of higher oil and chemical prices. We see much the same pattern prevailing for the initial period of the new financial year.

We expect further growth in volumes and will target cost increases in line with inflation for 2011.

Our deleveraged balance sheet and strong cash flow will allow us to respond quickly and effectively to the opportunities and challenges presented by an unpredictable economic environment.

We remain focused on ensuring world-class performance from our existing assets, growth through the delivery of our upstream, CTL and GTL ambitions, and on entrenching an extraordinary operating environment and sound governance.

### **Acknowledgement**

The group made progress across a number of fronts in 2010, under challenging circumstances. This is the result of the focus, dedication and hard work of all our people at Sasol. My thanks are due to all of them.

**Pat Davies**  
Chief executive

# operating reviews

## *sasol mining*



*Sasol Mining has implemented additional safety inspections to ensure procedures are adhered to at all times. Edward Mafutwane checks for the presence of flammable gases at Twistdraai Colliery.*

*Sasol Mining produces about 40 million tons (Mt) of coal a year, mostly for gasification feedstock and utilities coal for our complexes at Secunda and Sasolburg. Its main operations comprise the Sigma: Mooikraal operation near Sasolburg and the Bosjesspruit, Brandspruit, Middelbult, Syferfontein and Twistdraai export operations at Secunda.*

### **Sustaining our transformation**

The death of three people in the service of Sasol Mining in 2010 overshadowed what was an otherwise excellent year for the business.

Thulani Msibi was fatally injured in October while busy with maintenance work involving a conveyor drive at the Syferfontein Colliery. In January, Hlabathe Hanyane, a shuttle car operator at the Twistdraai Colliery, died in a machine-related incident when he was struck by

the bucket of a load haul dumper. In June, Joseph Selwane, a shuttle car operator at the Middelbult Colliery, died in a roof fall at the iThemba Lethu shaft. We convey our deepest sympathy to the family and friends of these three men.

Sasol Mining's RCR rose to 1,19 in 2010 from 1,03 the previous year. This is not acceptable. Although our total injury rate compares very well with the local coal mining industry and is declining, our safety record simply must improve.



## highlights

- Mining rights successfully converted
- Improved production sustainability
- Secured interim coal pricing arrangement with Sasol Synfuels and Infrachem
- Continued to deliver on transformation agenda

<b>Financial</b>		% change	2010	2009
Operating profit	Rm	(49)	815	1 593
Operating margin	%	(47)	10	19
Contribution to group operating profit	%	(50)	3	6

<b>Operational</b>		% change	2010	2009
Total sales	Mt	1	44,3	43,7
Total production	Mt	9	42,6	39,1
Recordable case rate*	RCR	15	1,19	1,03

### Environmental

In 2010, our exploration and production activities resulted in the direct emission of 0,01 Mt of the greenhouse gas, methane. Total water use in 2010 was 6,0 million cubic metres (Mm<sup>3</sup>).

We continue to drive home Sasol's safety initiatives with both staff and service providers, and have recently implemented additional safety inspections to ensure that all procedures are adhered to at all times.

During the year, we made major progress in our dust suppression drive, with benefits for the health of employees as well as the underground environment. We have invested in various initiatives to reduce equipment noise, including, for example, replacing underground ventilation fans with quieter fans. We are also working closely with other players in the mining industry on initiatives to further reduce noise levels.

Sasol Mining operates according to clearly defined environmental management programmes, as well as internationally recognised environmental management systems based on the ISO 14001:2004 standard. In recent years, Sasol Mining has made a substantial investment in a mine water and brine treatment plant. This plant continues to record solid improvements in the volume of water treated. In 2010, it treated 2 302 megalitres of water, up from 1 860 megalitres in the previous financial year.

### Enhancing productivity

Sasol Mining's total coal production increased to 42,6 Mt in 2010 from

39,1 Mt in 2009, as efforts to improve output rates paid off with a 12% increase in productivity. This can be attributed to a focus on Operations Excellence and by involving employees in these efforts. We motivated staff to raise productivity by introducing a revised bonus system, allowing our miners to share in the upside of increased production. The sustained high output ensured that we made up the strategic stocks depleted during the unprotected strike of 2009. The management-trade union partnership forum introduced in 2009 has encouraged constructive, open relations with employees and has helped ensure a stable production environment.

\*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 workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.

## *Sasol Mining's total coal production increased to 42,6 Mt in 2010 from 39,1 Mt in 2009.*

Operating profit declined to R815 million from R1 593 million as lower US dollar coal prices and the stronger rand reduced coal export earnings. We increased the coal transfer price between Sasol Mining and Sasol Synfuels in the year to ensure it better reflected cost increases experienced by the industry, as well as to achieve better alignment with current market prices. The increase also helps ensure a fair return on capital expenditure to fund our mine replacement programme, which aims to secure supplies to Sasol Synfuels. The price increase, along with significant gains in productivity and cost savings of almost R200 million, helped us meet our targeted return on investment. As part of the business recovery programme initiated during the economic crisis, our target is to save about R400 million a year in costs by 2012.

### **Converting our mining rights**

A major highlight in 2010 was the conversion, in March, of Sasol Mining's old-order mining rights to new-order rights by the Department of Mineral Resources. In terms of the requirements of the Mineral and Petroleum Resources Development Act of 2002, this means we have a licence to mine current reserves. The granting of the conversion was based on Sasol Mining's black economic empowerment strategy which includes – among other things – investment and support for majority-black-women-owned mining group Ixia Coal. Other supporting

factors were our achievements in employee equity, management diversity and enterprise development.

In line with the group's strategic goal of delivering on the South African transformation agenda, in 2009 we concluded a memorandum of understanding with Ixia Coal on the way forward for this start-up company. We expect to conclude the Ixia deal and associated financing in 2011.

### **Developing our people**

We continue to develop our people, spending more on education, implementing new training and retention strategies and launching initiatives to use technology more effectively. Among these are efforts to disseminate shift performance data to miners in good time. This is already bearing fruit, helping to support the increase in productivity achieved. In 2011, we plan to establish an underground training section, offering a more genuine training environment. We are also developing our own simulators of mining production equipment to allow trainees to better measure and improve their productivity.

Our training initiatives comply with the Empowerment Charter for the South African Mining Industry, and we are pleased to report substantial progress in meeting its many other requirements. Sasol Mining is also actively involved in the work of the mining industry

development, growth and employment task team.

### **Sustaining coal supply**

Some of our mines are approaching the end of their useful lives and we are developing new mines and shafts to sustain a consistent supply. This is in answer to the group's strategic goal of nurturing and growing our asset base. During the year, we started construction of Twistdraai Colliery's new Thubelisha shaft. We also obtained board approval for the construction of the Impomelelo mine, which will replace the ageing Brandspruit Colliery. Construction is due to start in 2011.

Another important feature of the year was the successful coal blasting and extraction of a 170 000 ton sample of coal for Project Mafutha (a proposed greenfields CTL facility in Limpopo Province). This coal will now be tested in Secunda for its suitability for gasification. We also continued to assist Sasol Synfuels International with potential mining opportunities in China and India.

## sasol gas



Kenneth Kolatsoen and Christian Mojela conduct routine maintenance on the Germiston West pressure reduction station.

## highlights

- Improved safety performance
- Completed construction of Komatipoort compressor station
- Grew sales, maintained profits by cutting costs and increasing margins

<b>Financial</b>	% change		2010	2009
	Operating profit	Rm	2	2 479
Operating margin	%	7	46	43
Contribution to group operating profit	%	–	10	10

<b>Operational</b>	% change		2010	2009
	Total sales	M GJ	1	123,7
Total production	M GJ	1	130,8	129,9
Recordable case rate*	RCR	(54)	0,38	0,83

### Environmental

In 2010, Sasol Gas continued to have a negligible impact on both greenhouse gas emissions and water resources.

## *sasol gas*

*Sasol Gas markets and distributes natural gas from Mozambique and methane-rich gas produced by Sasol Synfuels at Secunda. It delivers gas through a 2 118 kilometre pipeline network to approximately 550 industrial and commercial customers in the Gauteng, Free State, Mpumalanga and KwaZulu-Natal Provinces.*

### **Facilitating sustainable growth**

Sasol Gas continued to perform well during the year, improving its safety performance and pipeline integrity, while upgrading its assets and investing in employees to facilitate sustainable growth. In line with the Sasol group shared value of continuous improvement, we reduced our cash fixed costs and enhanced customer service.

Although Sasol Gas's carbon footprint is small, we believe it is still necessary to reduce our environmental impact. As far as possible, we use car pools when we attend offsite meetings and management recently decided to purchase only diesel-engine vehicles and to phase out petrol vehicles.

### **Complying with all applicable laws**

Sasol Gas is proactively involved in ensuring compliance with applicable legislation. We continue to train our employees in this regard, particularly in those laws and regulations related to piped gas, corporate governance and safety, health and the environment.

Two other matters which are receiving attention include our own as well as our customers' compliance with new regulations on the installation and safe use of gas (the so-called pressure

equipment regulations), and the development of the regulatory framework for future regulated piped gas tariffs and pricing, in conjunction with the National Energy Regulator of South Africa (NERSA).

Our technical department is advising customers on the first legislative change, while the regulatory pricing framework being developed by NERSA is anticipated to take full effect in South Africa in 2014.

### **Sustaining profitability**

A tentative upturn in economic activity in the 2010 financial year helped Sasol Gas increase sales to 123,7 million gigajoules (M GJ) from 122,2 M GJ in 2009. Despite lower sales prices, these higher volumes, along with encouraging cost savings, saw Sasol Gas reporting an operating profit of R2 479 million for 2010 compared with R2 424 million a year earlier.

### **Preparing for expansion**

During the year, we completed the construction of a new compressor station at Komatipoort, close to the South African and Mozambican border. The new station, which increases by around a fifth the capacity for natural gas deliveries along the 865 kilometre pipeline, achieved beneficial operation shortly after the end of the financial year. This means it is ready

to deliver 20% more natural gas from Mozambique and will thus ensure a sustainable future supply. This will supply customer needs as the South African economy recovers from recession, Sasol Synfuels' gas-fired power project is ramped up and fuels production capacity at Secunda is expanded.

### **Renewing our safety focus**

Sasol Gas is pleased to report an improvement in its safety record in the year, with a RCR of 0,38, down from 0,83 in 2009. This was achieved through a revised safety improvement plan and continuous work to increase safety awareness among employees and service providers. Every year, Sasol Gas employees clock up some 2,5 million kilometres travelling along our 2 118 kilometre pipeline network to carry out maintenance and inspection work. Motor vehicle accidents remained a significant contributor to our injury rate, and more will be done to prevent these.

### **Maintaining our assets**

In 2010, we continued with the in-line inspection of our transmission lines in the inland network around Gauteng. The results so far confirm that our pipelines – many of which were installed in the 1970s – are still in excellent condition and remain fit for service under current



*Sasol Gas continues to improve its safety performance and pipeline integrity. Christi Kapp and John Tabi conduct a maintenance inspection of the Springs Olifants gas pipeline.*

operating conditions. Allied to this exercise, we are training our employees to comply with international best practice in the operation and maintenance of gas pipelines.

Sasol Gas is committed to delivering on the South African transformation agenda and to providing opportunities for all in an inclusive and constructive environment. In 2010, we worked to address challenges regarding the representation of women in supervisory and management positions, as well as to improve the representation

of black employees in middle management. The group-wide moratorium on external appointments as well as Sasol's cost-saving initiatives made it difficult to attract more diversity candidates. At year-end, our diversity ratio was 27% on gender representation and 49% on black middle management representation. We continue to develop our employees' management skills, with a particular focus on black, Indian and coloured employees and those with disabilities.



Dean Strijdom, Emile Slabbert and Lucius Gina engaged in the maintenance of a turbine compressor at the oxygen west unit at Secunda.

## highlights

- Stabilised operations and increased production volumes
- Achieved good cost control
- Progressed plans to grow Secunda complex

<b>Financial</b>		% change	2010	2009
Operating profit	Rm	(48)	13 175	25 188
Operating margin	%	(42)	39	67
Contribution to group operating profit	%	(46)	55	102

<b>Operational</b>		% change	2010	2009
Total sales	Mt	4	7,34	7,05
Total production	Mt	4	7,38	7,10
Recordable case rate*	RCR	12	0,37	0,33

### Environmental

In 2010, the gasification of coal and related processes, the supply of steam, electricity, water and effluent treatment for the petrochemicals businesses in Secunda, resulted in the direct emission of 47,2 Mt of the greenhouse gas, carbon dioxide, from Sasol Synfuels. Total water use in 2010 was 91,0 million cubic metres (Mm<sup>3</sup>).

*At Secunda, located in central South Africa, Sasol Synfuels operates the world's only commercial coal-based synfuels manufacturing facility. We produce synthetic fuel through coal gasification and natural gas reforming, using Sasol's proprietary technology to convert syngas to synthetic fuel components, pipeline gas and chemical feedstock. Our final product is made up of 40% petrol-blend components, 20% diesel-blend components and 40% chemical feedstock.*

### Recording solid progress

Sasol Synfuels recorded solid progress in its drive to improve plant stability and production levels in 2010, setting a robust platform for growth in the years ahead. Our successes were, however, completely overshadowed by the tragic deaths of three employees during the year. In addition, there was one service provider fatality at premises leased from Sasol by the service provider and not under the control of Sasol. As a team, we deeply regret these fatalities and firmly believe that our goal of zero injuries is possible.

Two colleagues, Johnny Fourie and Deon Olivier, were overcome by a noxious gas; a third, Simon Tsotetsi, died after he fell off a horse in the fields around our complex. Although we have made encouraging progress in our safety performance in recent years, our foremost priority remains that everyone who works at Sasol Synfuels returns home safely every day.

Our recordable case rate (RCR) in 2010 was 0,37, which translates into 92 recordable injuries a year, up from 0,33 in 2009. In 2001, our RCR was greater than 3, which is equivalent to more than a thousand recordable injuries. This shows that Sasol Synfuels is a

significantly safer place at which to work than it was a decade ago. However, we continue to roll out various initiatives to bolster our safety performance. Our philosophy is encapsulated in the slogan "Stop and think before you act". The intention is to inculcate a culture of being aware of the surroundings and possible safety hazards at all times, to think through the activity that is required, as well as the potential hazards while performing it, and only then to perform the activity, safely.

### Sustaining profitability, improving production

Sasol Synfuels' operating profit for 2010 was R13 175 million. This is significantly less than the profit achieved in 2009 because of a drop in sales prices (due to lower average oil prices) and the strength of the rand. The 2009 results had also benefited from a R4,9 billion gain on a commodity derivative on the part of Sasol Synfuels' production in that year.

Production volumes rose 3,9% to 7,3 Mt as a result of improved stability in our production facility. In particular, the selective catalytic cracker (SCC) plant performed well, exceeding 80% of its design load in the year from 70% the previous year. A successful statutory

shutdown was completed on the SCC in December, during which we made modifications that improved stability. The SCC uses first-of-a-kind technology to crack low-octane fuel into high-octane fuel and chemical components.

Efforts to ensure that Sasol Synfuels' cost inflation is in line with market trends are paying off, despite a 25% increase in electricity prices and a higher coal price. In 2010, unit cash costs decreased by 5,8%. This decline was due to capitalising the cost of shutdowns. Excluding this accounting treatment, Sasol Synfuels' unit costs increased by 3,6%.

### Enhancing stability

To further enhance the robustness of our operations, we are on track with the replacement of the jackets and linings of our coal gasifiers, as well as replacing the feed pre-heaters and waste heat boilers of our gas reformers.

In March, the Sasol board of directors approved the R2 billion required for the construction of four additional Sasol Fixed-Bed Dry-Bottom Gasifiers™ (for coal gasification), as well as R1,5 billion for a 17th gas reformer (for the conversion of natural gas). We plan to phase in the gasifiers, as well

*In 2010, we continued to implement a comprehensive programme to address air and water quality and waste management.*

as bring the new gas reformer on line, during 2012. This will further sustain our plant's operations in the decades ahead.

**Working for a better environmental performance**

Improving our environmental performance remains an important strategic objective. In 2010, we continued to implement a comprehensive programme to address air and water quality and waste management. We completed a pre-feasibility study to improve the management of the long-term salt and water balance in Secunda, and are developing a number of projects to support this goal. In November, our board approved the first phase of a four-year programme to reduce volatile organic compounds in the tar value chain. We are also investigating the feasibility of various options to reduce particulate emissions, in line with new legislation.

**Growing the Secunda complex**

In pursuit of the group's strategic objective of nurturing and growing our current asset base, the Sasol board also sanctioned R14,2 billion for the Secunda growth programme. This includes R4,2 billion for infrastructure development. It will involve the modification of the facility to accommodate a total 54 M GJ a year of natural gas from Mozambique (from a current baseline of 15 M GJ). The expansion, which is underway and due to be completed in 2014, will allow for an approximate 3,2% increase in production. It will also boost power generation by around a third. In this

respect, we are pleased to report the successful start-up of two open-cycle gas turbines, producing 200 megawatts (MW) of electricity. Following the signing of a power purchase agreement with state utility, Eskom, Sasol is now supplying power to the national grid. The construction of an 80 MW heat recovery steam generation facility downstream of these gas turbines is progressing satisfactorily.

Our gas turbines are part of Sasol's efficiency drive as they emit less carbon dioxide than coal-fired power generators. Energy efficiency is of strategic importance to Sasol Synfuels because it lessens the environmental impact of our operations. Good progress has been made on a number of key energy efficiency projects, predominantly heat integration opportunities in our gasification and Synthol processes. With electricity savings of 75 MW achieved so far, we are well on the way to meeting our immediate target of 80 MW. We are also considering a number of power-generation projects, including opportunities to generate electricity from low-grade heat.

In 2010, we completed the construction of a 132 kilovolt substation and made good progress in the construction of our 16th air separation unit and tenth Sasol Advanced Synthol™ reactor as part of our growth programme.

Along with Sasol Oil, we continue to prepare the Secunda complex for an expected change in the national fuel

specifications. With a novel technical solution, we believe we may be able to modify the facility in a more cost-effective manner than previously proposed. However, we continue to consider various options to limit any associated decrease in production volumes.

**Transforming the lives of our people**

Sasol Synfuels is committed to the South African transformation agenda. We have plans in place to meet our targets, mainly focused on skills development and employment equity. Ensuring we have the capability to execute large projects in a competitive manner is also of key importance given our significant capital investment over the next ten years. We have a good pipeline of skilled artisans and process controllers, with 755 people enrolled in our learnership programme over the last four years. Of them, 78% are black and 19% are women. Some 48% of employees ranked as first-line supervisors and higher are from historically disadvantaged groups. We continue to improve our working environment, leadership capability and the overall competence of our team.

