



SASOL

POSITIONING FOR A **SUSTAINABLE FUTURE**

SASOL LIMITED
Integrated Report
30 June 2019

Contents

1

Introduction

About this report	2
Overview of Sasol	4
Executive summary	6

Chairman's statement
Dr Mandla SV Gantsho



8

Our global presence	10
Our integrated value chains	12

2

Sasol at a glance

How we create value	14
Creating value using the six capitals	16
Our trade-offs in managing the six capitals	18
Scoreboard of our six capitals	20
Our external operating context	21
Delivering on our stakeholder commitments	24

3

Our strategic business context

Statement of the Joint Presidents
and Chief Executive Officers
Bongani Nqwababa and Stephen Cornell



28

Our Group top priorities for 2020	31
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Chief Financial Officer's strategic review
Paul Victor



32

Mega-trends impacting our strategy	36
Progressing on our value-based strategy	38
Managing sustainability as a strategic imperative	42
Measuring the delivery of our strategy	44
Managing Group risks strategically	46
Material matters impacting our strategy	53

4

Our leadership and governance

Governance overview	60
Our Board of Directors	66
Our Group Executive Committee	70
Report of the Safety, Social and Ethics Committee	72
Report of the Remuneration Committee	74
Implementation Report	80

5

Performance overview

Finance overview	86
Operational performance summary	96
Operational and strategic overviews	97
Upstream Business	97
Chemicals Business	100
Operations	103
Energy Business	104

Contact details and shareholder's diary	106
Disclaimer - Forward-looking statements and abbreviations	IBC

Forward-looking statement

Sasol may, in the Integrated Report, make certain statements that are not historical facts and relate to analyses and other information 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. Refer to the inside back cover (IBC) for our full disclaimer on forward-looking statements.



At Sasol we are committed to creating sustainable value for our stakeholders through the execution of our strategy. We aim to continue being profitable and growing sustainably by safely producing chemical and energy products, while respecting people and managing our environmental impacts responsibly. This we will do while contributing to socio-economic development in all countries in which we have operations.

Our near-term growth is underpinned by our defining Lake Charles Chemicals Project (LCCP), which has now reached more than 60% of its total output with the first three of seven units already commissioned. This investment will add approximately US\$1 billion of earnings before interest, tax, depreciation and amortisation (EBITDA) per year to our existing business by 2022 and will strengthen our chemicals position in the United States. Despite short-term cost and schedule challenges, we remain optimistic that the LCCP paves the way for future earnings that will benefit our shareholders for decades to come. The facility's lower-carbon intensity is also an indicator of our intent to further shift our portfolio to support a lower-carbon global economy.

In 2019 we focused on building our skills and capabilities, optimising processes and ensuring safe, stable and environmentally compliant operations. We continue working to secure feedstocks, including gas, required to sustain our Southern African operations until at least 2050, while not compromising on our environmental commitments.

Notwithstanding short-term setbacks, we have a compelling investment case rooted in our identity as a chemicals and energy company, with a diverse earnings and geographic portfolio, a strong focus on value-based growth and increasing shareholder returns. Investing in Sasol provides access to our robust foundation business that leverages feedstock-advantaged operations and integrated value chains which are able to generate strong cash flows in a low oil price environment. The cash contribution of the LCCP, ongoing streamlining of our portfolio and the benefits of our Continuous Improvement and digitalisation efforts will further enhance our value as we define a roadmap to reduce our greenhouse gas emissions.

Secunda Operations, South Africa

Enabled by:

Translates to:

Our compelling investment case

Our value-based strategy sets the path to deliver sustainable long-term value to all our stakeholders

Supported by:

- **Balancing returns** through growth and increased dividend payout
- Focused **strategic choices**
- Commitment to a **disciplined capital allocation framework**
- Our **Aspirational Culture**

Robust foundation business

Integrated and diversified value chains

Cash **break-even** under US\$35/bbl

Minimising our environmental footprint

Responding to climate change and energy efficiency challenges

Driving environmental sustainability - invested >R27 billion over the past 13 years

Promoting water stewardship

Enhancing our existing portfolio

Increased EBITDA from LCCP of approximately US\$1 billion by 2022

Continuous Improvement drive towards 2% ROIC* uplift by 2022 (off 2017 base)

Strategic asset review to improve business performance

Improving flexibility of balance sheet

Increased cash flow | **Reduced** gearing

Managing an **optimal capital** structure

Delivering value through factors within our control

Safe and sustainable **operations**

Digitalisation of processes

Financial **risk management**

Volume **growth**

Cost **optimisation**

Strong governance, diversity and high standards of business ethics and integrity

Our Board's diversity and skills are critical to sustain a competitive advantage

31% women

81% independent

30% foreign nationals

Delivering increased social value

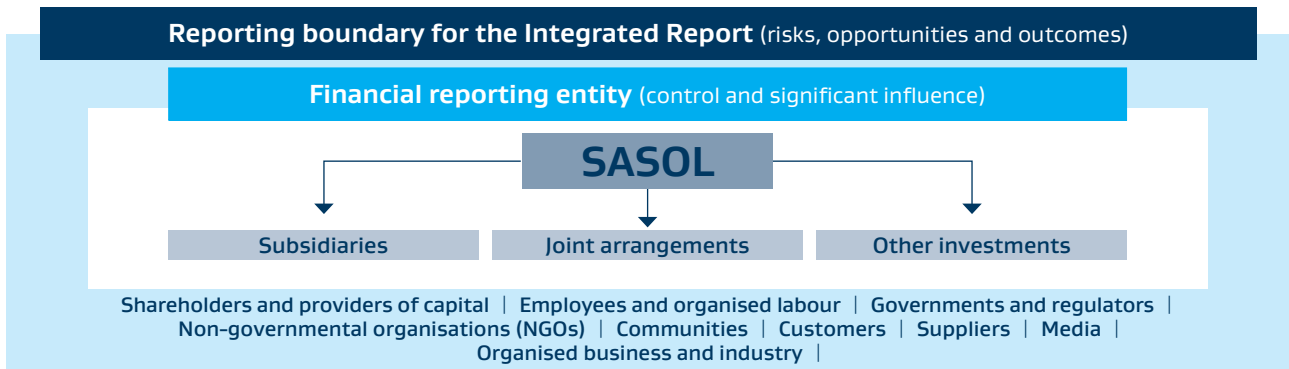
Accelerate development of small, transformed businesses

