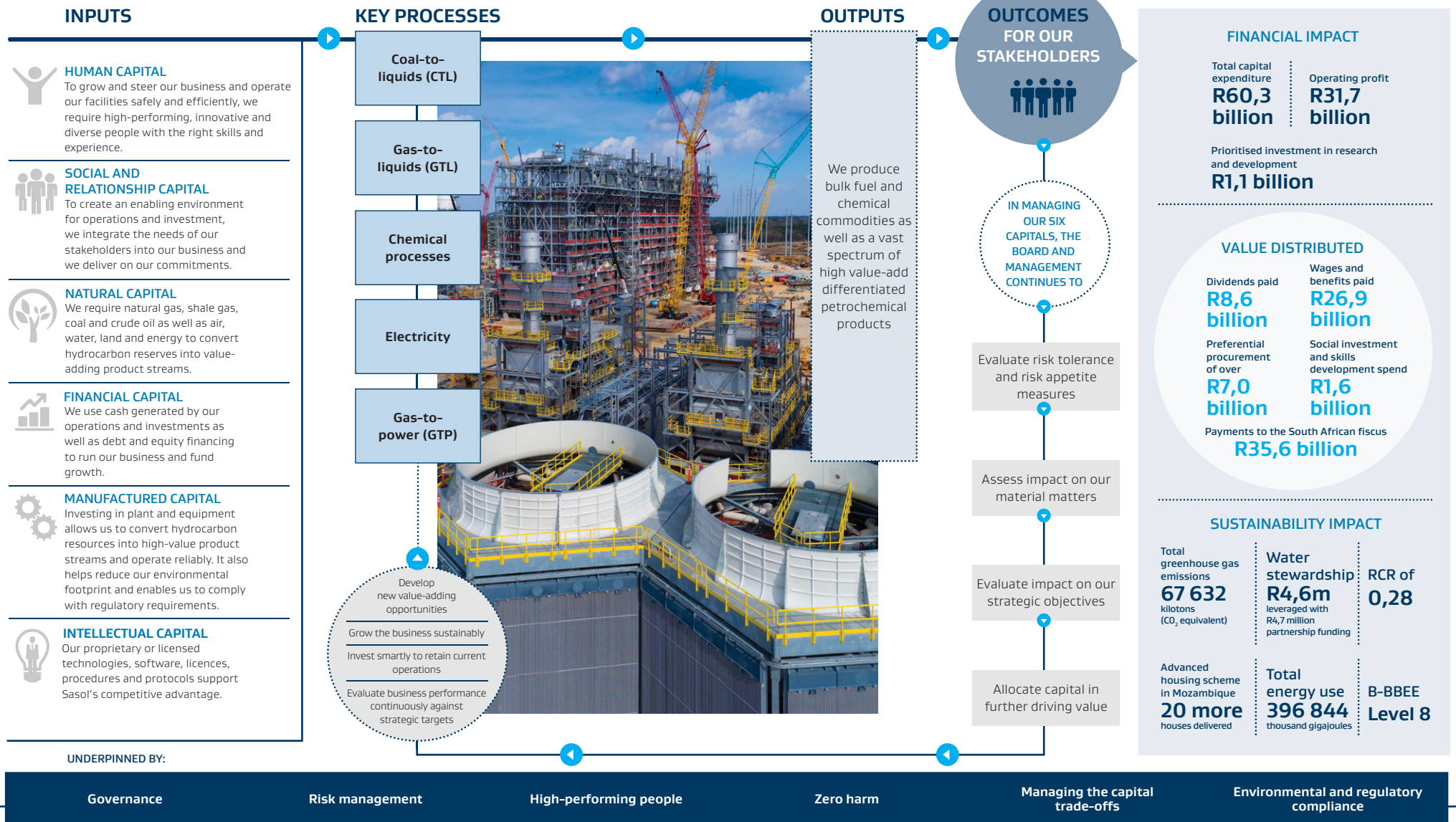


USING THE SIX CAPITALS TO CREATE VALUE

We create value for our various stakeholders by developing and commercialising technologies and building and operating facilities to convert mostly low-cost hydrocarbon feedstock into a range of high-value product streams. Products include liquid fuels needed to move people and goods, chemicals used in industrial and consumer products and electricity that powers our facilities and contributes to South Africa's and Mozambique's power-generating capacity.

When making decisions on how to manage and grow our business, we take into account the resources and relationships that are critical to our ability to create value. We refer to these as the six capitals. Inputs of each are needed for the effective production and delivery of Sasol goods and services, thereby generating value for all our stakeholders.