## sasol oil



Sylvia Harris and Sam Simelane performing safety checks at the Sasol Oil petrol blending plant at Secunda.

## highlights

- Improved safety record
- Increased sales volumes and margins boosted profitability
- Reduced costs substantially
- Significant improvement in Natref performance in second half of the year
- Governance matters and competition law compliance well managed

<b>Financial</b>	% change		2010	2009
Operating profit/(loss)	Rm	489	1 364	(351)
Operating margin	%	400	3	(1)
Contribution to group operating profit	%	700	6	(1)

<b>Operational</b>	% change		2010	2009
Total sales	Mt	(5)	43,7	46,1
Total production	Mt	(9)	39,1	42,8
Recordable case rate*	RCR	(52)	0,53	1,11

### Environmental

In 2010, the refining of crude oil at our Natref refinery, as well as the storage, handling and transport of liquid fuels resulted in the direct emission of 0,9 Mt of the greenhouse gas, carbon dioxide. Total water use in 2010 was 1,8 million cubic metres (Mm<sup>3</sup>).

*Sasol Oil is also committed to developing and empowering its people through skills training and leadership development.*

## *sasol oil*

*Sasol Oil markets fuels blended at Secunda and refined through its 63,6% share in Natref oil refinery at Sasolburg. Products include petrol, diesel, jet fuel, illuminating paraffin, liquefied petroleum gas, fuel oils, bitumen and lubricants. It imports fuels to balance its product slate and meet contractual commitments. Sasol Oil operates 418 Sasol- and Exel®-branded retail convenience centres in South Africa and exports fuels to Southern Africa.*

### **Turning our performance around**

Sasol Oil made good progress in the year. We improved our safety performance, enhanced our legal compliance structures, increased production and sales volumes and turned around our financial position. We continued to focus on health and environmental matters. We also made headway in our efforts to advance employee diversity and facilitate black economic empowerment in pursuit of the group's strategic goals of delivering on the South African transformation agenda and developing our people.

In line with Sasol's imperative to nurture and grow its existing asset base, we continued to invest in maintaining and upgrading our joint-venture Natref crude oil refinery, and in expanding our storage tank capacity at the Alrode depot in the country's economic heartland of Gauteng.

### **Improving safety**

Sasol Oil is pleased to report its best safety performance in four years. In 2010, our RCR improved to 0,53 (0,40 excluding Natref) down from 1,11 in 2009. We are encouraged by the downward trend and attribute this to a number of factors. These include leadership and the formal introduction

of a behaviour-based safety programme. Consequence management, as well as rewarding safety improvements, has also been integral to this improved result.

### **Enhancing compliance**

The critical work of ongoing education and compliance training remains a priority.

At Sasol Oil, we have worked to embed a culture of compliance and have put a number of structures in place to improve our performance in this regard.

Additional information about competition law matters can be found in the consolidated annual financial statements, under note 57.4 – Litigation.

### **Boosting profits**

Stronger petroleum product prices and improved marketing margins, along with higher sales volumes and reduced costs, helped Sasol Oil produce satisfactory financial results for 2010. This was despite the strength of the rand, which had a dampening effect on the local value of largely dollar-denominated fuel prices.

Turnover decreased 6% to R48 411 million as a result of lower crude and product prices. Sales volumes rose 7% to 10,55 million cubic metres (Mm<sup>3</sup>) as

the economy started to recover. Our gross margin increased 69% to R3 884 million. We reduced cash fixed costs by 3%. Sasol Oil posted an operating profit of R1 364 million from an operating loss of R351 million in 2009.

We increased the volume of fuel components purchased from Sasol Synfuels by 9,5% to 5,52 million Mm<sup>3</sup> as the operating reliability of the selective catalytic cracker improved. Natref had a difficult year. Unplanned shutdowns and an extension to the scheduled shutdown resulted in Sasol's share of crude throughput decreasing by 4,3% to 3,34 million Mm<sup>3</sup>. Despite this, the refinery achieved an improvement in its white product yield to 89,7% from 88,3%.

In addition to Sasol Synfuels' liquid fuel production and Sasol's share of Natref's output, Sasol Oil imported some 1,12 million Mm<sup>3</sup> of liquid fuel. This helped us to continue supplying around a third of South Africa's total requirement.

We refined our plans to reduce the company's environmental footprint. We already benchmark our performance by reporting monthly on CO<sub>2</sub> emission data, energy usage, total energy consumption and atmospheric emissions. A rigorous programme to avoid contamination at facilities is also in place.

### **Upgrading Natref**

In 2010, we continued to upgrade Natref and improve its stability. We invested in revamping the existing diesel unifier, which was completed in April and has already increased its throughput. We also



*The Sasol Oil tank farm west at Secunda.*

commenced construction of a pipeline between Sasol Oil facilities at Secunda and Natref at Sasolburg. The pipeline will link the two plants and allow for greater optimisation, preparing Sasol for the upcoming cleaner fuels programme.

We continue to engage with the government and other authorities on plans to further refine the national fuel specifications. While we support the environmental need for clean fuels, three issues require clarification. Firstly, the authorities and industry have to agree on specifications appropriate to South Africa, considering the average age of cars in the country. Next, the parties need to agree on the timing of the implementation, with the understanding that the liquid fuels industry needs at least five years to reconfigure its refineries. The final issue that requires resolution is a cost-recovery mechanism, given the large capital investment required to meet the new specifications regulations.

### **Securing supply during the World Cup**

Sasol cooperated closely with the relevant authorities and the industry to ensure a sufficient and reliable supply of petrol, diesel and jet fuel during a very busy time for South Africa: the June to July hosting of the 2010 FIFA World Cup South Africa™. We ensured that refineries were

prepared for the extra demand, that jet fuel stocks were built up at airports, and that diesel and petrol reached critical service station sites close to stadiums. These actions meant there were no interruptions in fuel supply during the event. This effective cooperation demonstrates our commitment to being a responsible corporate citizen in the national interest.

As part of our work to sustain communities, we are involved in a programme to develop Integrated Energy Centres along with the Department of Energy and rural communities. These centres provide fuel and energy solutions to remote parts of the country and empower the communities that run them through a trust supported by Sasol Oil. We commenced work on our fifth site at Qunu in the Eastern Cape.

### **Transforming our business**

Sasol Oil plays an important role in the group's endeavours to help bring about a more equal society in South Africa. It aims to further BEE through its retail business, which continued to grow in 2010, to around 9% market share. Sasol Oil grew retail fuel volumes by about 5%, compared with industry growth of about 3%. Of the 418 Sasol and Exel® convenience centres in operation, just over

half (53%) are owned or leased by previously disadvantaged people.

Other measures to advance BEE include enterprise development and employment equity. At year-end, some 57% of Sasol Oil's middle management was made up of black, coloured and Indian people and people with disabilities. This was up some three percentage points in the year. Sasol Oil is also committed to developing and empowering its people through skills training and leadership development – another important strategic goal for the group.



*SSI continues to focus on efforts to improve the safety behaviour and working environment of employees. At Oryx GTL, the extreme heat and arid conditions of the Qatari desert require special measures and dedicated areas to control hydration of workers.*

*Sasol Synfuels International (SSI) pursues international coal-to-liquids (CTL) and gas-to-liquids (GTL) synfuels opportunities. In partnership with Qatar Petroleum, SSI brought our first international GTL plant, Oryx GTL, into operation at Ras Laffan, Qatar in 2007. The company has established liaison offices in Beijing, China; Mumbai, India; Doha, United Arab Emirates, and Tashkent in Uzbekistan to promote our CTL and GTL interests in these regions.*



## highlights

- Reported operating profit despite increased spending on growth programme
- Submitted project application report for China CTL plant
- Approved 10% debottlenecking of Oryx GTL facility
- Commenced feasibility study of Uzbekistan GTL opportunity

<b>Financial</b>	% change		2010	2009
Operating profit/(loss)	Rm	156	<b>131</b>	(235)
Operating margin	%	175	<b>6</b>	(8)
Contribution to group operating profit	%	200	<b>1</b>	(1)

<b>Operational</b>	% change		2010	2009
Total sales	Mt	(15)	<b>427</b>	503
Total production	Mt	(17)	<b>424</b>	508
Recordable case rate*	RCR	3	<b>0,31</b>	0,30

### Environmental

In 2010, production activities at our Oryx gas-to-liquids (GTL) facility resulted in the direct emission of 1,6 Mt of the greenhouse gas, carbon dioxide. Total water use in 2010 was 1,4 million cubic metres (Mm<sup>3</sup>).

### Performing across the board

Achieving profitability, despite increased spending on growth projects, crowned a good year for Sasol Synfuels International (SSI). The business also made many other advances in the year.

We recorded a significant improvement in the performance and service life of our proprietary cobalt catalyst at Oryx GTL, where the joint venture sustained high production rates during the second half of the 2010 financial year. Encouraged by the success of this facility in Qatar, we assessed other gas-based opportunities and launched a GTL feasibility study in Uzbekistan. We also made good progress in our endeavours to establish CTL businesses in China, India and Indonesia.

SSI retained its world-class safety record even though the RCR increased slightly from 0,30 in 2009 to 0,31 in 2010. In line with our values of safety and continuous improvement, we will remain focused on efforts to improve the safety behaviour and environment of our employees and service providers.

### Turning a profit

SSI reported an operating profit of R131 million, after an operating loss of R235 million in 2009. This was despite higher spending on studies to assess various growth opportunities.

### Experiencing an improving GTL landscape

In the past few years, faced with high global gas prices and competition with liquefied natural gas (LNG), Sasol has

focused its GTL ambitions on a limited number of bespoke opportunities, responding to the specific reasons motivating host countries to realise GTL opportunities. However, new technology to extract shale gas at much lower cost than in the past has recently led to an increase in shale gas development, initially mainly in the USA. In turn, this has resulted in a reduction in the price of natural gas relative to oil, as well as an oversupply of LNG, further exacerbated by ongoing global economic turbulence. This new energy landscape seems to suggest – at least in the short to medium term – a window of opportunity for new GTL opportunities. SSI is considering a number of these, with many countries looking to monetise their stranded gas reserves by producing environmentally friendly, quality products that sell at a premium.

*SSI retained its world-class safety record even though the RCR increased slightly from 0,30 in 2009 to 0,31 in 2010.*

### **Flagship GTL plant performing well**

Oryx GTL is the world's largest commercial-scale GTL facility. It produces environmentally friendly liquid fuels from natural gas sourced from Qatar's North Field. During the second half of the financial year, Oryx GTL recorded an exceptional performance and during March 2010, produced, on average, in excess of 30 000 barrels a day (b/d). We are now in the process of debottlenecking the facility by 10% and also have our sights set on expanding the facility when the time is right. This fully supports the country's aspirations of additional economic diversification.

The development of the Escravos gas-to-liquids (EGTL) plant in Nigeria is advancing and we are expecting completion of the project in 2012. SSI is committed to providing experienced people for the successful commissioning and start-up of this facility.

### **Establishing the feasibility of a GTL plant in Uzbekistan**

Uzbekistan has ambitions to enhance its energy security through GTL. In 2010, Sasol and its partners, Uzbekneftegaz and Petronas, launched a feasibility study to assess the commercial and technical viability of a GTL facility producing around 1,3 million tons of product a year – including jet kerosene. This is progressing well and we are targeting completion of

the study in the new financial year. Should the project go ahead, Sasol's technology and GTL experience will be key contributors.

### **Advancing plans for CTL**

SSI is also progressing well with its plans to develop Sasol's first CTL plant outside South Africa. During the year, the feasibility study for a plant at the Ningdong Energy and Chemicals Base in China was completed, with encouraging results. In December 2009, Sasol and our partner, Shenhua Ningxia Coal Group, submitted a project application report to the Chinese government, requesting approval for the CTL plant. Significant focus on improving the overall efficiency of the CTL process has resulted in a design with an energy efficiency that is approaching 50% greater than traditional facilities. Concomitantly, this has led to a similar reduction in water usage and also a significant reduction in CO<sub>2</sub> emissions. We have identified opportunities to capture and store CO<sub>2</sub> near to the plant, which could offer the possibility to effectively reduce CO<sub>2</sub> emissions by as much as 50%. During the year, a representative office was opened in Yinchuan, which is the closest city to the Ningdong Energy and Chemicals Base.

In India, SSI and the Tata Group made steady progress in a pre-feasibility study for a CTL plant. This would likely have a capacity in the order of 80 000 b/d of

clean diesel, naphtha and some liquefied petroleum gas (LPG). In Indonesia, SSI signed a memorandum of understanding with the Indonesian government in December 2009 to carry out a high-level screening study into the viability of an integrated CTL plant.

### **Progress with the catalyst business**

During the year, we continued the construction of our third cobalt-based production unit. This new Sasolburg facility, the commissioning of which is expected to be completed soon, will support our GTL and CTL ambitions. We are also working on the development of cobalt catalyst regeneration technology to reduce operating costs at GTL and CTL plants, which are already benefiting from improvements in the catalyst's performance and service life.

### **Ensuring environmental sustainability**

Sasol is committed to making all future operations more environmentally benign. In particular, we are focusing on opportunities to reduce factory emissions of greenhouse gases through improved efficiencies and employing new technology, and to mitigate emissions through the implementation of efficient CO<sub>2</sub> storage solutions. Sasol will only invest in future CTL plants if there is a viable CO<sub>2</sub> management solution.

## sasol petroleum international



Fanie Roets conducts an early morning toolbox safety talk at the central processing facility at Temane in Mozambique.

## highlights

- Stable gas production in Mozambique, while increasing future capacity
- World-class safety performance
- Increased exploration portfolio
- Developing non-conventional gas portfolio and competence

<b>Financial</b>	% change		2010	2009
	Operating profit	Rm	(70)	337
Operating margin	%	(62)	20	52
Contribution to group operating profit	%	(80)	1	5

<b>Operational</b>	% change		2010	2009
	Total gas sales (Mozambique)	M GJ	1	75,1
Total condensate sales (Mozambique)	b	(62)	173 987	457 243
Total oil sales (Gabon)	Mb	(5)	1,9	2,0
Recordable case rate*	RCR	(76)	0,08	0,34

### Environmental

In 2010, our upstream oil and gas exploration and production activities resulted in the direct emission of 0,1 Mt of the greenhouse gas, carbon dioxide. Total water use in 2010 was 0,1 million cubic metres (Mm<sup>3</sup>).

## *sasol petroleum international*

*SPI develops and manages our upstream interests in oil and gas exploration and production in Mozambique, South Africa, Gabon, Nigeria, Papua New Guinea and Australia. It produces gas and condensate from Mozambique's onshore Temane and Pande fields and oil from Gabon's offshore Etame oilfield cluster. SPI pursues gas exploration opportunities to enable it to supply feedstock to potential future gas-to-liquids plants.*

### **Preparing for growth**

Sasol Petroleum International's activities are satisfying the Sasol group's strategic objective of growing our upstream gas asset base. Securing additional natural gas resources will allow the group to leverage its proprietary technology by developing new gas-to-liquids (GTL) facilities.

Global developments in the upstream gas sector have seen some significant shifts in the last few years. The industry has experienced rapid growth in non-conventional gas (notably the development of significant shale gas resources in North America), lower natural gas prices and higher price differentials between oil and gas. These conditions are making the monetisation of gas resources though GTL more attractive and offer Sasol a unique competitive advantage.

A key aspect in all our operations remains our strong focus on safety, health and the environment. In April 2010, SPI achieved more than two million man hours without a recordable injury, which shows that our efforts to proactively manage safety at all our locations and in all activities are bearing fruit.

At year-end, we had a recordable case rate (RCR) of 0,08, significantly better than 0,34 in 2009. The challenge now, will be to maintain this world-class performance.

While we grow our upstream asset base and activities, SPI continues to place environmental stewardship and corporate social responsibility high on the agenda. Continuously learning from international best practice in environmental protection and engaging with all our key stakeholders are central to creating a sustainable platform for growth.

### **Maintaining profitability**

SPI recorded an operating profit of R337 million in 2010, down from R1 115 million in 2009. The result was dampened by lower sales volumes from the Etame oilfield cluster in Gabon as well as the strength of the rand against the US dollar. Higher average oil and gas prices partially softened the effect of these negative influences. Total gas sales volumes from Mozambique increased marginally to 75,1 million Gigajoules (M GJ), while condensate sales decreased 62% to 173 987 barrels. Our total oil sales from Gabon were 5% down to 1,9 million barrels. Turnover decreased by 21%, mainly as result of the negative impact of the strong rand/US dollar exchange rate.

### **Stabilising our Mozambican heartland**

In Mozambique, where SPI produces gas and condensate from the Temane and

Pande onshore gas fields, we maintained steady output in the year, despite reduced demand from customers resulting from the global economic slowdown.

In 2010, SPI and its partners in Mozambique – Companhia Moçambicana de Hidrocarbonetos and the International Finance Corporation – produced and sold 107,4 M GJ of natural gas, compared with 106,8 M GJ in 2009.

We continued work on the US\$300 million expansion of our onshore gas production facilities in Pande and Temane to increase the annual production capacity to 183 M GJ from 120 M GJ. With this expansion, we aim to supply additional gas to customers in Mozambique and in South Africa, including Sasol Synfuels' new gas-fired power generation project. We expect increasing gas production and downstream utilisation in 2011, when the central processing facility (CPF) expansion project will have been completed and will be ramping up progressively to 183 M GJ in the years that follow.

In 2010, we completed a detailed study of the exploration drilling campaign in Blocks 16 and 19 offshore Mozambique. Both wells discovered gas, but because of reservoir complexity we do not expect to develop these wells in the near future. However, we have acquired exploration



*Our operation in Papua New Guinea is located in a remote area, characterised by extensive wetlands. The associated logistics and environmental challenges are actively managed in all aspects of our operations.*

rights in the Sofala and M-10 Blocks adjacent to Blocks 16 and 19 and success in either of these two new blocks could possibly allow for Blocks 16 and 19 to be developed further.

In the offshore M-10 Block, we entered into an agreement with Petronas, as a strategic partner, and jointly acquired the block on an equal 50% equity basis with SPI as operator. SPI acquired 100% equity of the Sofala Block. Subsequently, 15% in each permit was offered to ENH, resulting in an equity distribution for M-10 of 42,5% each for Sasol (operator) and Petronas, with 15% for ENH. For Sofala, 85% of the equity went to Sasol (operator) and 15% to ENH. The acquisition of these two new blocks forms an integral part of our strategy to grow our gas heartland in Mozambique and further strengthens our relationship with the government and the people of Mozambique.