Making a meaningful socio-economic impact in our fenceline communities

- **Zero harm**
- Targets aligned with **stakeholder value creation**
- Competitive **dividend payout**
- **Increased cash flow generation** through-the-cycle
- Increased **delivery of social value**
- Credible **stakeholder partner**
- Sustainable use of **natural resources**

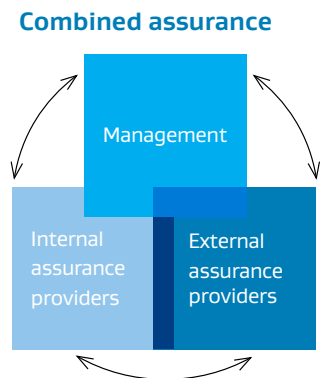
*Return on invested capital.

About this report



Internal controls framework and assessment

The Sasol Limited Board (the Board), with the support of the Audit Committee, is ultimately responsible for Sasol’s system of internal control, designed to identify, evaluate, manage and provide reasonable assurance against material misstatement and loss. We apply a combined assurance model, which seeks to optimise the assurance obtained from management as well as internal and external assurance providers while fostering a strong ethical context and mechanisms to ensure compliance. Through the risk management process, approved by the Board, management identifies key risks facing Sasol and implements the necessary internal controls. The process is monitored and evaluated under the direction of internal audit, while external audit teams cover key controls and accounting matters in the course of their audits. Other levels of external assurance are obtained as and when required. In May 2019, the Board commissioned an independent review into the circumstances that may have delayed the prompt identification and reporting of the LCCP cost and schedule overruns. The report from the Board Review is complete and the Board considered the findings and appropriate steps arising from these.



Based on this evaluation, management has determined that, as of 30 June 2019, the company’s internal control over financial reporting was ineffective due to the existence of a material weakness with respect to the capital cost estimation process implemented in connection with the LCCP, which resulted from the aggregation of a series of individual control and projects-related control environment deficiencies, the remediation of which had not been fully implemented and validated as of year-end.

Notwithstanding the material weakness, management concluded that the consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows as of and for the period.

While significant progress has been made to remediate the material weakness, as of 30 June 2019, the company is still in the process of testing the operating effectiveness of certain of the new and enhanced controls, and is continuing with the implementation of some of the longer term remediation efforts. We believe our actions will be effective in remediating the material weakness, and we continue to devote significant time and attention to these efforts. Refer to the Form **20-F**, Item 15 for further detail.

Making use of the six capitals

When making decisions on how to manage our business, we have a combination of resources, skills and relationships that place us in a strong position to deliver value. We refer to these as the six capitals.



Our material matters

Material matters are those issues that could substantially affect our ability to create value in the short, medium and long term and result in us not being able to execute our strategy and impact our ability to remain competitive.



Our suite of reports



IR

Integrated Report

Concise communication about how Sasol's strategy, governance, performance and outlook lead to the creation of value over the short, medium and long term.



SR

Sustainability Report

Communication about Sasol's Environmental, Social and Governance (ESG) performance.



CCR

Climate Change Report

Information about Sasol's climate change risk management process, response strategy and summary of work underway to address our climate change risks.



AFS

Annual Financial Statements

Contains full analysis of the Group's financial results, with detailed financial statements, as well as the full Remuneration Report together with the report of the Audit Committee.



20-F

Form 20-F

Our Annual Report which is filed with the United States Securities and Exchange Commission (SEC), in line with the requirement of our New York Stock Exchange listing.



CCP

Climate Change Presentation

Supplementary Information to support our Climate Change Report.

These reports are available on our website, www.sasol.com, or on request from Investor Relations. Contact details are on page 106.

Our suite of reports comply with the following reporting standards and frameworks

	IR	SR	CCR	AFS	20-F
The International Integrated Reporting <IR> Framework	✓			✓	
South African Companies Act 71 of 2008, as amended	✓			✓	
Johannesburg Stock Exchange (JSE) listing requirements	✓			✓	
King Code of Governance Principles for South Africa (King IV)™	✓			✓	
International Financial Reporting Standards (IFRS)	✓			✓	✓
Global Reporting Initiative (GRI)		✓			
Task Force on Climate-related Financial Disclosures (TCFD)	✓	✓	✓		
United Nations (UN) Sustainable Development Goals (SDGs)		✓			
United States Securities and Exchange Commission (SEC) rules and regulations					✓
Sarbanes-Oxley Act of 2002					✓

Directors' approval

The Board is ultimately responsible for ensuring the integrity of Sasol's integrated reporting and are satisfied that the systems and internal financial controls implemented by management are effective, except for control deficiencies in relation to the capital cost estimation of the LCCP. Refer to the Directors' report in the Annual Financial Statements **AFS** for more detail. We confirm that the 2019 Integrated Report addresses all material issues and matters, and fairly represents the Group's integrated performance. The Board approved this report and its publication on 28 October 2019.