SCOREBOARD OF OUR SIX CAPITALS

KEY INPUTS



HUMAN CAPITAL

To grow and steer our business and operate our facilities safely and efficiently, we require high-performing, innovative and diverse people with the right skills and experience.

- A safe, healthy, engaged and productive workforce of **30 900 people** with relevant skills, knowledge and experience
- A **strong leadership team**, driving a culture of high performance
- More than **22 000 service providers**, delivering to agreed terms



SOCIAL AND RELATIONSHIP CAPITAL

To create an enabling environment for operations and investment, we integrate the needs of our stakeholders into our business and we deliver on our commitments.

- An **employee relations culture** that encourages engagement with employees and recognised trade unions
- The **sustained confidence of investors**
- Effective partnerships** with customers, suppliers, business peers as well as sector and research bodies
- Engagement with our **fenceline communities, governments and regulators**



NATURAL CAPITAL

We require natural gas, shale gas, coal and crude oil as well as air, water, land and energy to convert hydrocarbon reserves into value-adding product streams.

- Coal to process (dry ash-free basis) (kilotons): **17 961**
- Crude oil processed (mm bbl): **32**
- Natural gas to process (bscf): **97**
- Total water used (thousand cubic meters): **137 061**
- Total energy usage (thousand GJ): **396 844**



FINANCIAL CAPITAL

We use cash generated by our operations and investments as well as debt and equity financing to run our business and fund growth.

- Market capitalisation of **R239 billion**
- Debt raised to execute capital investments of **R13 billion**
- Finance income of **R1,6 billion**
- Funding facilities of **R136 billion**, of which **R82 billion** has been utilised



MANUFACTURED CAPITAL

Investing in plant and equipment allows us to convert hydrocarbon resources into high-value product streams and operate reliably. It also helps reduce our environmental footprint and enables us to comply with regulatory requirements.

- Property, plant and equipment of **R159 billion** (carrying value)
- Assets under construction of **R131 billion**
- Exploration, development, production, marketing and sales operations in **33 countries**



INTELLECTUAL CAPITAL

Our proprietary or licensed technologies, software, licences, procedures and protocols support Sasol's competitive advantage.

- Skilled, experienced and technically qualified employees, **industry thought leaders and experts** that enable Sasol to respond to the constantly changing environment
- Our patented **technologies**
- Our business processes and **management systems**

CREATING VALUE FOR OUR STAKEHOLDERS



SOCIAL AND RELATIONSHIP CAPITAL OUTCOMES

	2017	2016
Taxes (direct and indirect) paid to South African government	R35,6bn	R36,8bn
Spending on skills development and social investment	R1,6bn	R1,2bn
Broad-Based Black Economic Empowerment status	Level 8	Level 8
Person-days production lost to strike action	63 119	13 016

ACTIONS TO ENHANCE OUTCOMES

- Leveraging job-creation projects to bring basic services to communities
- Investing in numerous educational programmes from early childhood and teacher development to bursaries
- On-the-ground engagement by Joint CEOs with all major stakeholder groups
- Supporting entrepreneur development, municipality capacity-building in Secunda
- Facilitating local recruitment drives to register job seekers with Department of Labour in towns around Secunda
- Acknowledging that some traditional ways of engaging are no longer appropriate
- Launching formal complaints framework for local community engagement
- Fostering positive employee and union relationships informed by trust and respect
- Committed to contribute meaningfully to transformation in South Africa through B-BBEE initiatives



NATURAL CAPITAL OUTPUTS

	2017	2016
Total greenhouse gas emissions (CO ₂ equivalent) (kilotons)	67 632	69 250
Greenhouse gas (GHG) emissions intensity (CO ₂ equivalent/ton product)	3,66	3,68
Nitrogen oxides (NO _x) (kilotons)	152	156
Sulphur oxides (SO _x) (kilotons)	202	223
Particulates (fly ash) (kilotons)	10	10

ACTIONS TO ENHANCE OUTPUTS

- Committing to promoting sustainable ambient air quality improvement in South Africa
- Progressing our South African volatile organic compound emissions abatement and coal tar filtration projects
- Setting targets for water and energy efficiency
- Supporting the UN Paris Agreement 2016
- Working on water conservation and demand management projects
- Improving on-site waste disposal practices



FINANCIAL CAPITAL OUTCOMES

	2017	2016
Operating profit	R31,7bn	R24,2bn
Cash generated by operating activities	R44,1bn	R54,7bn
Net debt to EBITDA (ratio)	1,13	0,56
Net borrowings to shareholders' equity (gearing)	26,7%	14,6%
Headline earnings per share	R35,15	R41,40
Earnings attributable to shareholders	R20,4bn	R13,2bn