### **Renewing exploration licences in West Africa**

In the Etame oilfield cluster offshore Gabon, production declined in the year. Through SPI's 27,75% share in this licence, we recorded total oil sales in the year of 1,9 million barrels. We brought two new wells in the satellite Ebouri field into production and are currently drilling an exploration well in the southeast of the Etame field. All of these activities are aimed at sustaining our production levels and extending asset life. We recently renewed our exploration rights for the

permit area offshore Gabon until 2014 and also extended our production licences for the satellite Avoumi field to 2025 and Ebouri to 2026.

### **Expanding our exploration portfolio**

Apart from the exploratory drilling offshore Mozambique and Gabon, SPI also made progress in the year on plans to extend our resource portfolio, with entry into a new licence area in Australia.

In December 2009, SPI signed a farm-in agreement for a 45% working interest with Finder Exploration for a new licence, Block AC/P 52 in Australia. We are also finalising the interpretation of data collected during a 3D seismic survey of licence WA-388 in the Carnarvon Basin offshore the Australian northwest shelf, in which SPI has a 30% interest.

In Papua New Guinea, where we have four petroleum prospecting licences, we have successfully concluded seismic acquisition and a number of prospects have matured. The first will be drilled in early 2011. With its purchase of Papua Petroleum Limited in December 2009, Talisman Energy of Canada became our 49% joint venture partner in the licences we hold in Papua New Guinea.

### **Exploring for non-conventional gas**

SPI continues to build its capacity in exploring – primarily shale gas and coal bed methane (CBM). At the end of the 2010 financial year, SPI and partners

Chesapeake and Statoil were awarded a petroleum technical cooperation permit (TCP) to assess and quantify the prospective shale gas resource in the onshore Karoo Basin in South Africa. Together, we plan to evaluate existing and available geological information within the area to determine the potential for shale gas. SPI is also considering a number of other non-conventional resources opportunities elsewhere.

### **Skilling up our people**

During the year, we increased our organisational capacity to prepare for growth by actively recruiting more specialist skills and investing in our people through appropriate training programmes. To support the Sasol strategic intent of delivering on the transformation agenda in South Africa, as well as our commitment to develop skills in Mozambique, we launched a programme that provides individuals with an opportunity to develop specific upstream technical skills. We employ young graduates with little or no work experience and expose them to, and train them in, specific upstream positions. Four people are participating in this initiative at the moment: three South Africans and a Mozambican. A second intake is being planned for early in the new financial year. In 2010, many of our people also completed a comprehensive training programme on general legal compliance.



*Sasol Polymers has renewed its focus on compliance with all safety systems. Thabiso Gentleman, Niels Boshoff and Jacob Marumo run through checklists for safe start-up of a vaporiser at Secunda.*

*Sasol Polymers has plants at Sasolburg and Secunda and supplies ethylene, propylene, polyethylene, polypropylene, polyvinyl chloride, chlor-alkali chemicals and mining reagents to domestic and international customers. It has joint-venture monomer and polymer interests in Malaysia and Iran.*

\* 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 workday cases, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses, for every 200 000 employee hours worked, reported on a 12-month moving average basis.



## highlights

- Improved overall safety
- Increased production volumes, driven by strong Arya Sasol Polymer Company performance
- Continued cost containment despite higher electricity prices
- Turnaround process delivered positive results

<b>Financial</b>	% change		2010	2009
	Operating profit	Rm	1	<b>958</b>
Operating margin	%	17	<b>7</b>	6
Contribution to group operating profit	%	–	<b>4</b>	4

<b>Operational</b>	% change		2010	2009
	Total sales	Mt	–	<b>1,6</b>
Total production	Mt	7	<b>1,6</b>	1,5
Recordable case rate*	RCR	(26)	<b>0,54</b>	0,73

### Environmental

In 2010, our production activities resulted in the direct emission of 0,1 Mt of the greenhouse gas, carbon dioxide, in South Africa. Total water use in 2010 was 4,5 million cubic metres (Mm<sup>3</sup>).

### Keeping safety top of mind

The death of an employee at Sasol Polymers' linear low-density polyethylene plant at Sasolburg undermined the overall performance of Sasol Polymers in 2010. Johannes Mohosho, a process controller, died on 4 June 2010 when he was overcome by carbon monoxide gas during a routine operating activity. His death deepens our desire to provide a zero-harm workplace for all our people. We again extend our sincere sympathy to all those close to him.

Safety is a priority in Sasol. Through a renewed focus on ensuring compliance with all Sasol group safety systems, we remain committed to driving down our recordable case rate (RCR), which improved to 0,54 in 2010, down from 0,73 in 2009.

The full commissioning in the year of the group's first totally enclosed ground flare,

at the monomers ethylene plant at Sasolburg, marked a milestone in efforts to reduce our environmental footprint. The flare eliminates noise, vibration and illumination, and because the flare gases undergo complete combustion, smoke pollution is also eliminated. This is an example of technology at work to the advantage of Sasol, our communities and the environment.

Although we noted a slight improvement in global demand for polymers in the year, which helped lift product prices off recent lows, these are still below the levels seen before the economic slump of 2008. Delays to the start-up of additional production volumes in the Middle East have also helped support polymers prices in the short term. However, in South Africa, a slowdown in residential construction has dampened demand for products made of polyvinyl chloride (PVC). Most of the recent activity in the

construction industry has been focused on large infrastructure development, such as roads and football stadiums, with little benefit to the residential construction market for PVC.

### Ramping up production

Sasol Polymers increased total production volumes by some 7% in the year, driven by the continued designed ramp-up of the new Arya Sasol Polymer Company plant in the Middle East. Towards the year-end, the facility achieved an average capacity utilisation of 70% on the second half, while instantaneous loads were ramped up to 80% of design capacity. The annual average achieved was 65%. Product from Arya Sasol Polymer Company was successfully sold to customers in Asia, the Middle East and East Africa.

In South Africa, output improved slightly from 2009 levels despite feedstock constraints caused by modifications

*The full commissioning in the year of the group's first totally enclosed ground flare, at the monomers ethylene plant at Sasolburg, marked a milestone in efforts to reduce our environmental footprint.*

to Sasol Synfuels' selective catalytic cracker (SCC). However, in the second half of the year we experienced encouraging improvements in the stability and volumes of the SCC.

### **Reducing costs, restructuring the business**

Sasol Polymers' turnover decreased 8% to R14 321 million in 2010, and operating profit was largely flat at R958 million compared with R946 million a year earlier. The results were negatively affected by foreign currency translation differences – in particular changes in the rand and the euro relative to the US dollar. Our drive to contain costs ensured that we reduced our fixed costs, despite higher utility prices.

Continued pressure in the market for polymers necessitated the launch, early in the financial year, of a turnaround plan to ensure a sustainable business. With a focus on improving productivity and cutting costs, Sasol Polymers reorganised its South African structure into two businesses: chlorvinyls and polyolefins. We closed down our small peroxide business because of poor profitability.

Sasol Polymers is currently executing the various phases of a restructuring plan that focuses primarily on the recovery of production and sales volumes. We expect to reduce the total staff complement as

part of this optimisation programme. We are engaging the workforce, inclusive of labour unions, in this transition process and will primarily make use of voluntary retrenchment incentives and natural attrition to reduce headcount.

This leaner, more competitive organisation provides a stronger platform for performance in the years ahead.

However, reductions in duties on polymer imports to South Africa, coupled with steep hikes in the price of domestic utilities, make the business environment extremely challenging. Since the start of the 2010 financial year, South Africa has cut *ad valorem* duties on polymers from 10% to 2,5%, with further reductions projected to take duties down to zero by 2012.

Despite these challenges, Sasol Polymers offers two key competitive advantages: customers have access to our extensive technical capability and benefit from the reliability and easy access to high-quality local supply. At our Polymers Technical Support Centre in Modderfontein, South Africa, we carry out scientific testing and verification of customers' products. We advise our customers on the applicability and grade choices of the polymers best suited for their business needs. The product support provided assures our customers that they have the most

appropriate application of our grade variety on offer. Through our sponsorship of a chair at the Polymer Science Institute at the University of Stellenbosch, South Africa, we also facilitate continued scientific development in this field.

### **Growing our assets**

In line with the group's strategy to nurture and grow Sasol's existing asset base, and driven by good local demand for polyethylene material, we recently obtained board approval to invest R1,9 billion in building a new ethane/ethylene separation unit at Sasolburg. Known as EPU5, the plant will provide additional ethylene capacity of some 48 000 tons in the period beyond the planned late-2013 start-up. This will ensure improved flow-scheme flexibility and better utilisation of the existing downstream polyethylene plants. Half of the feedstock to the unit will be from cracked propane and ethane extracted from natural gas, with the remainder being a combination of additional volumes from our Project Turbo investments and other monomers sourced from Sasol Synfuels. This project illustrates our renewed focus on unlocking the full potential of the chemical assets in the Sasol group.

## sasol solvents



Sasol Solvents recorded encouraging improvements in its safety performance. Buks Kruger conducts safety induction training at the Sasol Solvents' shutdown centre at Secunda.

## highlights

- Improved safety record
- Increased operating profit, reduced fixed costs and raised production volumes
- Turned around German business, improved profitability
- Commissioned our second MiBK plant
- Signed first public-private participation agreement with Transnet

<b>Financial</b>	% change			2010	2009
Operating profit	Rm	133		<b>1 154</b>	495
Operating margin	%	133		<b>7</b>	3
Contribution to group operating profit	%	150		<b>5</b>	2

<b>Operational</b>	% change			2010	2009
Total sales	Mt	5,6		<b>1,71</b>	1,62
Total production	Mt	2,4		<b>1,71</b>	1,67
Recordable case rate*	RCR	(24)		<b>0,37</b>	0,49

### Environmental information

In 2010, our production activities resulted in the direct emission of 0,5 Mt of the greenhouse gas, carbon dioxide. Total water use in 2010 was 11,3 million cubic metres (Mm<sup>3</sup>).

## *sasol solvents*

*Sasol Solvents has plants in South Africa and Germany and supplies alcohols, ketones, esters, acrylic acid esters, ethyl acetate, ethers, propionic acid, acetic acid, comonomers and mining chemicals to customers worldwide. It has a German maleic anhydride joint venture with Huntsman.*

### **Performing in all areas**

Sasol Solvents had a good year, recording encouraging improvements in its safety, environmental, operational and financial performance. We continued to invest in new technologies and maintained strong relationships with customers.

With a renewed focus on getting the basics right, Sasol Solvents reported progress in its safety record, lowering its RCR to 0,37 from 0,49. We also realised a reduction in the amount of volatile organic compound emissions, in line with efforts to meet the Sasol group's environmental targets. These include a decrease in flares, emissions and energy consumption. The Registration, Evaluation and Authorisation of Chemicals (REACH) registration of our products in Europe continued according to schedule and requirements.

As end-use markets started a slow and steady recovery from the lows of 2008 and 2009, demand for Sasol Solvents' products showed an encouraging increase. However, we estimate that demand is still some 15% below that recorded before the global economic crisis. Some product margins widened during the year, but an increase in feedstock prices and changes

in refinery margins and capacity have recently placed renewed pressure on the profitability of certain of our products.

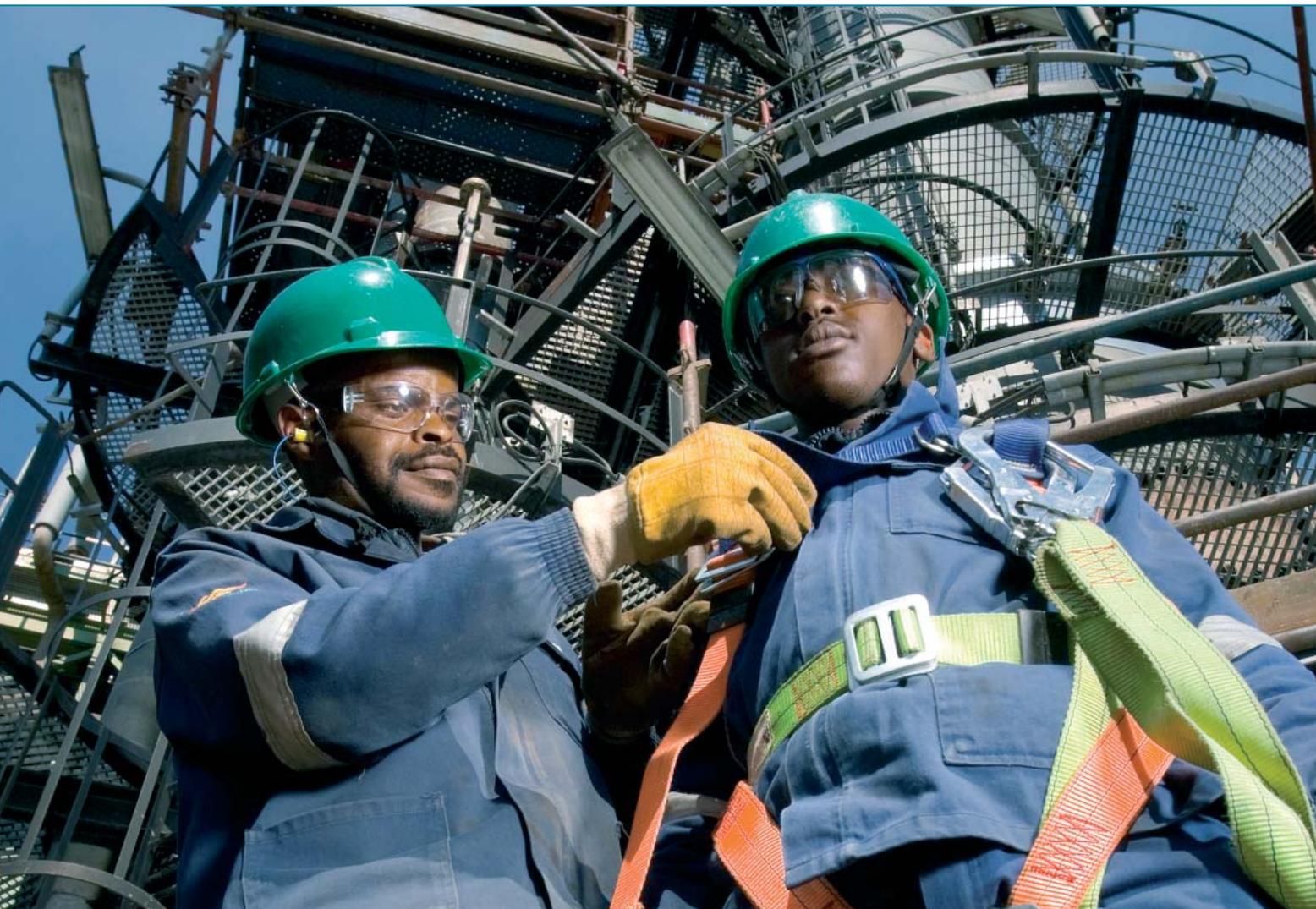
Sasol Solvents increased both sales and production volumes in the year. But a stronger-than-expected South African currency limited the rand value of euro- and dollar-denominated sales. Turnover decreased 13% to R15 765 million in 2010. Operating profit, however, rose to R1 154 million from R495 million in 2009 as we reduced fixed and variable costs to inflationary levels.

### **Benefiting from our business improvement process**

In Germany, the business improvement process has started to yield positive results. We streamlined business processes and focused on reducing variable and fixed costs as well as working capital. Active employee participation in this process was notable, with many of the ideas that were implemented being generated by staff members. The process resulted in a significant reduction in jobs, which was achieved by implementing measures that excluded forced retrenchments.

In South Africa, we are also scrutinising our assets and product portfolio, using the methods and learnings from the process followed in Germany.

Many of Sasol Solvents' customers are located a long way from the South African operations, making supply chain management an important focus of our business. A particular challenge is the



*Two contractors checking a safety harness before performing maintenance activities during a planned shutdown at the Sasol Solvents plant in Secunda.*

variable nature of transport services in South Africa. In an effort to overcome this, in the year Sasol Solvents signed a R215 million public-private partnership agreement to buy state transport utility Transnet Freight Rail's 400 dedicated chemical tankers. We also committed R100 million to build new special purpose rail wagons. In this way we will be able to transfer the transportation of our product from the road network and on to the rail system, while simultaneously ensuring better reliability of delivery to our customers.

### **Commercialising our technological lead**

A key pillar of Sasol's strategy is to commercialise its technological lead. In the year, we started basic engineering

to develop first-of-a-kind technology to manufacture octene by tetramerising ethylene for use as a comonomer in the manufacture of linear low-density polyethylene. Basic engineering started at Sasol Olefins & Surfactants' facilities at Lake Charles, Louisiana in the United States, where Sasol O&S technical staff are assisting us. Through this process, octene imparts particular properties to the polyethylene for improved end-use applications, particularly in packaging.

Another key feature of Sasol's strategic agenda is to nurture and grow our existing asset base. To this end, we recently started up our second methyl iso-butyl ketone (MiBK) plant at Sasolburg. This facility, whose product is mostly used in the

manufacture of vehicle tyres and high-end coatings such as automotive and decorative paints, will be ramped up over the next few months.

The expansion of the Sasol-Huntsman joint venture's manufacturing capacity is another important growth project. Targeting a 75% increase in production capacity of maleic anhydride at Moers in Germany, the project is on schedule and within budget. Maleic anhydride is used chiefly in the production of glass-fibre-reinforced resins for the construction, automotive and boat-building industries.

## *sasol olefins & surfactants*



*As a result of efforts to maintain and improve safety standards, Sasol O&S reduced its RCR by 31%. The Brunsbüttel plant fire brigade performs regular emergency exercises.*

*Sasol Olefins & Surfactants (O&S) operates plants in Germany, Italy, the USA, China, Dubai, South Africa and the Slovak Republic. The company supplies C<sub>6</sub>-C<sub>22</sub> alcohols, linear alkylbenzene, surfactants, inorganic specialty chemicals and oleochemicals as well as chemical intermediates to customers worldwide. It has a joint-venture alcohols plant with Wilmar China Investment (Yihai) in China.*



## highlights

- Turnaround programme continued to yield results
- Achieved outstanding safety record through continued management engagement
- Improved profit margins; increased sales volumes and plant utilisation
- Received supplier awards from three major customers

<b>Financial</b>	% change		2010	2009
	Operating profit/(loss)	Rm	1 658	<b>2 492</b>
Operating margin	%	1 100	<b>10</b>	(1)
Contribution to group operating profit	%	1 100	<b>10</b>	(1)

<b>Operational</b>	% change		2010	2009
	Total sales	Mt	2	<b>1 925</b>
Total production	Mt	4	<b>1 914</b>	1 834
Recordable case rate*	RCR	(31)	<b>0,25</b>	0,36

### Environmental

In 2010, our operations resulted in the direct emission of 1,1 Mt of the greenhouse gas, carbon dioxide. Total water use in 2010 was 11,2 million cubic metres (Mm<sup>3</sup>).