Signed on behalf of the Board:

MSV Gantsho
Chairman of the Board

C Beggs
Chairman of the
Audit Committee

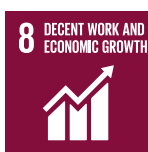
B Nqwababa
Joint President and
Chief Executive Officer

SR Cornell
Joint President and
Chief Executive Officer

P Victor
Chief Financial Officer

Selected Sustainable Development Goals (SDGs)

As part of our strategy we have prioritised the following SDGs to ensure our business is environmentally, socially and economically sustainable.



Decent work and economic growth



Responsible consumption and production



Climate action



Partnerships for the goals

Overview of Sasol

Sasol is a global integrated chemicals and energy company spanning 31 countries and employing more than 31 000 people.

Our vision

To be a leading integrated and global chemical and energy company, proudly rooted in our South African heritage, delivering superior value to our stakeholders.

Our purpose

To create superior value for our customers, shareholders and other stakeholders. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively.

Our sustainability statement

Advancing chemical and energy solutions that contribute to a thriving planet, society and enterprise.

Our values



We ensure that **safety, health and environment** is a top priority



We care for **our people** and support their development



We value and promote **diversity and inclusion**



We act with **respect and integrity** at all times



We **comply** with all applicable legal requirements



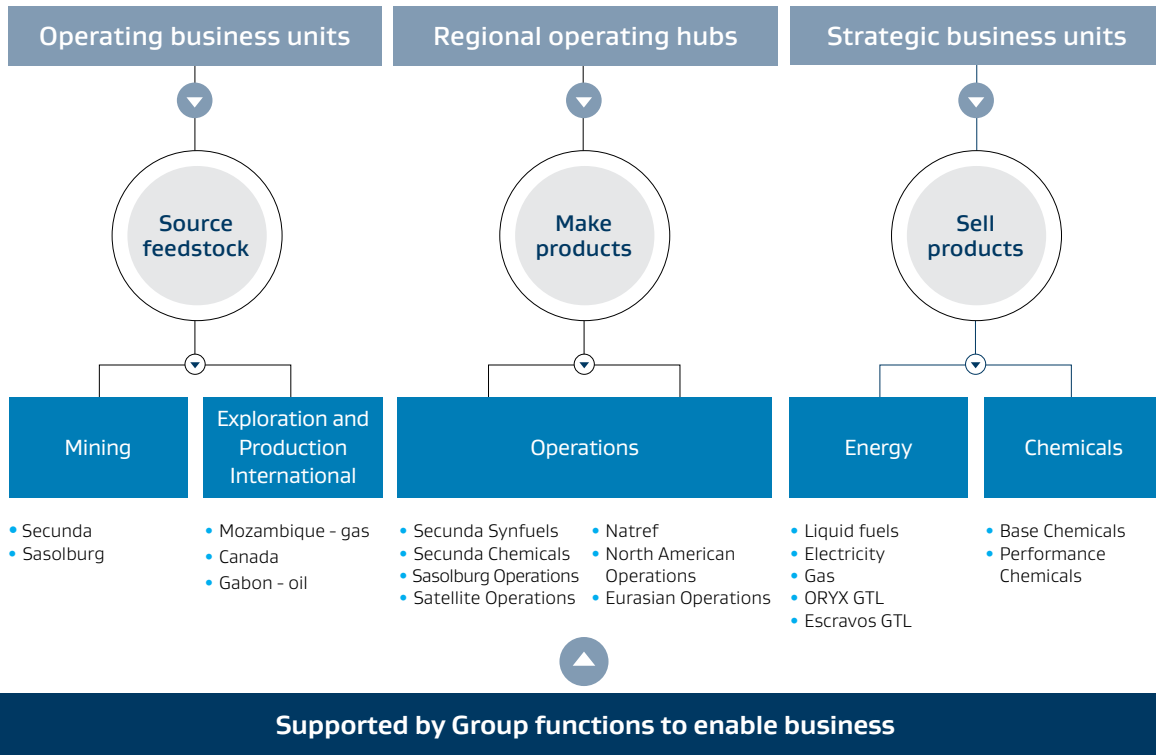
We take **ownership and accountability** for our individual and team performance



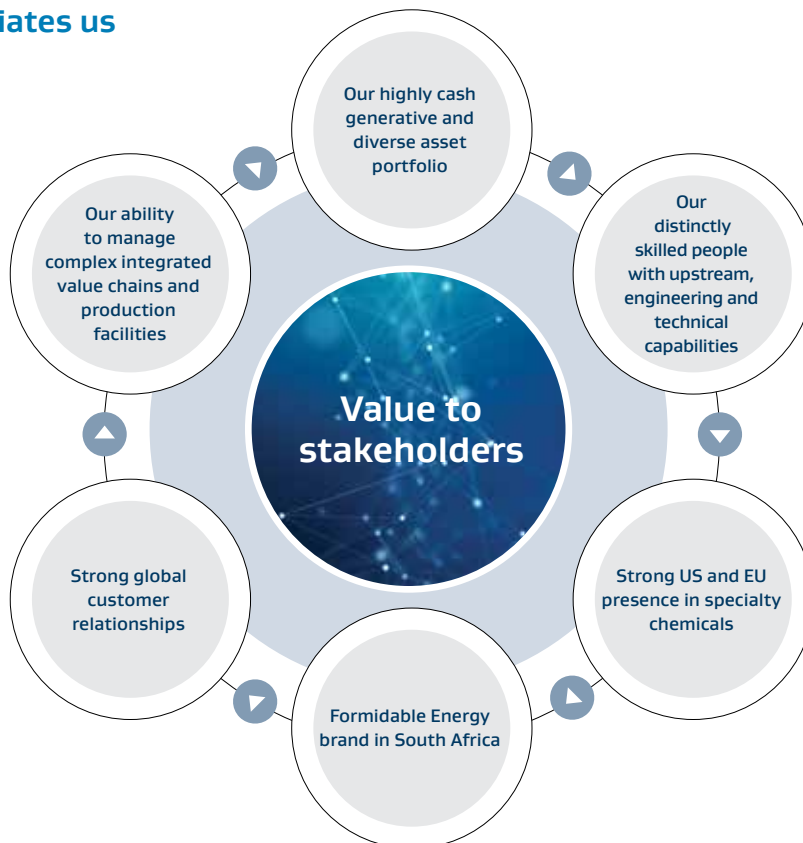
We deliver what we promise to our **customers, shareholders and other stakeholders**