ACTIONS TO ENHANCE OUTCOMES

- Entering into commodity and currency hedges as part of our financial risk mitigation strategy, to protect the balance sheet
- Intensifying our risk management processes to enable us to better understand the risks we face
- Defined a capital allocation model to enhance shareholder returns
- Considering alternatives to fund our capital growth investments



HUMAN CAPITAL OUTCOMES

	2017	2016
Amount paid in wages and benefits	R26,9bn	R26,4bn
Number of work-related employee and service provider fatalities	5	2
Recordable Case Rate (RCR)	0,28	0,29
Investment in employee learning	R970m	R678m
Artisans trained	1 160	758
Fatal-injury frequency rate	0,006	0,002
New cases of occupational disease	39	55

ACTIONS TO ENHANCE OUTCOMES

- Continuous work to improve employee safety
- Refreshed our action-orientated values and efforts to meaningfully improve our diverse and inclusive workforce
- Building and maintaining critical skills and capability, despite cost-containment initiatives, that allow employees to deliver high performance
- Focused talent sourcing and succession planning



INTELLECTUAL CAPITAL OUTCOMES

	2017	2016
Number of new patents issued	190	239
Total worldwide patents held	2 216	2 023
Investment in research and development	R1 077m	R1 105m
Investment in bursary scheme	R53m	R49m
Number of bursaries	473	369
Number of mentoring coaches	429	410

ACTIONS TO ENHANCE OUTCOMES

- Investing in research and development and partnerships to reduce our environmental impact and develop new technologies despite the low oil price environment and RP
- Providing training and skills development for Sasol artisans, accountants and engineers
- Driving excellence in science, technology, engineering and mathematics education
- Focusing on continuous improvement to address the structural shift in energy prices by sustainably improving our margin contribution and cost base delivery



MANUFACTURED CAPITAL OUTCOMES AND OUTPUTS

	2017	2016
Capital expenditure (including capital accruals, excluding Canada settlement)	R60,3bn	R70,4bn
Capital expenditure in South Africa	28%	24%
Sustenance capital expenditure	R17,2bn	R17,0bn
Depreciation and amortisation	R16,2bn	R16,4bn
Net impairment of assets	R1,3bn	R12,3bn
Record production volumes at Secunda Synfuels Operations	7 834kt	7 779kt

ACTIONS TO ENHANCE OUTCOMES

- In the US, progressing construction of the LCCP and joint venture HDPE plant
- Advancing project to reduce VOC emissions in South Africa
- In Mozambique, drilling first six wells in PSA licence area and debottlenecking PPA plant, supporting our Southern African growth drive
- Complete first phase of sixth fine ash dam in South Africa

TRADE-OFFS



The reduction since 2012 in our workforce and spending with service providers has negatively impacted **human and social and relationship capital**. However, by enabling Sasol to achieve cost-saving targets and withstand the low oil price environment, it has benefited **financial capital**. By making better use of our own employees, we have grown our in-house skills, supporting **intellectual capital**.



We invest in the communities in which we operate through social investment programmes that reduce our **financial capital**, but in the longer term enable growth in this **capital stock**. By supporting enterprise development, we boost **manufactured, intellectual and financial capital**. Our impact on **natural capital** has undermined trust with certain stakeholders, but through our environmental awareness campaigns, we are able to improve both **natural and social and relationship capital**.



We impact negatively on **natural capital** by using non-renewable resources, and through our emissions and wastes. We work to minimise these (see [58](#)). In some instances, we also impact adversely on **human and social and relationship capital** through, for example, competition for resources such as water. However, by converting **natural capital** into value-added products, we boost the stocks of **all the other capitals**.



By applying **financial capital** we sustain and grow our business, with positive impacts on **manufactured, human, intellectual and social and relationship capital**, and negative impacts on **natural capital**.



By pursuing our growth projects we are increasing the stock of **manufactured capital**, but impacting **natural capital** and, in the short-term **financial capital**. Our commitment to reduce the environmental footprint of our existing facilities will however benefit **natural, intellectual, human and social and relationship capital**.



By investing in **intellectual capital**, we reduce the stocks of **financial capital** in the short term. However in the longer term **financial capital**, as well as **manufactured, natural, human, and social and relationship capital**, are likely to be enhanced by our commitments. By further investing in our **intellectual capital** we seek opportunities to respond to clean fuels and other environmental legislation ultimately benefiting **natural capital**.