### Reaping the rewards of the business turnaround

Sasol O&S continued to make solid progress in its turnaround programme in 2010, carefully executing asset restructuring, and reducing fixed costs and working capital. It is now organised as a single global business, rather than one structured into different business units and regional entities. By providing better focus, the achievement of good overall results in 2010 was facilitated. Volumes and margins also improved as demand in many of our markets partially recovered – particularly in the second half of the year – towards the levels recorded before the global economic crisis.

Sasol O&S is a leading global producer and supplier of surfactants and surfactant intermediates, high-purity aluminas and

related specialty products. The products are used in detergents and industrial cleaning materials, and also have wide application in industries such as metalworking, flavours and fragrances, personal care, cosmetics, plastic additives, textiles and agriculture. Sasol O&S's high-purity aluminas are used in catalysis (for example, as automotive catalyst support materials), as a raw material for ceramics, and in coatings, polymer additives and many other specialty applications.

Since 2007, nine Sasol O&S assets, with total annual production capacity of more than half a million tons, have been idled or sold and we have reduced employee numbers by approximately 400 or 14%. At the end of June 2010, Sasol O&S formally concluded its turnaround

programme. We will continue to review assets regularly as well as focus on costs to ensure that these achievements are sustained.

### Delivering profits

In 2010, Sasol O&S's turnover declined 14% to R25 283 million, mainly because of a stronger rand against the euro and US dollar. We reported an operating profit of R2 492 million, compared with an operating loss of R160 million in 2009. This performance was driven partly by an increase in sales volumes, but also by an improvement in our gross margin. Production levels and plant utilisation picked up in the second half of the year as demand strengthened.

Sasol O&S's margins widened due to the favourable combination of an improved supply/demand balance

for our products, lower costs, as well as some significant positive one-time effects, including stock revaluations. The positive development, in the year, of Sasol O&S's mainly euro- and US dollar-denominated business largely made up for the effect of the strong rand.

An interesting trend in the year was the faster-than-expected take up of premium-brand detergents by consumers. This followed a move by consumers during the economic downturn to lower-priced products, which contained a less active ingredient (such as Sasol's surfactants and surfactant intermediates). However, detergent manufacturers generally have not increased surfactant levels in their formulations after reducing them during the recession.

### **Operating safely and responsibly**

Continued engagement by management with operating entities on safe working practices underpinned Sasol O&S's safety performance in 2010, with our RCR improving to 0,25 from 0,36. The employee rate was 0,16 and the service provider rate was 0,45. Maintaining this world-class performance now requires an extra effort by all our people.

During the year, we worked to identify additional opportunities to reduce energy consumption. Many incremental improvements have already been achieved and some capital projects aimed at lowering our energy use have been approved and are underway. These will further reduce emissions and improve the efficiency of our production units.

In line with the European Union's regulations of the Registration, Evaluation and Authorisation of Chemicals (REACH), our compliance team continues to make good progress towards the full registration of all our high-volume substances by December 2010.

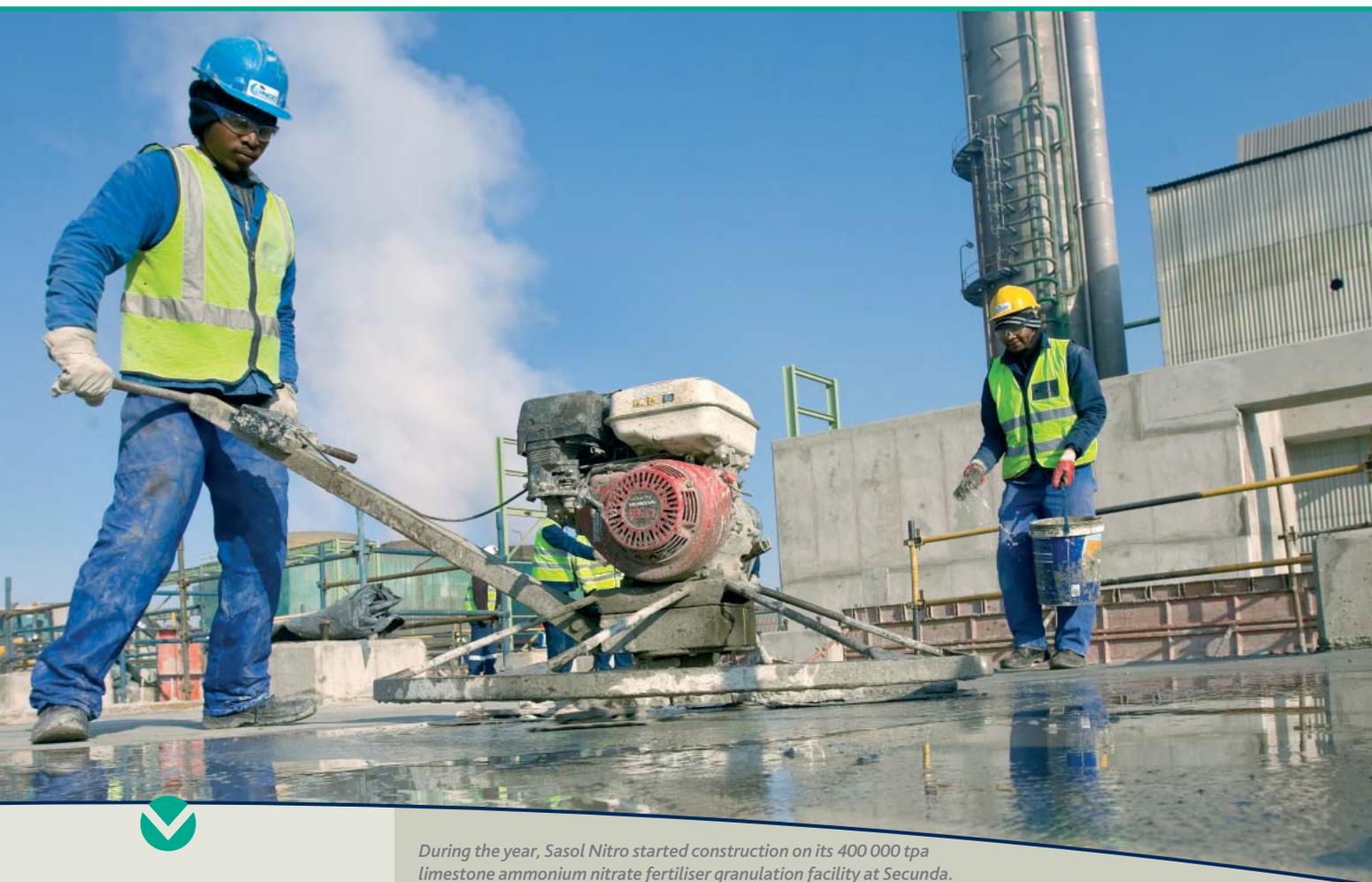
### **Differentiating our offering**

While we will continue working to sustain our turnaround, Sasol O&S is also looking at selected growth opportunities. In this regard, we have announced a capital project to enable us to sell purified tri-ethyl aluminium. Sasol O&S is the world's largest manufacturer of this product, but has only ever consumed it internally. In addition, we are working to differentiate certain products to meet niche customer requirements and remain at the forefront of technological

development. In the organics business, we have added a new dedicated pastillation unit for pharmaceutical grade products. We also see interesting opportunities to use our products in new applications for enhanced oil recovery and stranded gas extraction. To meet market requirements and further strengthen the high-tech inorganics specialty chemicals, we have recently increased our capacity for specific calcined aluminas by commissioning a new calciner unit.

Sasol O&S values a close association with our customers, allowing us to better anticipate and meet their needs effectively. In recognition of living Sasol's shared group value of customer focus, we were recently honoured with awards from three key customers. These awards show that Sasol O&S has been able to stay focused on its customers and grow its business while successfully executing a major restructuring.

## sasol nitro, sasol wax, sasol infrachem and merisol



During the year, Sasol Nitro started construction on its 400 000 tpa limestone ammonium nitrate fertiliser granulation facility at Secunda.

### highlights

- Sasol Nitro commenced substantial restructuring
- Sasol Wax's performance improved through careful management of margins
- Sasol Infrachem continued work to enhance energy efficiency
- Merisol reduced costs and defended its market position

Financial	% change		
		2010	2009
Operating profit/(loss)	Rm	125	892
			(3 525)
Operating margin	%	132	6
			(19)
Contribution to group operating profit	%	129	4
			(14)

#### Environmental

In 2010, the utilisation of gas, the supply of steam and electricity from coal, water supply and effluent treatment for the chemicals businesses in Sasolburg, resulted in the direct emission of 4,8 Mt of the greenhouse gas, carbon dioxide. Total water use in 2010 was 24,2 million cubic metres (Mm<sup>3</sup>).

## *sasol nitro*

***Sasol Nitro has large production operations at Sasolburg, Secunda, Rustenburg and Bronkhorstspuit in South Africa and markets ammonia, nitric acid, explosives, fertilisers, ammonium sulphate and blasting accessories. It also markets the ammonia, sulphur and speciality gases produced by other Sasol businesses.***

### **Operating safely and responsibly**

Sasol Nitro's safety performance showed improvement, with our Bronkhorstspuit operation winning the 2009 Sasol group award for the best safety performance. The division recorded an improved RCR of 0,44 from 0,48 in 2009. Our nitrous oxide greenhouse gas abatement programme continued to deliver environmental benefits, generating its second batch of certified emission reductions.

### **Ensuring a sustainable business**

The markets for Sasol Nitro's products maintained their gradual recovery from the lows of late 2008, but demand remained below the levels seen before the economic crisis. A business recovery and improvement programme in response to the economic crisis has already yielded positive results, including enhanced reliability of our operations, reductions in waste generated, the exit from non-profitable product offerings and improved efficiencies across value chains.

Compliance with competition law remained an important area of focus. Sasol Nitro concluded an agreement with the South African competition authorities for full and final settlement of alleged abuse of dominance contraventions of the Competition Act, details of which can be found in the consolidated annual financial statements under note 57.4 – Litigation.

### **Refocusing products in a challenging market**

Sasol Nitro successfully commissioned a new ammonium sulphate plant at Secunda, which uses cutting-edge technology to produce larger-size ammonium sulphate crystals with superior handling and fertiliser application properties. We also started construction of a new 400 000 tons a year limestone ammonium nitrate fertiliser granulation facility at Secunda, which is scheduled to come on stream at the end of 2011. Investments such as these are part of Sasol Nitro's efforts to position the fertiliser business as a low-cost producer with a higher level of supply reliability.

In October 2009, Sasol Nitro closed its phosphoric acid plant in Phalaborwa. This followed years of unsatisfactory financial performance as prevailing feedstock prices made the plant unsustainable, particularly in a depressed phosphoric acid market. We redeployed many of the plant's employees and are in negotiations with a potential purchaser. We remain committed to managing the operation's environmental footprint in a responsible manner.

Sasol Nitro's explosives business continued to achieve exceptional business results, securing a number of new contracts with large mining companies. Strong service delivery and technical support, combined with reliable product supply and quality, ensured business growth despite a contraction in South African mining output. We mothballed the packaged emulsion explosives plant because of reduced market interest in this offering. Sasol Dyno Nobel expanded production volumes, while cutting unit costs due to newly commissioned backward integration facilities and further automation in shock tube detonator manufacturing.

## *sasol wax*

***Sasol Wax has production and marketing operations in South Africa, Germany, Austria, the UK and the USA and sales offices in France, Egypt, Malaysia and Australia. It is a leading supplier of waxes, petroleum jellies and liquid paraffins derived from Fischer-Tropsch and oil-refinery feedstock to customers worldwide.***

### **Enhancing performance**

Sasol Wax recorded a stronger performance in 2010, due to an increase in demand, coupled with the benefits of stringent cost cutting. We improved safety at our facilities in South Africa, North America and Europe, reporting a RCR of 0,34, down from 0,57 in 2009.



*Safety standby contractors, Jerita Mokoena and Nomsa Radebe, check the construction site of the new Sasol Wax plant at Sasolburg for potential hazards.*

As the markets for our products stabilised, Sasol Wax increased production in Germany and the United States. In Hamburg we completed a project to purify wax through the installation of a hydro-treater. This investment is performing well and has given us the capacity we need to supply our customers, particularly those in the personal care and industrial wax industries.

Our US operation, primarily a commodity wax business, continued to feel the effects of the economic slowdown. However, we are pleased to report encouraging results from our Sasol Wax Difference initiative. Focusing on the industrial wax and

construction board markets, this involves the introduction of specialised products and services where our technological expertise and worldwide infrastructure add value for the customer.

We continued to expand our product range, with pleasing endorsement from the market. One example is Solid Protect™, a Fischer-Tropsch-derived wax used to impregnate, under pressure, commercially forested wood such as pine. This gives it the durability of tropical, slow-growing wood and supports the use of renewable, environmentally friendly construction material as an alternative to wood sourced from the world's rainforests.

A highlight of the year was final board approval for the two-phase construction of a R8,4 billion plant to double hard wax production in South Africa. We expect the first phase to come into operation in 2012, and the second phase to start up around 2014.

By making this investment, Sasol Wax will be able to grow with our customers. The investment is in line with the group's strategy to leverage our advanced proprietary technology and also demonstrates our commitment to investing in South Africa.

*Sasol has patented an environmentally friendly application for hard wax as an additive to bitumen in road construction.*

### **Responding to customer demand**

Worldwide demand for hard wax is expanding and already exceeds supply. Increasing consumer demand for products packaged and sealed with hot-melt adhesives – particularly in the developing world – is one of the major drivers supporting this growth. Demand is also being underpinned by environmental considerations. Sasol has patented an environmentally friendly application for hard wax as an additive to bitumen in road construction. Sold as Sasobit™, it lowers the temperature at which bitumen can be laid, reducing emissions and greenhouse gases. This innovative product, which also improves resistance to rutting, was recently used at South Africa's newest international airport, King Shaka, north of Durban.

Regulatory requirements to replace lead-based stabilisers in PVC have driven up demand for hard wax as an additive in the PVC extrusion industry. However, demand for wax from the construction industry as a whole, although firmer, is not yet back at the levels seen before the global economic crisis began in 2008.

### *sasol infrachem*

***Sasol Infrachem provides a services platform for reforming natural gas and providing utilities, infrastructure and site support at our Sasolburg complex. It is responsible for Sasolburg site governance and reputation management in the Free State Province.***

### **Creating the platform for Sasolburg's expansion**

Efforts to improve safety and enhance energy efficiency, as well as preparatory work on the additional utilities and services required for the Sasolburg site expansion projects of Afrox, Sasol Wax, Sasol Polymers and Sasol Synfuels International, were the focus of Sasol Infrachem's activities in 2010.

These efforts were, however, marred by the death of a service provider on our site in the year. On 23 June 2010, Skerp Mofokeng, a driver employed by HIFA Carriers, was fatally injured when a sudden pressure release occurred from the manhole of the ISO container he had transported. At the time of the incident the vehicle was stationary in the HIFA Carriers Yard on the Sasol Infrachem site. We extend our sincere sympathy to his family and friends.

Instilling a culture of safety awareness remains a challenge. Greater management focus is being placed on implementing Sasol group safety mechanisms and driving Sasol Infrachem's recordable case rate down. Our RCR in 2010 of 0,62 was

our best performance in many years but still above the group target of 0,45.

We are pleased to report no safety incidents during the major scheduled shutdown of an auto-thermal reformer in the second half of the year.

The shutdown also allowed Sasol Infrachem to improve plant integrity. Changes in the configuration of the gas distribution system assisted in boosting the performance of our customers, including Sasol Wax, Sasol Solvents and Sasol Nitro.

At 37,2 M GJ, reformed gas production from Sasolburg's two auto-thermal reformers was 4,2% above that produced in 2009.

We improved our gas efficiency on site due to the increased recycling of tail gas to the methanol plant and, at the same time, reduced flare gas by 76%. At year-end we commissioned the start-up of additional power generators, which had previously been mothballed. This will ensure that the Sasolburg site's consumption of electricity, provided by state power utility, Eskom, remains within the 10% savings target.

Sasol Infrachem recently began engineering work on the first phase of the utilities expansion necessary to support Sasol Wax and Sasol Polymers' growth projects. As part of our efforts to reduce our environmental footprint, we intend to reduce the water intensity of utilities at Sasolburg. We are also working closely



*Sasol ChemCity has assisted eyeSlices® with formulation, technical support and regulatory compliance for the production of innovative cosmetic eye treatment pads. This product is a first in cryogel polymer technology and Sasol's polypropylene is also used in its packaging.*

with the South African Department of Labour to ensure that the employment benefits of these projects are felt in the local community. Through its sponsorship of the Metsimaholo Rejuvenation Trust, Sasol continues to assist in improving the lives of the people of Sasolburg.

### *sasol chemcity*

***Sasol ChemCity aims to be a world-class enterprise developer that provides sustainable solutions through innovation to stimulate economic and business growth in South Africa.***

Sasol has made commitments to the South African government to develop the downstream chemical industry with the objective of establishing small, medium and micro-enterprises (SMMEs).

Sasol ChemCity has enhanced its impact in facilitating the development of broad-based BEE and job creation by

creating a team dedicated to developing SMME suppliers into long-term service providers of the Sasol group.

The interface between Sasol ChemCity and Sasol Technology has been developed to include research and development as well as project integration. Sasol ChemCity also facilitates funding through Siyakha. An implementation model has been developed between Sasol ChemCity and group corporate affairs to support the job creation component of our corporate social investment.

As Sasol's enterprise development incubator, Sasol ChemCity continues to achieve impressive results in growing businesses in the chemical, energy and related sectors and ensuring they become viable enterprises. In 2010, Sasol ChemCity assisted 159 businesses thereby creating 1 286 jobs. A wide variety of companies are supported in sectors such as organically certified cosmetics, alternative housing, innovative new energy solutions,

community perfumeries and vegetable tunnels. Since 2004, Sasol ChemCity has established or supported over 320 businesses and created more than 3 600 jobs, enhancing both business and economic growth.

## *merisol*

*Our Merisol joint venture with Merichem of the USA has plants in South Africa and in the USA and a joint-venture production facility at Sasolburg, South Africa.*

*It supplies cresols, xylenols, alkylphenols and other phenolics and their derivatives to customers on all continents.*

### **Weathering the recession**

Merisol remained profitable in 2010, reducing costs and stocks and defending its position in the market. This was despite the worst recession in recent times, resulting in weaker demand and lower product prices.