How we structure ourselves to create value

Our foundation businesses (our existing operations) and functions are arranged along an integrated value chain that draws on each business's unique capabilities and areas of specialisation to enable integrated thinking and decision-making in the organisation.



What differentiates us

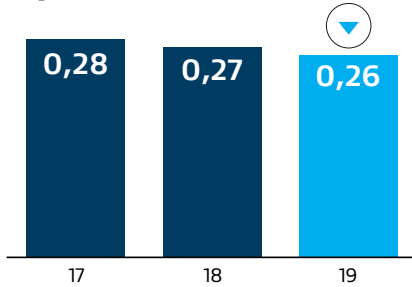


Executive summary



Safety is our top priority

Recordable Case Rate improved to **0,26**, regrettably three fatalities



Advancing sustainability

Sustainability is a **strategic imperative** for Sasol. We are **committed to driving excellence** in **Environmental, Social and Governance (ESG)** matters. Our sustainability efforts are guided by our sustainability statement:

“Advancing chemical and energy solutions that contribute to a thriving planet, society and enterprise.”

What sustainability means at Sasol



Providing chemicals and energy in a responsible way

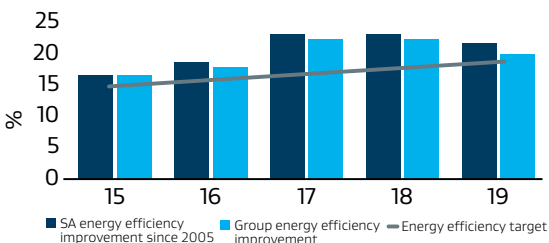


Respecting people, their health and safety and the environment



Contributing to the socio-economic development of the countries in which we operate

Cumulative South African energy efficiency improvement of **21,7%** and **19,5%** globally, off our 2005 baseline.



Target: Reduce by 2030 the absolute greenhouse gas (GHG) emissions from our South African operations by at least 10%, off our 2017 baseline



We create value in the communities in which we operate

- Broad-Based Black Economic Empowerment contributor status improved to **level 4** (level 6 in 2018)
- Sasol South Africa declared first dividend of **R11,44 per share** in February 2019, benefitting our Khanyisa shareholders
- Skills and socio-economic development spend **R2 bn** (2018: R2 bn)
- Preferential procurement **R19,2 bn** up **51%** (2018: R12,7 bn)



Distributed Sasol Cares* benefits of **R266 million** to **26 464** employees in 2019

Lake Charles Chemicals Project

To date, we have commissioned the first **three out of seven units**. We investigated **short-term challenges** on **cost** and **schedule** and acknowledge we need to do better on **project execution**.



Despite our short-term setbacks, we have a compelling investment case that is anchored in creating sustainable value for our shareholders. We know we need to enhance our project execution and governance controls and we are committed to doing this.

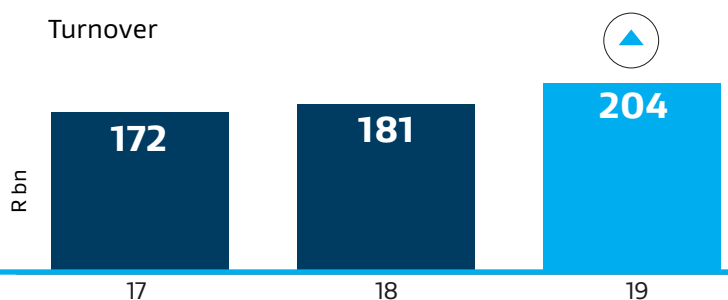
*Sasol Cares was implemented as part of our employee value proposition to help employees alleviate financial challenges.



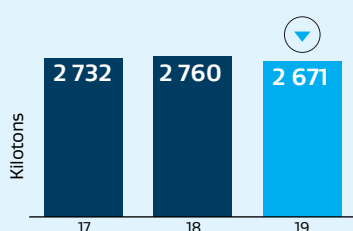
Financial performance

Sasol's foundation business **delivered resilient results** with a **strong volume, cost and working capital performance**

Our revenue was over **R200 billion**, earnings impacted by volatile macro economics and significant write-downs of assets

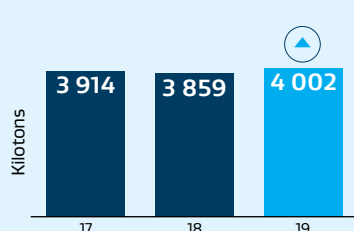


Performance Chemicals Sales volumes



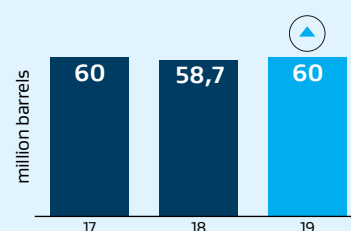
Sales volumes were **3%** lower compared to the prior year mainly due to **external feedstock supply constraints in Europe** in the first half of 2019.

