

# Sasol slipping in skills devel

● Group is not investing enough in human capital and is cutting funding to traini

Audrey Elster  
and Dugan Fraser

Sasol is one of SA's biggest employers, with a current workforce of about 30,100 people. It has reinvented itself over the years since 1950 as a multinational player with operations in 33 countries. It is a leading member of the corporate community and what it does helps set the tone for what others do.

As an investor in Sasol, The Raith Foundation watches its performance in the environmental, social and governance space closely and engages with it on issues of concern.

One concern: Sasol's investment in people. At its annual meeting in 2015, concerns were raised with Sasol about the number of its employees receiving artisan training, which had dropped 46% since the preceding year. It was noted in 2015 that the number of artisans training had now increased 39%, so while it has still not reached the levels of financial 2014, there has been a significant increase. In contrast, skills shortages in 1981 caused Sasol to initiate one of the biggest training programmes launched by an industrial group in SA, producing more than 14,000 artisan welders, pipe fitters and other industrial equipment operators.

But that was 1981. We now sit in 2016 and concerns remain over Sasol's overall investment in skills development, with reductions in investments in employee learning, investments in black employees, in South African universities, in leadership training and in bursaries at the undergraduate and post-graduate levels, as well as in development interventions. Overall, the impression conveyed by Sasol's most recent report is of a significant drop in investment in its own people and their learning programmes.

SA has been wracked by the #FeesMustFall protests over recent months, and while one might have reservations about the violence that came to characterise the movement, their

cause of making university education more accessible seems a valid one. Finding solutions to this deeply divisive issue is a national priority and one in which we expect business to be contributing significantly.

The overall picture we get of SA's technical skills component is of an ageing, white-ish group that is nearing retirement age; but Sasol seems not to be funding the training of replacements quickly enough.

This suggests a lack of confidence in the future of our society, and we are perturbed. In a developing society with a plethora of social challenges, we expect our corporate citizens to be leading the way in investing in solutions.

This year, the world marked the 35th anniversary of the first published reports of what would come to be known as HIV/AIDS. This syndrome is reported to have caused more than 35-million deaths.

HIV/AIDS is a national priority, with significant public funding being ploughed into dealing with the pandemic. Sasol is not getting behind government on this issue, as clearly shown by its drop in reported activity in this area. Yet it is clear that government, business, unions and civil society need to collaborate more effectively if issues such as education, training and health are going to be taken care of.

Sasol, by reducing its investments in its human capital through cutting funding to training and its HIV/AIDS programmes, is not showing up for action in the way we need it to. Sasol's strategy for developing people says all the right things, and indeed is inspiring. The disconnect between what appears

**AS AN INVESTOR IN SASOL, THE RAIH FOUNDATION WATCHES ITS PERFORMANCE IN THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE SPACE**



in the integrated report and what is detailed in the human capital section of their sustainability report is very worrying and should be setting off alarm bells, especially for the company's government investors such as the Government Employee's Investment Fund and the Industrial Development Corporation, which between them own more than 29% of the enterprise's equity. Sasol needs to "pump up its performance".

The Raith Foundation, a South African philanthropic trust dedicated to the achievement of social

justice, seeks to be a responsible investor for a number of reasons, inter alia because it regards this aspect itself as the appropriate choice for good corporate citizenship. In addition it takes the view that a foundation dedicated to the achievement of social justice should live by its own motto.

The guidelines that Raith applies are summarised in seven steps set out by the UK Financial Reporting Council in September 2012 in its Stewardship Code.

"So as to protect and enhance the value that accrues to the ultimate beneficiary, insti-

tuti  
● I  
on.  
ste  
● I  
ma  
rel  
  
SA  
GE  
GO  
HI  
CL  
IT:  
RE  
IN

# elopment

aining and its HIV/AIDS programme

**Innovation:**

Solar cars that were manufactured by students from various universities sponsored by Sasol were racing in Secunda in 2012. /Sowetan



tutional investors should:

- Publicly disclose their policy on how they will discharge their stewardship responsibilities;
- Have a robust policy on managing conflicts of interest in relation to stewardship, which

**SASOL IS NOT GETTING BEHIND GOVERNMENT ON HIV/AIDS, AS IS CLEARLY SHOWN BY ITS DROP IN REPORTED ACTIVITY IN THIS AREA**

should be publicly disclosed;

- Monitor their investee companies;
- Establish clear guidelines on when and how they will escalate their stewardship activities;
- Be willing to act collectively with other investors where appropriate;
- Have a clear policy on voting and disclosure of voting activity; and
- Report periodically on their stewardship and voting activities."

● Elster is executive director and Fraser programme director of the Raith Foundation.

m

Hanna



apart inside bought way,

"I avoca mate' the f antici

He could dos. I had make herse

Si celeb teens dinne essar havir part But t empl high rangi mass They lesso parei agers sibili

"A abou enter in N empl than men mou seen meal 2015 enou This

**BEN**

Go; Serg to p the i und wise skin T the l proc C the i