In the first half of the year, we suspended some manufacturing capacity in response

to reduced demand, but by year-end our plants were running at full capacity as demand rebounded. In March, our production joint venture in Japan came to an end, but we remain committed to the meta-cresol and meta-para cresol markets, supplying these products from our US facilities. Both are used in the manufacture of Vitamin E and other speciality applications.

Merisol's safety performance improved slightly in the year, with a RCR of 0,58, down from 0,64 in 2009. While our safety record in South Africa remained unchanged, a sharp improvement was logged by our US operations, with a RCR of 0,00 compared with 4,00 in 2006. This accomplishment was recognised by the American Chemistry Council in May, when it presented Merisol USA LLC with its

highest honour, the Responsible Care™ Initiative of the Year Award. This accolade recognises companies that have undertaken a specific programme or activity that demonstrates leadership in the areas of employee health and safety, security or environmental protection. We continue with our initiatives to prevent incidents at all our operations and are also working to reduce Merisol's environmental footprint, particularly in the United States.

We are pleased to report ongoing advances in our efforts to meet the requirements of Registration, Evaluation and Authorisation of Chemicals (REACH). Compliance in Europe in this respect will help to maintain Merisol's position as the preferred supplier in the industry.

## sasol technology



*Eunice Mahlangu, Thomas Sentsho, Johan de Jager and Johnny Mofokeng on a plant inspection walk-through at the new gas turbines that will produce electricity from natural gas from Mozambique.*

## highlights

- Secured major improvements in catalyst performance with new design reactor and catalyst-testing reactor pilot plants
- Focused on continuous improvement in project development and implementation
- Committed to reducing the group's environmental footprint
- Nine research framework agreements with South African universities in place

*Sasol Technology manages our research and development, technology management and innovation, engineering services and project management portfolios. It helps our fuels and chemical businesses to maintain growth and sustainability through appropriate technological solutions and services.*

## *Sasol Technology's Fischer-Tropsch design reactor and catalyst-testing reactor pilot plants are key to our efforts to develop new, more efficient GTL and CTL operations.*

### *sasol technology*

#### **Delivering on Sasol's strategic agenda**

Sasol Technology's vision is to be recognised for consistent excellence in innovation and for the delivery of cleaner technologies to enable Sasol's growth and sustainability. In 2010, we made good progress in our efforts to reinforce Sasol's foundation and better position the group to meet its ambitious growth targets.

Sasol Technology remains steadfast in its goal to reduce the group's environmental footprint. We are developing ways to improve the efficiency of our processes, and are working closely with Sasol New Energy to identify opportunities for low-carbon and renewable energy to power our facilities. We plan to invest considerable effort in further developing photovoltaic and concentrated solar power technologies, as well as in improved ways to capture carbon dioxide (CO<sub>2</sub>) and divert it to productive use or underground storage. Further detail can be found in Sasol New Energy's report on page 67.

We experienced challenges in maintaining our safety record, specifically in respect of our service providers. Our RCR rose to 0,65 from 0,44 in 2009. We are working hard to improve this performance by adopting a more disciplined approach to safety as well as by positioning safety more prominently in our contractual agreements with our service providers.

#### **Preparing for growth**

Sasol Technology plays a pivotal role in the group's growth agenda. We assist

in assessing the feasibility of various opportunities while working to continuously hone our technology offering, making our processes more efficient and competitive.

The development of the US shale gas industry in recent years has improved the commercialisation of Sasol's proprietary Slurry Phase Distillate™ gas-to-liquids (GTL) technology. The success of the group's Oryx GTL joint venture in Qatar underpins our international prospects. Further technology enhancements contributed significantly towards improving the performance of Oryx GTL in the second half of the year. Sasol and its partners are now carrying out studies to further enhance Oryx GTL's performance and increase its capacity. Our experience in Qatar will be applied to other GTL facilities, including Escravos GTL (EGTL) in Nigeria and a possible venture in Uzbekistan.

Sasol Technology's Fischer-Tropsch design reactor and catalyst-testing reactor pilot plants are key to our efforts to develop new, more efficient GTL and CTL operations. These Sasolburg facilities, which became fully operational in 2010, are already making major contributions to improving catalyst performance and reactor and process intensification.

As outlined by Sasol Synfuels International (SSI) on page 44, we also continue to enhance Sasol's proprietary CTL technology and recently completed the feasibility study for a CTL complex in China, which demonstrates significant efficiency improvements. We are also assisting SSI with the pre-feasibility study

into developing a similar facility in India. In South Africa, we are working on gasification trials to test the quality of the coal sample mined close to the proposed site of the potential Project Mafutha project in Limpopo Province.

As part of our CTL objectives, we worked to refine our expertise in fixed-bed, dry-bottom (Sasol® FBDB™) gasification techniques. A highlight in 2010 was the signing of a partnership agreement with Linde and Hatch Energy Africa. This arrangement creates more capacity by leveraging external resources and expedites our efforts to enhance our gasification technology. It will also assist us in further supporting the stability of the Sasol Synfuels plant at Secunda.

We are working on a number of projects for Sasol's chemicals businesses. In 2010, we managed the completion of the project to build and rapidly ramp-up to capacity a second methyl iso-butyl ketone (MiBK) plant for Sasol Solvents in Sasolburg. We are also project managing Sasol Wax's expansion (see page 59 for details), Sasol Polymers' ethylene purification expansion and the parallel utilities enlargement in Sasolburg. An important goal in this regard is to ensure the Sasolburg site complies with water quality requirements, contributing to its sustainability.

#### **Managing projects across the globe**

Managing the many projects undertaken by Sasol across the globe is one of Sasol Technology's key areas of accountability. In the year, we made good progress in



*Technology enhancements contributed significantly towards improving Oryx GTL's performance and we are carrying out studies to further enhance performance and to increase capacity.*

our initiative to improve our performance in terms of the early engineering and planning work on projects (known as 'front-end loading'), as well as project execution, with an internal programme called Back to Basics. Through this initiative, we aim to achieve a first quintile ranking among our industry peers for all projects under our control, in the next few years.

In 2010, we again demonstrated first quintile performance with the execution of the project to install and start-up new gas turbines at Secunda (see Sasol Synfuels report on page 38). We are also well on our way to meeting aggressive targets for the execution and start-up of projects in Secunda involving the tenth Sasol Advanced Synthol reactor, the 16th oxygen train and the 17th gas reformer.

As part of the group-wide effort to reduce costs, in 2010 we advanced work to source less expensive capital equipment and broaden our supply base. In what we call global sourcing, we procured equipment from China and India. This is proving to be cost effective, and we expect to develop this further in future.

### **Innovating for sustainability**

Technological innovation is at the heart of Sasol's business and the group's success is closely linked to the expertise of our engineers and scientists. As outlined by Sasol Solvents on page 53, the group continued work to develop a new ethylene tetramerisation technology to convert ethylene into 1-octene through an innovative chemical process. We completed the basic design activities for a commercial facility at Sasol Olefins & Surfactants' site in Louisiana, USA and await a board decision on whether to proceed with this first-of-a-kind commercial-scale facility.

In recognition of Sasol Technology's commitment to innovation, we are pleased to report that we were runners up at the prestigious 2010 Franz Edelman Award for Achievement in Operations Research and Management Sciences. Sasol Technology's stochastic simulation modelling design was pitted against five other international Edelman finalists for the title. Other awards received in the year were the outstanding achievement award from the Council of the Fossil Fuel Foundation for our fixed-bed gasification (Sasol® FBDB™) research as well as the Southern African Bitumen Association Award for Outstanding Achievement in Bituminous Product Technology for 2009.

Striving to maintain the pace of innovation, we continue to work with universities to further bolster our research and development. By year-end we had signed a total of nine research framework agreements with South African tertiary institutions. We are contributing R25 million a year over ten years to build research capacity in science and engineering, and to promote the development of young academics. This is a contribution not only to the future of Sasol, but also to our industry and country. We also have access to international research and development resources through our research facilities at the University of St Andrews in the UK and Twente University in The Netherlands.

As part of our commitment to gender diversity, we are involved in various programmes to encourage young women to learn more about the fields of engineering and science. We facilitate access to mentors from various fields, endeavouring to inspire, inform and encourage these young people to explore the exciting opportunities available.



*In 2010, Sasol commissioned two gas turbines using natural gas from Mozambique. Replacing coal-based electricity with that produced from natural gas allows the group to reduce its carbon dioxide emissions.*

*Sasol New Energy (SNE) was created to focus on new technologies that can be integrated with our core technologies to result in a lower greenhouse gas footprint. In an effort to reduce production of CO<sub>2</sub> in our operations and integrate new technologies into our Fischer-Tropsch processes, SNE will explore renewable and lower-carbon energy options such as solar, biofuels and biomass, as well as nuclear, hydro and natural gas. Carbon capture and storage (CCS) will be targeted to sequester the CO<sub>2</sub> produced through the Fischer-Tropsch process.*



## highlights

- Commissioned gas turbines to produce electricity from natural gas
- Investigating feasibility of producing additional power from natural gas
- Studying several opportunities for producing electricity from renewable sources
- Taken a share in a CCS demonstration facility in Norway

### Sustaining Sasol

Sasol's newest business unit, Sasol New Energy, started work in earnest in 2010. We are developing strategies and projects to ensure Sasol can operate sustainably into the future and prosper as the world moves towards lower carbon solutions, and as water resources become more scarce.

The Sasol group has a long history of, and valuable experience in, developing and commercialising innovative technologies. Working closely with Sasol Technology, Sasol New Energy intends to leverage this capability – a key competitive advantage – in a number of 'new energy' fields. These include: energy efficiency; low-carbon electricity production; renewable energies; carbon capture and storage; and cleaner coal technologies. The more efficient use of water is also closely linked to these imperatives.

In the year, we built on the group's understanding of the various technologies that exist across these fields, assessing each for opportunities to develop them further. Our goal is to provide Sasol with business options that help meet its long-term greenhouse gas reduction targets and are supported by viable, commercially proven technologies.

Sasol has set a target of improving the energy efficiency of its South African utility facilities by 15% per unit of production by 2015, compared with a base set in 2000. We are well on track to meet this target. We also intend using low-carbon electricity and renewable energy to optimise our FT-based processes in existing and future facilities.

### Lowering the carbon intensity of electricity

In June 2010, Sasol commissioned two gas turbines at Sasol Synfuels' operations in Secunda to produce electricity from natural gas from Mozambique. Using natural gas as a feedstock, rather than coal, results in 60% lower carbon dioxide (CO<sub>2</sub>) emissions. These gas turbines will initially operate in open-cycle mode, producing 200 megawatts (MW) of power, which will be sold to state utility, Eskom. They will later be converted to closed-cycle mode with the addition of heat-recovery steam generators, increasing the capacity to 280 MW.

Sasol New Energy is investigating the feasibility of constructing a 140 MW gas-fired power plant in Sasolburg. We are also looking at prospects for hydro-electric

power production, as well as furthering our understanding of the opportunity for additional nuclear power capacity in South Africa.

### Exploring renewable energy

Sasol New Energy is considering using electricity produced from renewable resources to reduce Sasol's dependence on coal as a source of energy in its Fischer-Tropsch facilities. We are also investigating opportunities to produce electricity from renewable sources, under the renewable energy feed-in tariff (REFIT) scheme proposed in South Africa.

We acquired a 40% interest in Thin Film Solar Technology (TFST) to commercialise the thin-film photovoltaic technology developed at the University of Johannesburg. The other major shareholder is the South African Government's Central Energy Fund. On completion of further development and testing of this second-generation technology, TFST aims to build a 40 MW photovoltaic panel production facility in Paarl, near Cape Town. Sasol is investigating opportunities to develop third-generation photovoltaic technology aimed at reducing the cost of photovoltaic panels.

## *sasol new energy*

South Africa has abundant direct sunshine and so we believe that concentrated solar power has good potential in this country. We are evaluating various options in this regard, including further development of this promising technology.

Sasol is also investigating the possibility of producing energy from biomass, including biofuels, in Southern Africa. However, we would pursue biofuel production only where sustainability criteria, such as sufficient water and arable land which does not compete with food production, can be met. We are also considering the cultivation of biomass as a carbon sink to offset greenhouse gas emissions.

### **Pursuing carbon capture and storage**

In 2010, Sasol New Energy made an important commitment to the group's efforts to develop CCS solutions. We will therefore acquire, during the first quarter of the 2011 financial year, a share in Technology Centre Mongstad (TCM), which is being established in Norway to test, verify and demonstrate technology suitable for deployment at large-scale carbon capture facilities. Sasol is also investigating opportunities for CCS around its existing and potential future coal-to-liquids facilities. The group is a founder

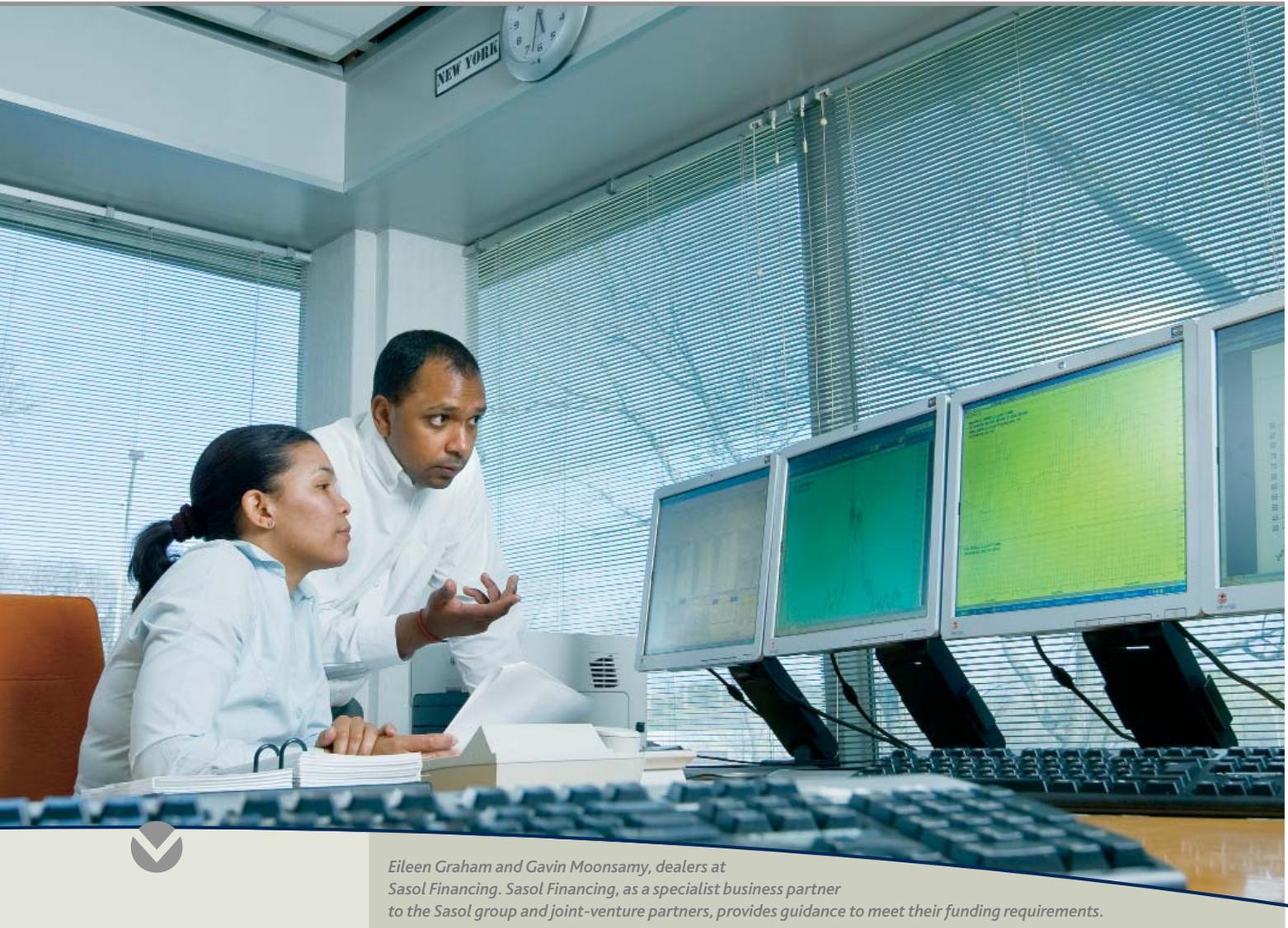
member of the South African Centre for CCS, which is developing an atlas of potential CCS sites in this country.

During the year, we also progressed our understanding of deep underground coal gasification, which is potentially the first step in clean coal technology. We believe that the gasification of coal in-situ, rather than mining and transporting it to a coal gasification plant above ground, could allow for the development of coal reserves that could otherwise not be mined. It could also, potentially, reduce the cost of producing synthesis gas and lead to fewer above-ground pollutants and lower CO<sub>2</sub> emissions.

### **Working towards a sustainable water solution**

Water is central to Sasol's business. The group operates facilities or is planning projects in several parts of the world where water is scarce. In the year, Sasol New Energy took responsibility for the group's sustainable water strategy, which is based on the commitments made by Sasol in March 2008 under the UN Global Compact CEO Water Mandate. For more details, please see the Sasol sustainable development report on [www.sasolsdr.com](http://www.sasolsdr.com).

## sasol financing



Eileen Graham and Gavin Moonsamy, dealers at Sasol Financing. Sasol Financing, as a specialist business partner to the Sasol group and joint-venture partners, provides guidance to meet their funding requirements.

## highlights

- Secured new US\$300 million revolving credit facility
- Assisted with appointment of a financial adviser for Uzbekistan GTL
- Repaid €300 million Eurobond from surplus cash
- Ratings retained at investment grade throughout the global economic crisis
- Concluded ten-year financing facility for Natref's expansion

*Sasol Financing is responsible for group cash and liquidity, credit-rating processes, in-house banking, financing arrangements, foreign exchange, interest-rate and treasury-risk management, and general banking activities. It is also a business partner to Sasol businesses for specialised financing and financial risk mitigation strategies and arrangements.*

## *sasol financing*

### **Securing competitive funding**

Sasol Financing is responsible for the group's central treasury, ensuring that Sasol can meet its funding requirements and expansion objectives in time and as cost-effectively as possible, while keeping financial risks to a minimum. We had another busy and successful year in 2010.

Due to the cash-conservation approach adopted by management in the volatile economic climate, Sasol maintained solid cash balances on a strong, deleveraged balance sheet. The group continued to generate considerable cash flows in the year, ensuring that it remained in a favourable position to fund its growth programme and meet all debt service requirements. It also allowed for the adoption of a progressive dividend policy.