Base Chemicals Sales volumes



Sales volumes were **4%** higher largely from US polymers with our **HDPE⁺ plant contributing for the full year** and our **LLDPE[#] plant achieving beneficial operation** in February 2019.

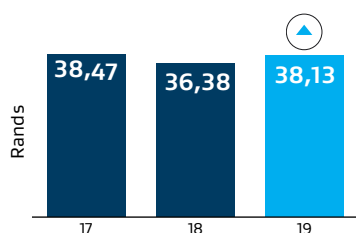
Energy Liquid fuels sales



Higher sales volumes enabled by **higher production at Natref**.

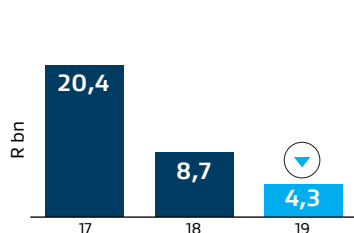
Core headline earnings per share

up 5% to R38,13



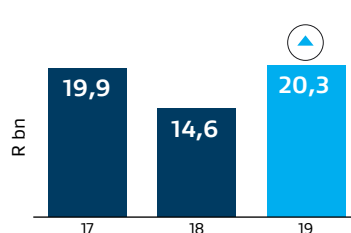
Attributable earnings of

R4,3 billion



Free cash flow before growth capital of

R20,3 billion



* High-density polyethylene.

Linear low-density polyethylene.

Chairman's statement



“Sasol has weathered the storms of sustained global market volatility and has transformed into a geographically and sector-diverse chemicals and energy Group. Through this process, we have had to learn some hard lessons – particularly during the past year – but will emerge a stronger and more resilient entity that delivers sound and sustainable stakeholder value.”

Dr Mandla SV Gantsho Chairman

KEY MESSAGES

- Rebuilding **trust and credibility**
- Decisive actions from **Lake Charles Chemicals Project (LCCP)**
- Resilience in a **carbon-constrained world**
- Actively managing our **balance sheet**

Dear stakeholder

The year under review was characterised by ongoing global market volatility. Geopolitical tensions, including conflicts in the Middle East, trade disputes between the United States and major trading partners, as well as uncertainties associated with Britain's delayed resolution regarding its exit from the European Union, severely impacted global markets.

In South Africa, we saw positive steps towards restoring sound governance and political stability. In May 2019, South Africans voted in national elections that took place in an environment of calm and stability, and resulted in outcomes that provided a clear mandate to the new administration. While it will take time to restore both domestic and international investor confidence in the country, the processes that are under way to expose and determine accountability for the corruption and abuses that became prevalent in our recent past will contribute to the rebuilding of ethical governance and trust. Government's commitment to implementing policy reforms to facilitate domestic and foreign investment in the productive sectors of the economy are also encouraging. Increased investment is crucially important to ensure that South Africa achieves the levels of sustained growth and job creation required to achieve a better life for all her people. To realise this requires bold leadership.

Performance

Sasol's strategy to enhance its resilience in an environment of uncertainty and volatile commodity prices continued to contribute to sound operational and financial performance. During the year, the Group recorded strong volume and cash fixed cost performance from our foundation businesses.

Regrettably however, Sasol's overall performance and financial results were tarnished by continued workplace fatalities in the year, as well as delays and cost increases associated with the LCCP in the United States. Any fatality is unacceptable and we continue to target zero harm.

The LCCP delays and cost overruns are the result of factors both within and outside the Group's control. In May 2019 the Board commissioned an independent review to ascertain the cause of the deviations in cost and implementation. The Board Review is complete and the Board has considered the findings and appropriate steps arising from these. Refer to the Governance overview on page 60 for more detail.

Sasol is implementing immediate and urgent steps to ensure that the project is being brought on track for expeditious completion and is still in the process of actioning some of the longer-term remediation efforts to address culture and tone at the top.

I assure stakeholders that the Board has heard you. We share your concerns and are acting to secure appropriate corrective redress at all levels to effect accountability and ensure the successful completion of the project. The LCCP will be concluded within the cost estimates and will become a significant contributor to Sasol's sound and sustained financial performance in years ahead.

Because of the increased LCCP capital costs and other impairments during 2019, Sasol's gearing increased to 56,3%. This was above previous market guidance of 44 – 49%. We are intervening to ensure cost discipline and cash conservation across the Group, in addition to continuing with the proactive hedging programme and with leveraging opportunities to safeguard our liquidity position.

As Sasol enters the final phase of bringing the LCCP fully online, disciplined capital allocation remains a particular focus. In view of this, the Board has resolved not to declare a final dividend for 2019, after paying an interim dividend of 590 cents for the six months to end-December 2018.

Climate change

Physical manifestations of climate change are increasingly bringing issues of sustainability to the fore in the global community of nations. Water is the primary medium through which the impacts of climate change are being felt in South Africa. These impacts are manifesting in associated crop losses, water restrictions and impacts on food and water security. Sasol is keenly aware of the need to realign our foundation business over the longer term, to ensure we contribute to environmental sustainability; and over the short term, to make immediate enhancements to the way we do business. This is a path on which we have already made progress, but one on which our reporting has been wanting.

At our 2018 Annual General Meeting (AGM), stakeholders expressed their concern about our environmental footprint and Sasol's resilience in a lower-carbon future. In response, we accelerated resilience testing of our corporate strategy against various climate change scenarios, including the Paris Agreement's goal, which we support.