In June 2010, Sasol Financing secured a US\$300 million multi-currency revolving credit facility from China Construction Bank at competitive terms. This facility is for global general corporate purposes and has a tenor of three years, with two extension options of a year each. The facility replaces the €400 million, five-year syndicated revolving credit facility which expired in May 2010. Sasol Financing also maintains sufficient short-term credit lines with a number of relationship banks for general treasury purposes.

### **Facilitating new projects**

Sasol Financing is a specialist business partner to group and joint-venture companies, providing assistance and guidance to best meet their funding

requirements for new growth opportunities. We work to secure the most appropriate financing structure in terms of cost, size and risk sharing.

In the final quarter of 2010, BNP Paribas was appointed as the project financial adviser to assist with the funding of Sasol Synfuels International's Uzbekistan joint-venture GTL opportunity. This is an important mandate. Sasol, along with its partners, Uzbekneftegaz and Petronas, aim to secure approximately 70% project debt. Project financing is new to Uzbekistan, a landlocked country where the primary funding risks relate to logistics and the political environment. To mitigate these risks, correct lender selection is imperative. We believe export credit agencies and development finance institutions will play an important role in securing the most competitive and appropriate financing for this opportunity.

In December 2009, Sasol Financing assisted Sasol Oil and Total, the shareholders of the Sasolburg crude oil refinery, Natref, in concluding a ten-year financing facility. The R735 million facility has been provided by Nedbank. It will be used to upgrade the dispatch area, carry out phases one and two of the hydro-fluoride-alkyl unit risk mitigation project, as well as to increase the capacity of the diesel unifier unit. Most of these projects, which meet the group's strategic goal of nurturing its existing assets, will be completed during 2011.

### **Repaying our Eurobond**

At the end of the 2010 financial year, Sasol Financing's five-year, €300 million

Eurobond matured and was repaid. With a coupon rate of 3,375% per annum, the bond provided an attractive funding rate throughout its lifetime. It also raised Sasol's credit profile in the international capital market.

### **Managing risks**

Sasol Financing, the group executive committee and the Sasol board of directors review the use of oil price hedges as a part of risk management. Although Sasol Financing has assisted in the past five years in arranging a hedge on 30% of Sasol Synfuels' production, Sasol did not enter into a strategic oil hedge in 2010. Given that our balance sheet was strong and effective cost-cutting measures had been implemented early in the global economic crisis, hedging at the levels available in the market were not considered to be appropriate. We will continue to review hedging opportunities in the year ahead.

### **Confirming our credit ratings**

Sasol's corporate global credit ratings have been reviewed and confirmed by Moody's and by Standard and Poor's at Baa1/stable/P-2 and BBB+/Negative/A-2, respectively. Our ratings have been retained at investment grade throughout the global economic crisis.

### **Continuous improvement**

In 2010, in line with the group's shared value of continuous improvement, Sasol Financing upgraded its SAP treasury risk management system to allow for improved efficiencies and controls.

## sasol group services

*Sasol Group Services (SGS) coordinates all group activities and provides specialised services to the various business units. It aims to improve the efficiency, effectiveness and sustainability of all Sasol functions, avoiding duplication and endeavouring to provide streamlined services in a more cost-effective manner. Its activities are strategically aligned to Sasol's Functional Excellence programme. In the pages that follow, we provide details of some of the key SGS functions and their highlights for the 2010 financial year. Other SGS functions include taxation, group strategy, corporate finance, investor relations and company secretarial services. Although the Sasol Inzalo Foundation is not managed as part of Sasol Group Services, it is an important part of Sasol's investment in broader skills development in South Africa. It is therefore included after the corporate affairs review.*

### Human resources

Sasol's human resources strategy focuses on the sourcing of key skills, promoting long-term talent and career development, ensuring competitive rewards, and fostering sound employee relations and cultural transformation. These enable the group's growth agenda.

At year-end, Sasol had a total of 33 399 employees in our global operations. This comprises of 28 978 employees in our South African companies and 4 421

employees in our international companies. Net employment creation figures indicated a negative growth rate of 939 for the year (excluding joint ventures). Our employee turnover rate for the year in our South African operations was 5,05%, comprising 2,17% voluntary turnover and 2,88% involuntary turnover. The employee turnover rate for the year in our international companies was 9,68%, comprising 2,05% voluntary turnover and 7,63% involuntary turnover.

More than 60% of Sasol employees are members of trade unions and are covered by collective agreements/works council agreements that have been entered into with trade unions within the various jurisdictions in which we operate. Trade union representatives are part of our formal joint management-worker health and safety committees, and also serve on the boards of our medical schemes and retirement funds. A wage negotiation process this year in our South African operations resulted in one strike exceeding



*Sasol's human resources strategy focuses on sourcing key skills, promoting talent and career development, ensuring competitive rewards and fostering sound employee relations and cultural transformation.*



Sasol is embarking on a global diversity journey to further expand its integrated community of employees. Thomas Sentsho, Eunice Mahlangu, Johan de Jager and Johnny Mofokeng are pictured in front of a heat recovery steam generation unit under construction at Secunda.

a week's duration. During the year, a total of 6 976 employee-days were lost due to industrial action.

The group's remuneration approach aims to ensure we remain globally competitive by supporting the attraction, retention and motivation of the right calibre of employees. Annual increases are determined in relation to market movements, inflation indicators and company performance. They are then translated into individual increases taking into account the scope and nature of the employee's role, market benchmarks for similar positions and the employee's personal performance and competence. Our performance management policy makes provision for a predefined performance appraisal process where this is not in conflict with bargaining council negotiation structures.

A formal process exists within the organisation where, from the age of 50, structured sessions are held with employees to prepare them for retirement. We see retrenchment as a last resort, with alternate

positions always being sought first within the organisation. Should options of redeployment be found, training is offered to the affected employees to prepare them for the new role. Sasol supports its employees during times of restructuring and retrenchment, for example, through workshops aimed at empowering managers and employees to deal with the process, and providing on-site counselling.

### Promoting the wellbeing of our employees

Our employee assistance programme (EAP) focuses on the psychosocial health of our employees and their dependants. The programme utilisation has increased from 18,2% in 2009 to 18,8% of employees for 2010. The provision of face-to-face counselling is well utilised, reflecting both the employees' needs as well as their confidence in the EAP. Since May 2009, we have been monitoring an employee wellness scorecard for most business units in South Africa. We have also embarked on a programme to integrate occupational health data with

**SD** Our sustainable development report includes further details on our HR practices, and includes a detailed breakdown of our workforce by region and employment type, as well as further details on employee turnover.

**SD** Further details on our HIV/Aids programme, including data on the utilisation of our anti-retroviral therapy treatment programmes, are provided in our sustainable development report.

other areas pertaining to healthcare and wellness, to ensure we have a holistic view of the health risks profile of employees.

Our integrated Sasol HIV/Aids Response Programme (SHARP), now in its eighth year, is driven at business unit level and focuses on identifying and providing support services to HIV-infected employees and their families, as well as on preventing new infections through awareness, education and access to testing, counselling and treatment.

An initial HIV testing drive, conducted throughout our South African operations between 2002 and 2005, found an incidence rate of 7,1% based on an 82% uptake of testing. Business units have been focusing on access to testing by increasing knowledge of its importance. Ongoing awareness programmes and encouraging testing through community and medical aid resources, as well as offering free voluntary counselling and testing (VCT) at wellness days and at our occupational health clinics, are part of this drive.

The Sasol HIV/Aids policy commits to providing access to anti-retroviral therapy. The medical aid schemes provide HIV/Aids disease management to Sasol employees. A workplace treatment programme is operational at the Sasol Mining Medical Centre in Sasolburg. Anti-retroviral therapy is also available through public healthcare facilities in South African communities.

Our testing and treatment initiatives are supported by comprehensive communications that encourage an interactive approach relating to the goals of prevention, support and care. Capacity building for the implementation and

integration of the treatment programme within all businesses has been conducted by accredited coordinator training of peer educators and HIV/Aids coordinators. This year we embarked on a communication campaign to ensure a more visible and interactive prevention and support effort. The campaign's theme "I am part of the solution" was based on the international World Aids Day 2009 theme "I am". Launched in December 2009, it continued to September 2010. A campaign communications toolkit was developed to assist business units that are responsible for driving and supporting the campaign.

### Enhancing workforce diversity

Apart from actively striving to reflect the economically active population of South Africa in our workforce profile at all levels (see table below), we are also embarking on a global diversity journey. This will aim to establish an integrated community of Sasol employees that leverages its diversity to achieve business success. We have set up diversity forums in our various business units. These forums – chaired by the business unit managing directors and attended by business unit leadership, unions and employee representatives – constantly

strive to create co-ownership in the achievement of our diversity aspirations.

In March 2009, we launched a disability equity awareness campaign in our South African operations, with the aim of informing employees of their rights as members of this designated group, and to encourage them to voluntarily declare their disabilities. Medical verification of declared disabilities was also conducted, which gave employees the opportunity to apply for reasonable accommodation if required. A comprehensive audit of all our human resource policies and procedures, as well as of our physical facilities, was conducted by Wits University. This will ensure that any discriminatory barriers towards persons with disabilities are removed. Disability equity management principles and reasonable accommodation guidelines were also compiled and disability equity orientation workshops were presented to leaders and human resources practitioners.

A summary of our progress on promoting employment equity in our South African operations, as required in terms of Section 22 of the Employment Equity Act (55 of 1998), is provided in the table below.

## Sasol group workforce profile at Sasol's South African operations as at 30 June 2010

Summary of the employment equity progress report for public companies, as required in terms of Section 22 of the Employment Equity Act (55 of 1998).

at June 2010	Males				Females				Foreign National		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	9	0	2	71	2	1	1	4	1	0	91
Senior management	31	9	23	205	4	2	6	25	9	1	315
Middle management	851	93	367	2 417	250	43	210	763	123	22	5 139
Junior management	3 595	255	350	4 382	737	136	172	1 468	81	28	11 204
Semi-skilled	6 976	73	82	1 124	884	48	43	613	341	4	10 188
Defined decision (lowest entry level)	1 288	12	1	167	395	6	0	15	37	0	1 921
<b>Total permanent</b>	<b>12 750</b>	<b>442</b>	<b>825</b>	<b>8 366</b>	<b>2 272</b>	<b>236</b>	<b>432</b>	<b>2 888</b>	<b>592</b>	<b>55</b>	<b>28 858</b>
Non-permanent employees	74	2	5	12	18	0	1	7	1	0	120
<b>Grand total</b>	<b>12 824</b>	<b>444</b>	<b>830</b>	<b>8 378</b>	<b>2 290</b>	<b>236</b>	<b>433</b>	<b>2 895</b>	<b>593</b>	<b>55</b>	<b>28 978</b>



*Sasol's global learning function is responsible for establishing world-class learning practices to ensure efficiency and effectiveness. Seen at Sasol Solvents' Hexene plant in Secunda are safety standby, Lumgisa Njozela, Carin Botha, who is studying towards her safety diploma and safety standby, Jemina Khoza.*

Going forward, we will put considerable effort into accelerating our diversity agenda. The continuous integration of diversity into our existing skills and leadership development programmes and talent management processes will facilitate the mobility of high performers and high-potential employees in the various talent pipeline levels. To date, we have developed guidelines for women advancement and representation at all management levels. This will also contribute towards entrenching an inclusive culture that will drive business performance.

### **Contributing to skills development**

Our global learning function in human resources is responsible for establishing a group-wide learning approach and fraternity that employs world-class practices. To develop future talent, Sasol runs one of the largest bursary schemes in South Africa. Our total

investment in 2010 was R51 million, focused primarily on the science, technology and engineering disciplines. We currently have 769 undergraduate and postgraduate bursars. We have a mandate to award 112 first-time undergraduate bursaries and 20 postgraduate bursaries for 2011. Sasol, through its corporate social investment (CSI) programme, also spends 35% of its CSI budget on education, with a focus on science and maths.

Over the past year, our highly acclaimed leadership programmes have been refined to ensure alignment with Sasol's strategy and business priorities. This year, 9 253 candidates attended different leadership development programmes. In addition to our executive development programmes, we have also developed a transitional development programme, which consists of three weeks of training held over four months. All of our leadership programmes are supported by coaching and mentoring programmes.

**SD**

*Our online sustainable development report provides additional information on our skills development activities, and includes case studies relating to engineering contractors, artisans, chartered accountants and an initiative that promotes science education in schools.*



## Safety, health and environment (SH&E)

### Coordinating and advising on SH&E issues through the group

The Sasol SH&E Centre provides specialist advice and support services to our business units, and is responsible for coordinating and reporting on the group's performance on SH&E and sustainable development issues. All of Sasol's operations are governed by an integrated SH&E policy and minimum requirements, and our SH&E performance targets. Each business is required to track performance against these targets and to submit quarterly reports to their respective boards. These reports outline major risks and liabilities, identify progress against the group's sustainability targets and review any major incidents and areas of non-compliance. Our internal reporting and auditing process is enhanced by various annual external verification audits.

The Sasol SH&E Centre is supported by a network of technical specialists throughout Sasol. These specialists share experience in addressing a range of issues, including auditing, process safety, greenhouse gas management, product stewardship, air quality, water and waste management, and site remediation. In addition, each of our businesses has dedicated SH&E staff who are responsible for assisting line management with SH&E implementation.

Although certain aspects that contribute to our broader sustainable development performance – such as ethics, human resources, HIV/Aids, skills development, transformation and human rights – are managed by different corporate functions within the group, Sasol's sustainable development manager is attached to the

SH&E Centre. The primary responsibility of the sustainable development manager is to coordinate between these different Sasol functions on the one hand, and various external stakeholders and initiatives on the other. This coordinating function includes managing Sasol's relationships in terms of initiatives such as the UN Global Compact and the Dow Jones Sustainability Index. It also extends to facilitating the engagement processes with stakeholders on the group's overall sustainability performance, including through the annual integrated sustainability reporting process.

The nature of the relationship between the SH&E Centre and the rest of the group is currently being refined as part of Sasol's Functional Excellence initiative. We believe that the process will result



*Huyan Allie keeps records of loads of ash to track and control blending ratios at the tarpit blending project at Sasolburg, where fine and coarse ash are blended with tar to stabilise the tarpits.*

in a stronger, more coordinated governance structure and strategy development process. We expect this to enhance the effectiveness of SH&E performance through greater shared learning and standardisation of best practices. This will be achieved by establishing coordinated communities of specialists who will be transferred from their current positions at the business units to a centralised shared services function.

### A strong compliance focus

Part of our broader compliance-related activities entails an enhanced focus on compliance with SH&E legislation. During the year, we strengthened aspects of our compliance programme, including additional compliance monitoring actions.

We continued to participate in the development of new policies and legislation in 2010, both on our own and through representative bodies. We monitor and report annually on the potential risks associated with laws and regulations in the countries in which we operate.

### Engaging in stakeholder dialogue on sustainable development issues

In addition to our interactions with various stakeholders almost daily, over the past few years we have also entered into dialogue with some stakeholders specifically on sustainable development issues. The aim of these consultations has been to identify and respond to our stakeholders' interests, and to understand their views regarding our performance. These consultations have included externally facilitated processes with trade unions, employees, investors, non-governmental organisations and community representatives, as well as academics and researchers.

### Participating in global initiatives

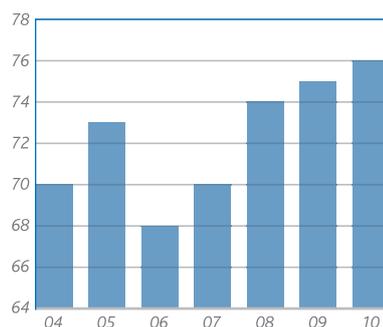
As a global operation actively engaged in different regional markets, Sasol participates in various international

sustainable development initiatives. Since 2001, we have been a signatory of the United Nations Global Compact (UNGC), an international initiative of the United Nations and business that addresses human rights, labour, environmental and corruption issues through a commitment to ten principles. In March 2008, we endorsed the UN Global Compact CEO Water Mandate. We also participate in the Global Product Strategy (GPS) initiative of the International Council of Chemical Associations (ICCA) that is designed to improve product stewardship in the global chemical industry. We support the principles of the Extractive Industries' Transparency Initiative (EITI), and we are considering full endorsement of the EITI.

We are corporate members of numerous local and international business, engineering, scientific and other organisations. We play an active role in the development and implementation of Responsible Care® initiatives and participate in various working groups of the European Chemical Industries' Council (CEFIC) and South African Chemical and Allied Industries' Association (CAIA).

Sasol once again qualified for inclusion in the 2010 Dow Jones Sustainability Index (DJSI), and was ranked global leader in the oil and gas producers' sector with an overall score of 76%. This was an improvement on our score of 75% in 2009.

Sasol DJSI score (Oil and Gas Producers' sector)



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Independent accounts of our recent stakeholder processes on sustainable development are provided in our online sustainable development report.

A list of our key memberships is available in our online report.

### Recognised for our sustainability reporting and performance

We have been recognised as among the leaders in corporate sustainable development reporting since our first stand-alone environmental report in 1996, having won numerous awards from independent panels.

This year we received the following accolades for our reporting and performance practices:

- Ranked global sector leader of the DJSI for the Oil and Gas Producers' sector.
- Achieved highest score in a GRI benchmarking review of 399 South African companies by Sustainability Services.
- Ranked first for SA companies "making the greatest effort to address environmental impacts" and third for SA companies "with the best public reputation for addressing environmental issues" in an independent survey of the views of 100 South African companies conducted by the Trialogue consultancy.
- Included in the Carbon Disclosure Project's "2009 Carbon Disclosure Leadership Index" for South African companies.

## Our 2010 safety, health and environmental performance

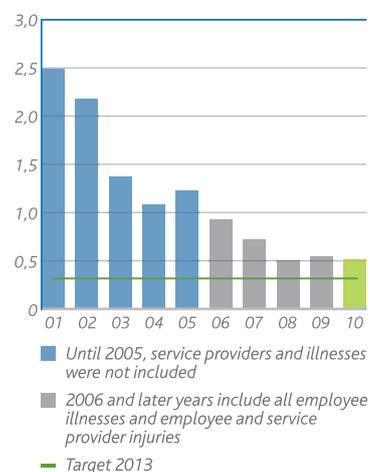
### Reaching a plateau in occupational safety

Tragically, eight people (six Sasol employees and two service providers) died this year as a result of injuries sustained at Sasol. In addition, there was one service provider fatality at premises leased from Sasol by the service provider and not under the control of Sasol. Fatalities at our facilities are unacceptable and are avoidable. With this in mind, each safety incident has been carefully reviewed to identify the underlying root

cause and to ensure that appropriate preventive measures are identified and implemented.

The year-on-year improvement in our safety performance achieved up to 2008 has not been sustained during 2009 and 2010. Having achieved our earlier group target of a recordable case rate (RCR)\* of 0,50 by June 2008, we committed ourselves in 2008 to a group target of less than 0,30 by June 2013. The RCR for the group in the 2010 financial year was 0,51 and, although it still compares favourably with global benchmarks, the result was only a 5% improvement over

Recordable case rate – RCR  
(recordable cases per 200 000 hours)



\*The recordable case rate 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. From 2006 onwards, our RCR includes employees and service providers, and recordable injuries as well as occupational illnesses. Currently, about 11% of the RCR is attributable to illnesses.



Lucas Mngomezulu, production standby, checking for the possible presence of gases in a vessel that requires special safety measures for confined space entry.



Portia Maui, junior training practitioner, updates the safe-making sheet at Section 51 of the Twistdraai coalmine at Secunda.

the RCR of 0,54 in 2009. Specific interventions have been identified to steepen the improvement trend to achieve our target RCR of below 0,30 by 2013.

There was an average of five significant process safety incidents reported per month during the 2010 financial year, representing the number of fires, explosions and releases (FERs). Due to the increased focus on, and awareness of, process safety during recent years, the reporting of FERs has been more complete. The revised target is to reduce the number of significant FERs to less than three per month by 2013.

There was an increase in the number of significant transport incidents in 2010 and interventions at Sasol and with transport service providers have been implemented to improve transport safety.

Over the past year there has been a particular focus on improving the quality and standardisation of incident investigations to identify root causes. Key safety learnings have been identified and shared across all operational areas. The leadership principles for safety have

also been revisited and communicated to ensure improvements are driven by senior management. A severity index to differentiate all FERs has been developed and implemented to assist with the process safety improvement drive. The SH&E function has also been part of the Functional Excellence journey in Sasol and this has involved the reorganisation of roles and structures. The objective is to improve the efficiency and effectiveness of the SH&E function and to improve SH&E performance within the group.

### Maintaining high levels of occupational health

Our approach to occupational health is decentralised, with responsibilities for occupational health management located at the sites where we operate. Our occupational health services – provided both to employees and service providers – include baseline analysis, ongoing monitoring and management of illnesses, the adoption of preventative measures, the development of rehabilitation and return-to-work programmes and the management of compensation claims and payments

SD

Further details on our safety performance and on the measures being taken to improve this performance are included in our sustainable development report, along with a benchmark of our performance against that of leading peers in our sector.

for disabilities in accordance with legislative requirements.

We offer pre-employment health assessments to ensure that employees and service providers are not placed in positions that will have a negative impact on their health and we undertake medical surveillance on risk-exposed workers. Injuries on duty are diagnosed, treated and monitored until they have healed. We conduct exit examinations on persons leaving the company and maintain medical records for 40 years after their departure.

Although we have not established a direct causal relationship between work activities and certain illnesses detected during 2010, the most significant work-related illnesses were noise-induced

hearing loss (NIHL), with 28 reported cases. This compares with 13 cases in 2009 and 18 in 2008, and represents 52% of total illness cases reported in 2010. Some 18 cases (33% of total) were lung ailments, such as asbestosis, mesothelioma and pneumoconiosis, but excluding tuberculosis (TB). Seven TB cases (12%) are, by and large, not work-related, but are reportable to authorities in the case of mineworkers.

### Responding to the climate change challenge

By its nature, the coal gasification process on which Sasol's success has been built is a significant contributor of greenhouse gases. We recognise that without achieving substantial reductions in greenhouse emissions, our coal-to-liquids (CTL) technology is unlikely to be socially, financially or environmentally acceptable in the medium to long term. The challenge of balancing immediate energy security needs with the desire to move to a low-carbon future is profound. We are committed to using our proven skills – particularly in technology innovation and commercialisation – to contribute to finding solutions to this challenge.

During the year, specific governance structures have been developed or revised to address the greenhouse gas challenges facing the group. A greenhouse gas management committee meets regularly to discuss strategic issues and take decisions on behalf of the group. A carbon credit management committee functions as a sub-committee of the greenhouse gas management committee and governs the group carbon portfolio. A climate change task team has recently been constituted by the group executive committee to assess, evaluate and make recommendations on pressing matters related to climate change.

We have committed to reducing the greenhouse gas (GHG) emissions intensity of all our operations by 15% by 2020 on a 2005 baseline, and to reducing our

absolute GHG emissions by 20% for all new CTL plants commissioned before 2020, and by 30% for plants commissioned before 2030 (with the average 2005 CTL design as the baseline).

Our absolute emissions of greenhouse gases globally (measured in CO<sub>2</sub> equivalent), have increased from 71,5 million tons (Mt) in 2009 to 75,0 Mt in 2010, mainly due to the inclusion of Oryx GTL emissions data. This figure includes the direct emissions associated with our processes (Scope 1 emissions), the indirect emissions associated with our electricity usage (Scope 2), as well as the emissions associated with the transportation of goods and services at most of our operations (partial Scope 3). For joint-venture projects over which we have operational control, we have included 100% of the GHG emissions, even though we may only have part ownership of the joint venture. Our direct and indirect emissions levels have been independently verified by an external assurance provider.

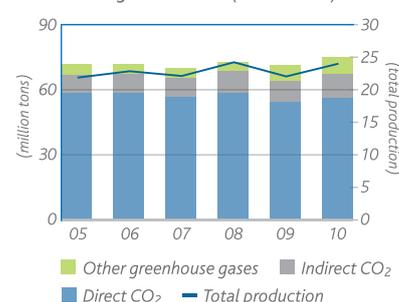
Our emissions intensity for 2010 (measured as carbon dioxide equivalent per ton of production) was 3,05; this compares with 3,24 in 2009 and 3,02 in 2008. The improvement in our GHG intensity is primarily due to the inclusion of our Oryx GTL operation, which has a lower carbon intensity. We anticipate further emissions-intensity improvements following the commissioning of the Secunda gas turbine project in June 2010.

### Addressing the issue of water security

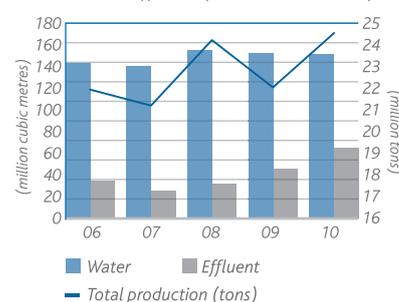
Ensuring access to a reliable supply of water, and minimising our impacts on water resources, is a critical strategic priority for Sasol. We operate facilities and are planning projects in countries such as South Africa, Qatar, China, India and Uzbekistan, where there are various site-specific challenges relating to the supply, quality and reliability of water resources. Water management has thus

**SD** Our separate sustainable development report includes further information on our climate change mitigation activities, along with a comprehensive review of the potential risks and opportunities that climate change presents for our business, and a benchmark of our performance against that of our peers.

Greenhouse gas emissions (million tons)



Water use and effluent (million cubic metres)



A detailed review of our water management performance and activities is provided in our online sustainable development report, against each of the six areas identified by the UN Global Compact CEO Water Mandate.

been identified as a material issue in Sasol's governance matrix, and a dedicated sustainable water function has been established within Sasol New Energy to respond to these challenges.

Our total water demand for 2010 was 151,3 million cubic metres (Mm<sup>3</sup>). This compares with an annual water demand of 152 Mm<sup>3</sup> in 2009 and 154 Mm<sup>3</sup> in 2008. Our total volume of water



*Herman du Preez conducting operational maintenance on a glass cooling tower experimental system that evaluates alternative sources of cooling water to minimise fresh water intake.*

recycled for the 2010 financial year was 139,3 Mm<sup>3</sup>, compared with 130,5 Mm<sup>3</sup> in 2009. Quantitative data on the water usage at each of our separate business units is provided in the operating reviews in this report.

In addition to managing water use inside the factory fence, we recognise the importance of playing a meaningful role in supporting water resource management in the broader catchments within which we operate. Approximately 80% of the group's total water requirements comes from the Vaal River system in South Africa, where our demand represents about 4% of the total off-take from this system. Following a water supply shortfall that was identified in this area in 2004, the R2,7 billion Vaal River Eastern Sub-system (VRESAP) pipeline project, in which Sasol has a 40% share, was commissioned to provide an additional reliable supply of water from the Vaal Dam to our Secunda operation and for use by the electricity utility, Eskom. This year VRESAP was declared operational by the Department of Water Affairs, although the project is not yet entirely completed.

We appreciate the need for collective efforts – across sectors and stakeholder groups – in addressing the water challenge, and have been very active in various collaborative engagements (these are reviewed in more detail in our separate sustainable development report). In addition to our usual annual reporting on Sasol's water footprint and risks, this year we also participated voluntarily in the Carbon Disclosure Project's new water disclosure questionnaire. A publicly available report of the outcome of this initiative will be made available later in 2010.

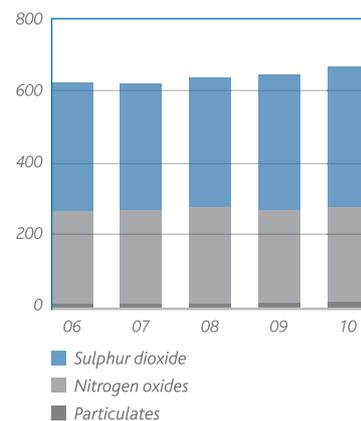
### **Minimising our atmospheric pollutants**

The majority of our atmospheric emissions come from our two largest facilities in South Africa, Sasolburg and Secunda, both of which are situated in priority areas as defined by the recently promulgated National Environmental Management: Air Quality Act. Significant investments will be required, and are being investigated, to ensure compliance with the minimum point source emission standards and ambient air quality standards required by the legislation.

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*Further details on our atmospheric emissions are provided in our online sustainable development report.*

*Atmospheric emissions (kilotons)*



We have made progress this year in further reducing some of our atmospheric emissions throughout the group, with reductions achieved in our emissions of volatile organic compounds (VOCs), hydrogen sulphide and nitrogen oxides. As noted elsewhere in this report, we have also seen a reduction in the intensity of our greenhouse gas emissions.

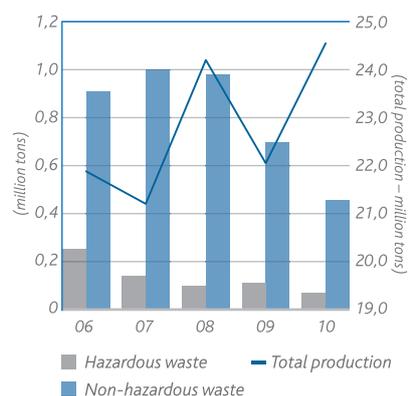
As expected, the hydrogen sulphide odours from coal gasification were eliminated when natural gas replaced coal as a feedstock at our Sasolburg operations. Significant efforts are also being made to reduce hydrogen sulphide emissions emanating from the Secunda operation. The sulphur recovery plants are being upgraded to reduce levels of hydrogen sulphide emissions and improved monitoring and control equipment will also be employed as part of this long-term project.

During the year, we also started implementing a number of interventions aimed at reducing the emissions and associated risks of VOCs. We are making steady progress towards the achievement of our revised and ambitious target of an 80% reduction in VOC emissions on the restated 2009 baseline by the end of June 2020. The projects planned for implementation at Sasol Synfuels from 2010 – 2013, which entail an estimated capital investment cost of more than R3 billion, aim to realise an absolute VOC emissions reduction of approximately 37 000 tons annually. A further reduction of 1 600 tons per annum is also envisaged for Sasol Solvents.

### Promoting waste minimisation

This year, Sasol operations generated 69 kilotons (kt) of hazardous waste, representing a 38% decrease on the

Hazardous and non-hazardous waste (million tons)



previous year. An important contributor to this decrease was Sasol Infrachem, where the remedial measures implemented at our Sasol One site in the previous reporting period resulted in a significant reduction in waste in 2010. Over the same period, we generated 454 kt of non-hazardous waste across the group, 54% less than the 697 kt produced in 2009. Contributing to this were the reductions achieved at Sasol Synfuels, resulting mainly from the removal of earthworks in preparation for the new water recovery process, and the fact that no sulpholin liquor was generated this year at the sulphur recovery units due to improved operations. Our successfully implemented natural gas conversion project continues to have a significant impact on the reduction of waste produced, specifically with regards to tar and oil waste and ash at our operations in Sasolburg.

### Managing biodiversity

Sasol has 3 779 hectares (ha) of land that it owns or leases for production activities or extractive purposes. In addition, Sasol Mining occupies 43 941 ha of underground mining area and 1 284 ha of land for surface mining. In total, Sasol rehabilitated 1 689 ha in 2010. The total area of land dedicated for conservation and biodiversity purposes at the end of the reporting period amounted to 3 869 ha. We do not have operations in areas that have been declared biodiversity hotspots (critical or endangered eco-regions), but we do have interests in areas of potential sensitivity, particularly in our upstream exploration and extraction activities. In accordance with our group-wide SH&E minimum requirements, the protection of biodiversity is addressed formally in new projects through environmental impact assessments (EIAs) and in existing projects through environmental management programmes. We are also working to assess the biodiversity of the habitats in

land currently owned, leased or managed by the group.

### Product stewardship: managing the impacts of our products

We have a formalised global support structure to ensure an ordered, group-wide response to product stewardship. This includes a strong focus on internal and external capacity-building activities, particularly within our South African business units where we have developed various product-specific training programmes for our customers and employees. We contribute to the development of, and will adopt, the Globally Harmonised System of Classification and Labelling of Chemicals (GHS).

We have developed various product-specific training programmes for customers and employees. Our Sasol Polymers chlor vinyls division, for example, provides training programmes on the management of different hazardous chemicals, with a particular focus on the handling, use and disposal of sodium cyanide, a high-risk product used in South Africa's gold mining industry. Another objective of these training initiatives is to create awareness with regard to Sasol's policy on sodium cyanide which includes the delivery of products to dedicated, approved storage tank facilities by trained personnel under constant supervision, and mandatory training for all personnel involved with handling.

**SD** Our more detailed sustainable development report reviews some of our product-related activities, as well as case studies on building capacity in product stewardship in South Africa, the new Sasol centre to drive fuels research, pioneering alternative jet fuel technology, and our life cycle assessments of liquid transportation fuels.



## Legal compliance

We have continued to enhance our legal compliance processes and systems during the year. Compliance with competition law metrics has been included in the incentive schemes of most employees.

An important development this year was the establishment of a new sub-committee of the group executive committee, the group legal compliance committee. The committee is responsible for ensuring that risk-based legal compliance processes, controls and systems are applied consistently in all Sasol businesses and enterprise functions, with the aim of mitigating the risk of non-compliance with laws, in an effective and efficient manner, across the group.

The resources in the legal compliance function have been significantly increased with the appointment of 11 additional compliance and support staff. Essential requirements for compliance programmes have been developed and approved by the group legal compliance committee and are being implemented to manage the group's top legal compliance risks.

As part of our continuing training and awareness programmes on ethics and governance, the focus this year was on ensuring compliance with anti-corruption and competition legislation. In rolling out our Competition Law Policy and Guideline, more than 13 000 employees certified that they had received and read the guideline. In addition, we have provided

face-to-face training for more than 4 000 employees covering relevant aspects of compliance with competition law. The extensive face-to-face training augmented the online training conducted the previous year.

### **Fostering ethical behaviour and fair business practice**

Our approach to fostering ethical behaviour and fair business practice – and to addressing issues such as corruption, bribery and whistle blowing – is governed by the Sasol code of ethics and managed through dedicated functions such as the group ethics office, group forensic services, internal audit and risk management. To ensure adherence to the code, we have appointed ethics officers



and champions within each business unit and enterprise function. The code is communicated through town hall meetings led by top management, who seek to set the example for zero tolerance to unethical behaviour. In terms of the code, every line manager is required to implement internal controls and legal compliance processes in their areas of responsibility.

During the year, we started a process of engaging our suppliers and service providers on Sasol's code of ethics. Changes have been made to our contracts to include ethics as a key requirement for doing business with Sasol and, where required, to encourage suppliers to implement their own code of conduct. We plan to extend this to some of our other stakeholders such as labour unions and government. A related development this year has been the implementation of a stricter gifts and entertainment policy, in terms of which employees are required to declare all gifts regardless of their value. The ethics office records gifts above a nominal value for the purposes of monitoring and assessing trends.

### Fostering accountability through our ethics line

We have an independently managed anonymous reporting facility (EthicsLine) that is available for whistle blowing. Over the past year, we received an average of 40 ethics-related calls per month; this excludes cases that are reported directly to the group forensic services department.

All cases are investigated and a formal process is in place to track, report and address all calls received. On average, 20% of the calls relate to fraud, corruption, theft and abuse of company assets and resources. The remaining 80% includes a range of allegations such as unfair or unethical leadership behaviour (Values-driven Leadership), legal non-compliance, safety transgressions, conflict of interest, victimisation and racism.

These cases are reported on a quarterly basis to governance committees, and on an annual basis to the audit committee. Actions taken as a consequence of investigations and enquiries include termination of employment in respect of employees, and cancellation of contracts in the case of suppliers and contractors. We are currently reviewing the feasibility of introducing an ethics management system to improve the monitoring,

reporting and analysis of trends arising from calls to the ethics line, and to streamline investigations and follow-up activities.

### Respecting human rights

Due to the nature and location of our activities we recognise that we have a particular responsibility to ensure effective management of human rights risks. Our human rights policy is currently included as part of the guideline to the code of ethics and has been in place since 2003. Human rights principles are also incorporated in Sasol's labour relations policies, SH&E policies and corporate social responsibility policies. Employees are made aware of these policies and trained accordingly. We endeavour to encourage and facilitate human rights in the countries in which we operate by following a risk-based approach and establishing training and education programmes. We are conscious that as we expand our operations globally, it will be increasingly important to retain our strong focus on human rights issues.



*Further details on our activities and performance relating to legal compliance, ethical practices and human rights are provided in our online sustainable development report.*



## Corporate affairs

Corporate affairs has the important responsibility of managing Sasol's corporate image and reputation. Working in partnership with, and in support of, various internal stakeholders, including the group executive committee, the corporate affairs function adds value through its expertise in areas such as corporate marketing, community affairs, stakeholder relations and communication.

While proud of its South African origin and heritage, Sasol has grown to be a significant international player in the petrochemical sector. Corporate affairs helps ensure that the company has a coherent identity wherever it does business, while remaining a relevant and responsible corporate citizen.

### Corporate marketing

The focus of our work in corporate marketing is to position the Sasol brand, in partnership with internal and external stakeholders, in a manner that supports positive engagement with Sasol

through targeted advertising, branding and sponsorships. We seek win-win partnerships with those with whom we do business, in the process projecting Sasol as a responsible corporate citizen in the different countries where it has a presence.