Over the past 15 years, we have made significant advances in improving our energy efficiency and reducing emissions from our existing operations. In July 2019, we established a dedicated Sustainability and Risk Function and appointed a Chief Sustainability and Risk Officer to provide leadership and support in developing a comprehensive, group-wide strategy in this regard. As part of the suite of reports we are publishing Sasol's first Climate Change Report. It marks an important step in our efforts to communicate more consistently and transparently on the work we are doing to transition to a lower-carbon future.

As a major emitter of greenhouse gas, Sasol understands the urgency with which we at Sasol and society, need to address the climate crisis. Indeed, progressing Sasol's climate change response is a Group top priority.

Succession

I have served Sasol as an Independent Non-executive Director for 16 years; the past five years as Chairman of the Board. During this period, Sasol has evolved from a regional player to an international integrated chemicals and energy company.

The commencement of my directorship coincided with the launch of the landmark Mozambique natural gas project. To this day, the project serves as a beacon for regional cooperation and a platform for sustainable development. Throughout my tenure, I have witnessed the implementation of major capital investment programmes that have placed

Sasol on a sustainable growth trajectory for more than 30 years to come, including securing coal feedstock for Sasol's Synfuels Operations up to 2050, and doubling our hard wax production. I end my tenure as Sasol marks the 40th anniversary of its listing on the Johannesburg Stock Exchange and when the Group is at the point of fully commissioning the LCCP in the United States. These are yet more defining moments in Sasol's evolution.

I have no doubt that Sasol will continue to evolve as it leverages its competitive strengths to grow in specialty chemicals, Africa-focused upstream exploration and production, and liquid fuels retailing in South Africa. In this process, the Group is committed to ensuring that it maintains a sound balance between the goals of environmental sustainability and economic growth and development.

My tenure as Chairman and a member of the Board will come to an end on conclusion of Sasol's AGM on 27 November 2019. It has been an honour and a privilege to serve the Group. Despite periods of market turbulence, political and social instability, Sasol has demonstrated resilience to weather storms, and emerge a stronger and more vibrant global company. Under the leadership of Sasol's incoming Chairman, Mr Sipho Nkosi, I am confident that the Group will continue to go from strength to strength. Mr Nkosi joined the Sasol Board in May 2019 bringing a wealth of experience as a leader in the resources industry.

Mr JJ Njeke, Sasol's Lead Independent Director (LID), has indicated that he will retire on conclusion of the 2019 AGM. Mr Njeke was appointed as a Director and member of the Audit Committee in February 2009 and became the Board's LID on 1 May 2018. It has been a great pleasure working with Mr Njeke over the past 10 years, and on behalf of the Board, and in my own name, I wish him well for the future.

To the Board members and management of Sasol, both past and present, and all employees and business partners, I thank you wholeheartedly for your support, hard work and commitment to the wellbeing of the Group. I am confident that Sasol is in good hands to navigate the challenges that lie ahead.

I also acknowledge and thank Sasol shareholders for their confidence in the company. The Board and management are committed to ensuring that Sasol's trajectory of business growth, solid financial returns and sustained value creation is restored without delay.



Dr Mandla SV Gantsho
Chairman

28 October 2019

Our global presence

We are a global company with operations, marketing and sales offices, and research facilities in 31 countries. Our diversified revenue base which covers different geographies, sectors and currencies remains a strong component of our ability to endure shifting oil and chemical price cycles.

31 429 employees
in **31** countries

2 500 worldwide
patents

More than
6,6 million
tons of chemical
products sold per
annum

Our Chemicals
Business reaches
over **7 500**
customers across
120 countries

Sales and
marketing of
60 million
barrels of liquid fuels
per annum



North America

Lake Charles Chemicals Project (LCCP) **construction progress at 94% in 2019**

Linear low-density polyethylene, ethylene glycol, ethylene oxide units and ethane cracker **achieved beneficial operation** to date

Expect all units to be online in **financial year 2020**



South Africa

Commissioned **first phase of sixth fine ash dam** in Secunda

410 Sasol Retail Convenience Centres, **opened 15 new sites in 2019**

Making good progress to meet **National Ambient Air Quality Standards by 2025**

Legend

- Office
- OPS Operations
- S Sales office
- P Projects at the pre-feasibility, feasibility or implementation phase
- R Research activities
- E Exploration
- T Technology Licensing Services

Performance

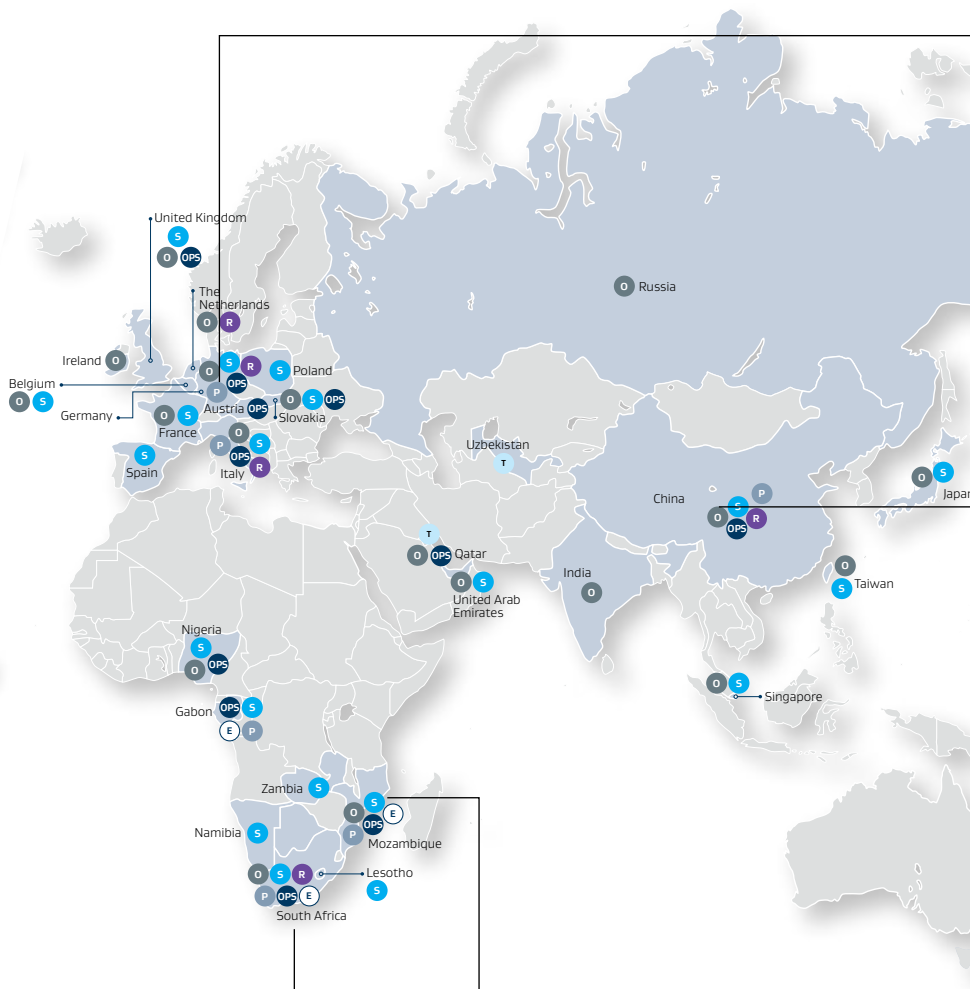
R9,7 bn earnings before interest and tax (EBIT)

R2 bn invested in skills and socio-economic development

R39,5 bn direct and indirect taxes paid to South African government

0,26 Recordable Case Rate (RCR), regrettably three fatalities

R55,8 bn capital investments, **36%** invested in South Africa



Germany

Closed the disposal of our 50% equity interest in the **Sasol-Huntsman maleic anhydride** joint venture in Moers in September 2019

Disposed of our German Marlotherm **heat transfer fluids business**

China

Ethoxylation plant in Nanjing reached beneficial operation, **capacity of approximately 150 kilotons per annum**



Mozambique

Signed exploration and production concession contracts on two new blocks in Mozambique, one adjacent to our existing producing licence and the other offshore

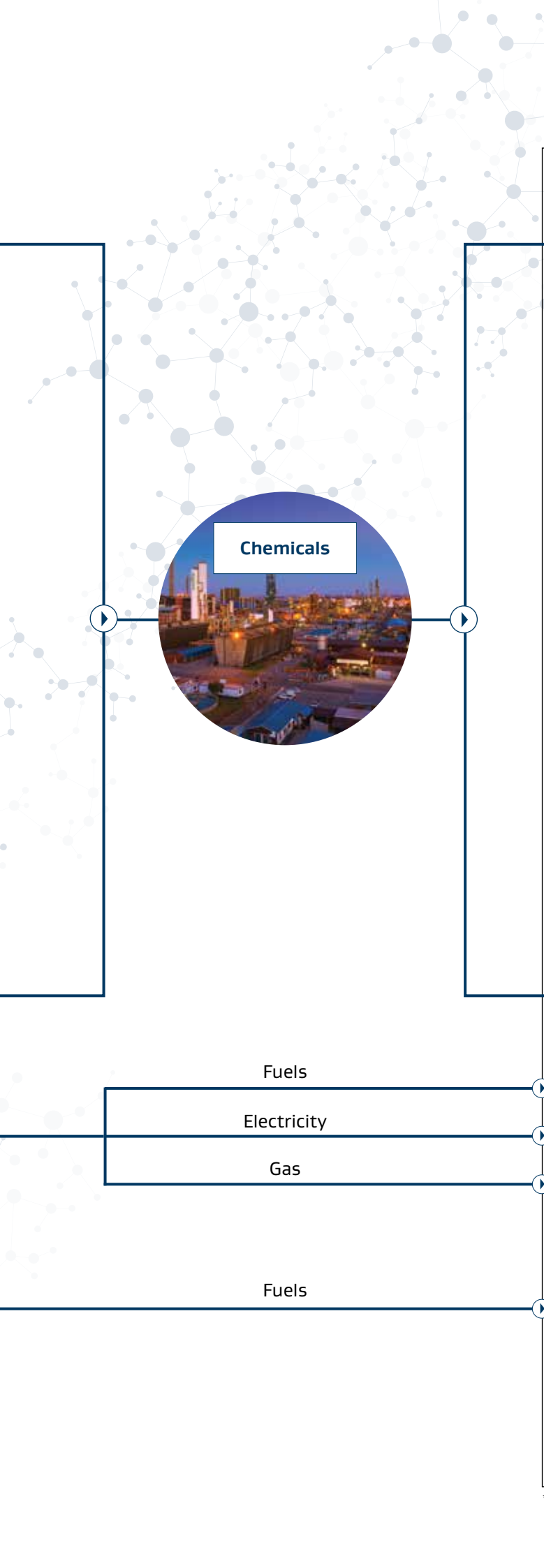
Made progress with our plans to **supply gas to enable the 400MW Central Termica de Temane power station**



Our integrated value chains

Our integrated value chains, centred on our gas-to-liquids, coal-to-liquids, ethane cracker and chemical processes, are at the heart of our differentiated value proposition. As we are becoming a more chemicals-biased company, we will continue to leverage off the benefits of the value chains, as well as improve our processes to ensure safe, reliable and efficient operations with reduced environmental impacts.