We pursue sponsorship opportunities that enhance our brand, inspire creativity and innovation, and create unique opportunities to build or strengthen stakeholder relationships. These include supporting organisations involved in sports, arts and culture, and conservation, among others. In 2010, we were proud sponsors of the South African national rugby team, the Springboks, the South African national women's football team, Banyana Banyana, as well as wheelchair basketball and motor sport. In the arts, we continued to sponsor the Sasol New Signatures Art Competition, the Black Tie Ensemble and the South African National Youth Orchestra.

### Stakeholder relations

Our desire is to be a good social and corporate neighbour, hence management of our relationships with our different stakeholders is of paramount importance. These stakeholders range from ordinary members of the community, through to local, provincial and national governments. The management of these relationships is critical to the process of ensuring both a social and a legal licence to operate.

### Government relations

Sasol group government relations is responsible for the establishment and deepening of sound working relationships with government stakeholders. Sasol strives to maintain constructive, win-win relationships with governments in the areas in which it operates, often entering into public-private partnership arrangements with host governments.



*The computer centre at the Doane Secondary School, built by Sasol in the Nova Mambone region of Mozambique.*



*Sasol's community affairs programme promotes people-centred, needs-driven and sustainable development of communities.*

The team tracks and analyses public policy developments, both to gain a deeper understanding of the social, political and economic objectives of governments and to serve as an early warning system for regulatory impacts on Sasol. We centrally coordinate direct interaction and government engagement activities, across business units and functions.

### Communications

Sasol group communications works closely with internal and external stakeholders to protect and enhance Sasol's international reputation as a responsible corporate citizen. Our primary stakeholders are our large and diverse employee base, local and international media, shareholders, customers, service providers, suppliers and the public. In line with Sasol's strategic objectives, the group communications team created effective communications channels and partnerships with both internal and external stakeholders to ensure consistent and regular communication.

Communication with internal audiences has been enhanced through the use of improved technological solutions, and we continue working to develop more innovative communication channels. Sasol's communication with external stakeholders benefitted from sustained and ongoing interaction with media and other external audiences through message

positioning, events, campaigns and industry engagements.

### Community affairs

The vision of Sasol's community affairs programme is to promote people-centred, needs-driven and sustainable development of communities. Our engagement focuses on strengthening the ability of communities to thrive by supporting civil society, government and private-sector role players in plans to catalyse growth, strengthen development and foster dignity. We have channelled the majority of our social investments into five priority areas: education (35%), job creation (25%), health and welfare (25%), environment (5%), arts, culture and sport development (5%), with another 5% made available for small one-off grants.

All community affairs projects are subjected to a thorough assessment of the extent to which they meet certain criteria. During the year, we committed almost R80,5 million (excluding bursaries) to socioeconomic development projects, mostly in South African communities and along the Mozambique-Secunda pipeline route. We also committed about R51 million to bursaries, as well as low-cost housing assistance of R21 million. In Mozambique we committed R11 million to community development projects.

While most of our social investments are undertaken in Southern Africa, community-based initiatives are undertaken by our USA and European operations, according to the particular needs and opportunities in their communities. The focus of our community affairs projects in Southern Africa is detailed in our community affairs annual report.

### Sasol Inzalo Foundation

Established as part of Sasol's groundbreaking R30 billion broad-based black economic empowerment transaction, Sasol Inzalo, the Sasol Inzalo Foundation (the Foundation) owns 1,5% of Sasol's share capital. The vision of the Foundation is to be a significant contributor to sustainable economic growth in South Africa by focusing on skills development, primarily in maths and science. The Foundation has been in operation for a year, with its initial projects commencing in January 2010.

The Foundation has embarked on a programme to improve access to, and throughput in science studies and will focus on:

- Investigating initiatives in education with a view to exploring criteria for success;
- Engaging with other players in the field, and sharing knowledge; and

## *Sasol Inzalo Foundation continued*

- Collaborating with other players to scale up initiatives that drive education reform effectively.

### **Projects**

#### *Fellowships*

The intent is to sponsor fellowships for science and engineering graduates for studies towards a higher degree in education, at the following institutions:

- Marang Centre for Science and Mathematics Education, based at the University of the Witwatersrand.
- Centre for Research in Engineering Education, based at the Chemical Engineering Department at the University of Cape Town and working across all universities in the Western Cape.

#### *Saturday school*

This initiative is conducted in partnership with the SciBono Science Centre, an agency of the Gauteng Department of Education (GDE). There are a total of 151 students enrolled. In addition to academic support, socioeconomic support and career guidance and counselling have been included to make the programme more holistic.

#### *Bursaries*

There are 95 students on the busary programme, which includes:

- Academic and psychosocial support;
- Self-awareness sessions;
- Peer mentoring and coaching; and
- Plant visits to Sasol Secunda to engage with young engineers.

#### *Principals development*

The Foundation took over this initiative from Sasol's community affairs department. It commenced in January 2009 with 20 principals enrolled at the University of Johannesburg for an Advanced Certificate in Education (ACE). Financial support is provided to ten principals on the programme, and all candidates are given support in driving school improvement and development. In 2010, three candidates joined the programme and are studying at different universities.

### *Information management*

Sasol information management's new multi-provider global technology and service sourcing strategy came into effect in the second half of the financial year, after a ten-year outsourcing contract came to an end. From February 2010, four new contracts became effective.

The first is a five-year agreement with BT for global connectivity, active directory and security services. We awarded T-Systems two five-year contracts for workspace services as well as service desk and operations integration services. We also signed a three-year contract with Business Connexion for infrastructure services and business systems support. Besides adding considerable depth in terms of access to global skills and resources, these new contracts also result in significant operational cost savings.

Sasol information management is committed to continuous improvement in providing quality services as well as to achieving cost-saving targets set by the Functional Excellence programme. We have launched several initiatives to

increase self-service and self-provisioning within Sasol and have also recently introduced a number of technical projects to address issues such as ageing infrastructure, unified communications, compliance and security.

### *Supply chain management*

Sasol supply chain optimisation is responsible for developing strategies, processes and governance structures to ensure excellence in supply chain management. We are implementing a new operating model to serve as a basis for the redesign of all supply chain processes (procurement, logistics, planning and enablement) to improve efficiency and effectiveness. In 2010, we exceeded the ambitious targets we set for ourselves with regard to strategic sourcing. Leveraging well-structured sourcing strategies, we reduced the total cost of ownership of Sasol commodities by R814 million.

To improve our procurement performance and to support a more sustainable base of broad-based black economic empowerment (BEE) suppliers, we are working with industry bodies, stakeholders and suppliers to the industry to ensure we receive valid broad-based BEE certificates. During the year, preferential procurement was R12 billion, representing 42% of our total measured procurement spend.

## *sasol limited group*

### *summarised financial information*

for the year ended 30 June 2010

**AR FIN** Sasol's complete annual report, consisting of two books, is available on request.

Note: The financial information presented from pages 88 to 91 is a summary of our annual financial statements as set out in a separate publication entitled annual financial statements 2010 which, together with this annual review, comprise our 2010 annual report. This summarised financial information does not provide sufficient information to allow a full understanding of the results or state of affairs of the Sasol group.

**20F** A complete annual report and Form 20-F (produced in accordance with the US Securities and Exchange Commission) may be obtained from the Sasol group corporate affairs department.

**SD** The Sasol sustainable development report is available on request and additional detail can be found on our website ([www.sasolsdr.com](http://www.sasolsdr.com)).

Contact details are printed on page 92 of this report.



## salient features

for the year ended 30 June

		2010	2009
<b>Selected ratios</b>			
Return on equity	%	<b>17,9</b>	17,0
Return on total assets	%	<b>16,9</b>	18,7
Operating margin	%	<b>19,6</b>	17,9
Finance expense cover	times	<b>14,3</b>	12,3
Dividend cover	times	<b>2,6</b>	2,8
<b>Share statistics</b>			
Total shares in issue	million	<b>667,7</b>	665,9
Treasury shares (share repurchase programme)	million	<b>8,8</b>	8,8
Weighted average number of shares	million	<b>597,6</b>	596,1
Diluted weighted average number of shares	million	<b>615,5</b>	614,0
Share price (closing)	Rand	<b>274,60</b>	269,98
Market capitalisation	Rm	<b>183 350</b>	179 780
Net asset value per share	Rand	<b>159,00</b>	141,14
Dividend per share	Rand	<b>10,50</b>	8,50
– interim	Rand	<b>2,80</b>	2,50
– final	Rand	<b>7,70</b>	6,00
<b>Other financial information</b>			
Total debt (including bank overdraft)			
– interest bearing	Rm	<b>15 047</b>	17 814
– non-interest bearing	Rm	<b>725</b>	643
Finance expense capitalised	Rm	<b>58</b>	34
Capital commitments	Rm	<b>46 497</b>	25 309
– authorised and contracted	Rm	<b>31 553</b>	22 492
– authorised, not yet contracted	Rm	<b>35 769</b>	17 038
– less expenditure to date	Rm	<b>(20 825)</b>	(14 221)
<b>Guarantees and contingent liabilities</b>			
– total amount	Rm	<b>22 003</b>	29 545
– liability included in the statement of financial position	Rm	<b>10 288</b>	12 795
<b>Significant items in operating profit</b>			
– employee costs	Rm	<b>17 546</b>	17 532
– depreciation and amortisation of non-current assets	Rm	<b>6 712</b>	6 245
– operating lease charges	Rm	<b>1 015</b>	1 111
– share-based payment expenses	Rm	<b>943</b>	3 325
Directors' remuneration	Rm	<b>59</b>	50
Share options granted to directors – cumulative	000	<b>914</b>	946
Share appreciation rights with no performance targets granted to directors – cumulative	000	<b>215</b>	215
Share appreciation rights with performance targets granted to directors – cumulative	000	<b>43</b>	–
Medium term incentive rights granted to directors – cumulative	000	<b>10</b>	–
Sasol Inzalo share rights granted to directors – cumulative	000	<b>50</b>	75
Effective tax rate <sup>1</sup>	%	<b>29,9</b>	43,3
Number of employees	number	<b>33 339</b>	33 544
Average crude oil price – dated Brent	US\$/barrel	<b>74,37</b>	68,14
Average rand/US\$ exchange rate	1US\$ = Rand	<b>7,59</b>	9,04
Closing rand/US\$ exchange rate	1US\$ = Rand	<b>7,67</b>	7,73

<sup>1</sup> Decrease in effective tax rate as a result of the absence of competition-related administrative penalties and lower share-based payment expenses, both of which are not deductible for tax.

	2010	2009
Reconciliation of headline earnings	<b>Rm</b>	Rm
Profit for the year attributable to owners of Sasol Limited	<b>15 941</b>	13 648
Effect of remeasurement items	<b>(46)</b>	1 469
Impairment of assets	<b>110</b>	458
Reversal of impairment	<b>(365)</b>	–
Loss on disposal of business	<b>5</b>	–
Profit on disposal of associate	<b>(7)</b>	–
(Profit)/loss on disposal of assets	<b>(3)</b>	761
Scrapping of non-current assets	<b>156</b>	234
Write off of unsuccessful exploration wells	<b>58</b>	16
Tax effects and non-controlling interests	<b>(19)</b>	35
<b>Headline earnings</b>	<b>15 876</b>	15 152
<b>Remeasurement items per above</b>		
Mining	<b>1</b>	3
Gas	<b>–</b>	4
Synfuels	<b>58</b>	137
Oil	<b>10</b>	(3)
Synfuels International	<b>4</b>	777
Petroleum International	<b>108</b>	18
Polymers	<b>14</b>	(1)
Solvents	<b>58</b>	158
Olefins & Surfactants	<b>(344)</b>	106
Other chemical businesses	<b>21</b>	246
Nitro	<b>26</b>	219
Wax	<b>(5)</b>	27
Infrachem	<b>(1)</b>	–
Merisol	<b>1</b>	–
Other businesses	<b>24</b>	24
<b>Remeasurement items</b>	<b>(46)</b>	1 469
<b>Headline earnings per share</b>	<b>26,57</b>	25,42
<b>Diluted headline earnings per share</b>	<b>26,44</b>	25,25

The reader is referred to the definitions contained in the 2010 Sasol Limited annual financial statements.

# statement of financial position

at 30 Junew

	2010 Rm	2009 Rm
<b>Assets</b>		
Property, plant and equipment	72 523	70 370
Assets under construction	21 018	14 496
Goodwill	738	805
Other intangible assets	1 193	1 068
Investments in associates	3 573	2 170
Post-retirement benefit assets	789	716
Deferred tax assets	1 099	1 184
Other long-term assets	1 828	2 045
<b>Non-current assets</b>	<b>102 761</b>	92 854
Assets held for sale	16	86
Inventories	16 472	14 589
Trade and other receivables	20 474	17 144
Short-term financial assets	50	520
Cash restricted for use	1 841	1 247
Cash	14 870	19 425
<b>Current assets</b>	<b>53 723</b>	53 011
<b>Total assets</b>	<b>156 484</b>	145 865
Equity and liabilities		
Shareholders' equity	94 730	83 835
Non-controlling interest	2 512	2 382
<b>Total equity</b>	<b>97 242</b>	86 217
Long-term debt	14 111	13 615
Long-term financial liabilities	75	143
Long-term provisions	7 013	5 729
Post-retirement benefit obligations	4 495	4 454
Long-term deferred income	273	297
Deferred tax liabilities	10 406	9 168
<b>Non-current liabilities</b>	<b>36 373</b>	33 406
Liabilities in disposal groups held for sale	4	65
Short-term debt	1 542	4 762
Short-term financial liabilities	357	354
Other current liabilities	20 847	20 981
Bank overdraft	119	80
<b>Current liabilities</b>	<b>22 869</b>	26 242
<b>Total equity and liabilities</b>	<b>156 484</b>	145 865

## income statement

for the year ended 30 June

	2010 Rm	2009 Rm
<b>Turnover</b>	<b>122 256</b>	137 836
Cost of sales and services rendered	<b>(79 183)</b>	(88 508)
<b>Gross profit</b>	<b>43 073</b>	49 328
Other operating income	<b>854</b>	1 021
Marketing and distribution expenditure	<b>(6 496)</b>	(7 583)
Administrative expenditure <sup>1</sup>	<b>(9 451)</b>	(10 063)
Other operating expenditure	<b>(4 043)</b>	(8 037)
Competition-related fines	–	(3 947)
Effect of crude oil hedges	<b>(87)</b>	4 603
Share-based payment expenses	<b>(943)</b>	(3 325)
Effect of remeasurement items	<b>46</b>	(1 469)
Translation (losses)/gains	<b>(1 007)</b>	(166)
Other expenditure <sup>1</sup>	<b>(2 052)</b>	(3 733)
<b>Operating profit</b>	<b>23 937</b>	24 666
Finance income	<b>1 332</b>	1 790
Share of profits of associates (net of tax)	<b>217</b>	270
Finance expenses	<b>(2 114)</b>	(2 531)
<b>Profit before tax</b>	<b>23 372</b>	24 195
Taxation	<b>(6 985)</b>	(10 480)
<b>Profit for the year</b>	<b>16 387</b>	13 715
<b>Attributable to</b>		
Owners of Sasol Limited	<b>15 941</b>	13 648
Non-controlling interest in subsidiaries	<b>446</b>	67
	<b>16 387</b>	13 715
<b>Earnings per share</b>	<b>Rand</b>	Rand
Basic earnings per share	<b>26,68</b>	22,90
Diluted earnings per share <sup>2</sup>	<b>26,54</b>	22,80

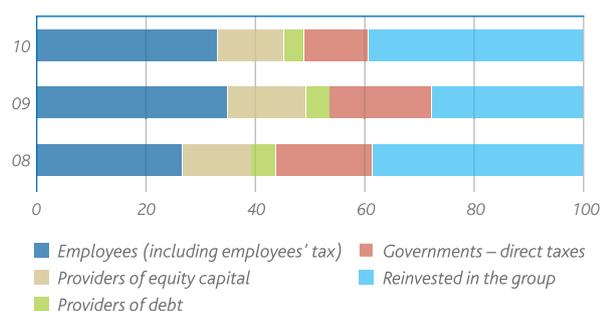
<sup>1</sup> Comparative amounts were reclassified for consistency, which resulted in R1 013 million being reclassified from other expenses to administrative expenditure.

<sup>2</sup> Diluted earnings per share are calculated taking the Sasol Share Incentive Scheme and Sasol Inzalo share transaction into account.

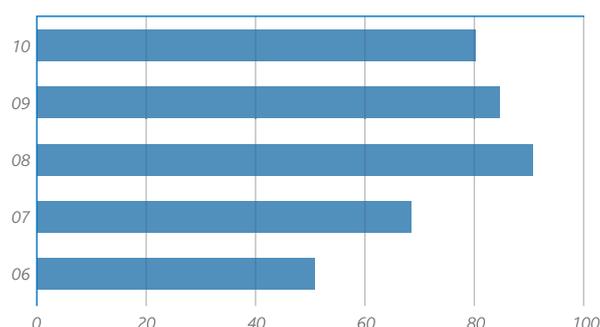
## value added

for the year ended 30 June

Wealth distribution (%)



Wealth created per share (Rand)



## contact information

### Shareholder helpline

#### Assistance with AGM queries and proxy forms:

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Telefax: +27(0) 11 688 5238

#### Shareholder enquiries

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### Depository bank

The Bank of New York Mellon

Depository Receipts Division

101 Barclay Street

New York 10286, New York

### Direct purchase plan

The Bank of New York Mellon maintains a sponsored dividend reinvestment and direct purchase programme for Sasol's depository receipts. As a participant in Global BuyDIRECT<sup>sm</sup>, investors benefit from the direct ownership of their depository receipts, the efficiency of receiving corporate communications directly from the depository receipt issuer, and the savings resulting from the reduced brokerage and transaction costs. Additional information is available at [www.globalbuydirect.com](http://www.globalbuydirect.com).

### Questions or correspondence about

#### Global BuyDIRECT<sup>sm</sup> should be addressed to:

The Bank of New York Mellon

Investor Relations, PO Box 11258

Church Street Station, New York

New York 10286-1258

Toll-free telephone for US Global BuyDIRECT<sup>sm</sup> participants:

1-888-BNY-ADRS

Telephone for international callers: 212-815-3700

E-mail: [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com)

Website: [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner)

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Republic of South Africa

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Republic of South Africa

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### Company registration number

1979/003231/06

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**Forward-looking statements:** *In this document we make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on 28 September 2010 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.*

**Please note:** A billion is defined as one thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word "calendar".