Products

Performance Chemicals



Organics



Wax



Advanced materials

▲

The LCCP* will produce base and performance chemicals and will **further strengthen** our position as a **global player in the chemicals market**.

▼

Base Chemicals



Polymers



Solvents



Explosives



Fertilisers

Sasol joined the **Alliance to End Plastic Waste (AEPW)**, an organisation that will **bring the collective knowledge, resources and experience** of many companies to address the issue of **plastic waste discarded in the environment**.

Energy



Vehicle fuel



Jet fuel



Energy for factories/homes



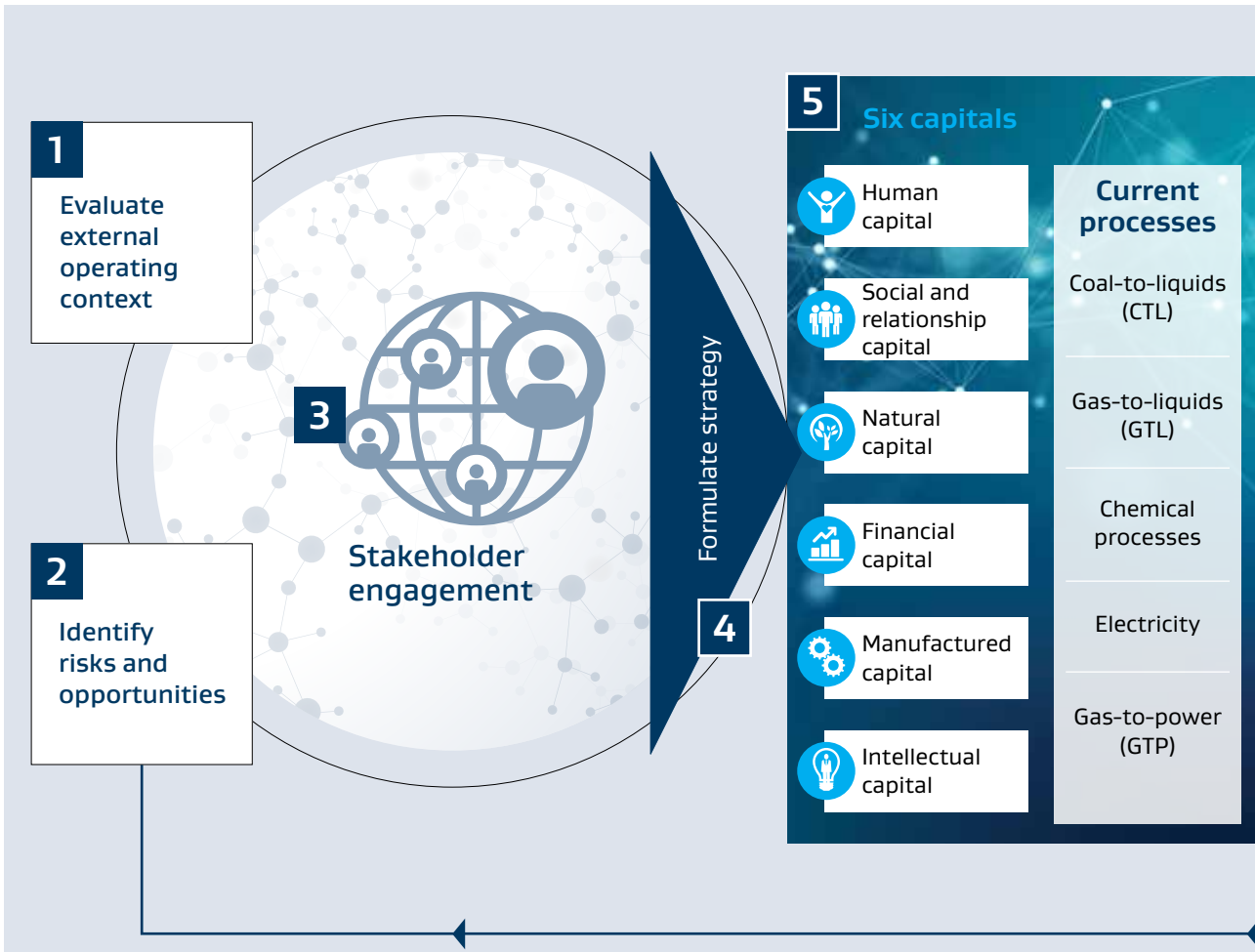
Gas-to-power

We need to **secure long-term gas feedstock** to our facilities, this supports our efforts to **reduce our greenhouse gas emissions**. To meet **cleaner fuel specifications** we have finalised the **roadmap for conversion** of Secunda Synfuels Operations and made **significant progress** to the potential conversion of Natref.

*Lake Charles Chemicals Project.

How we create value

By managing our integrated value chains, we create value through our technologies and processes that convert feedstock into high-value products; our purpose is to create superior value for our customers, shareholders and other stakeholders. Through considering the impact of our external operating context, relationships that are critical to our ability to create value and assessing the availability



1 Our external operating context

The environment in which we operate impacts our ability to create value. This includes global growth trends, financial market volatilities, geopolitical tensions, operational challenges, chemical growth cycle dynamics and increasing environmental regulatory requirements. Refer to pages 21 to 23 for details on our external operating context.

2 Identify risks and opportunities

Our strategy is impacted by risks that could materially impact the delivery of value to our stakeholders. The main purpose of risk management is to adequately position the organisation to understand and respond to the potential risks that could materially impact the execution of our strategy and value creation. Refer to pages 46 to 52 for details on risk management and assurance for Group top risks.

3 Stakeholder engagement

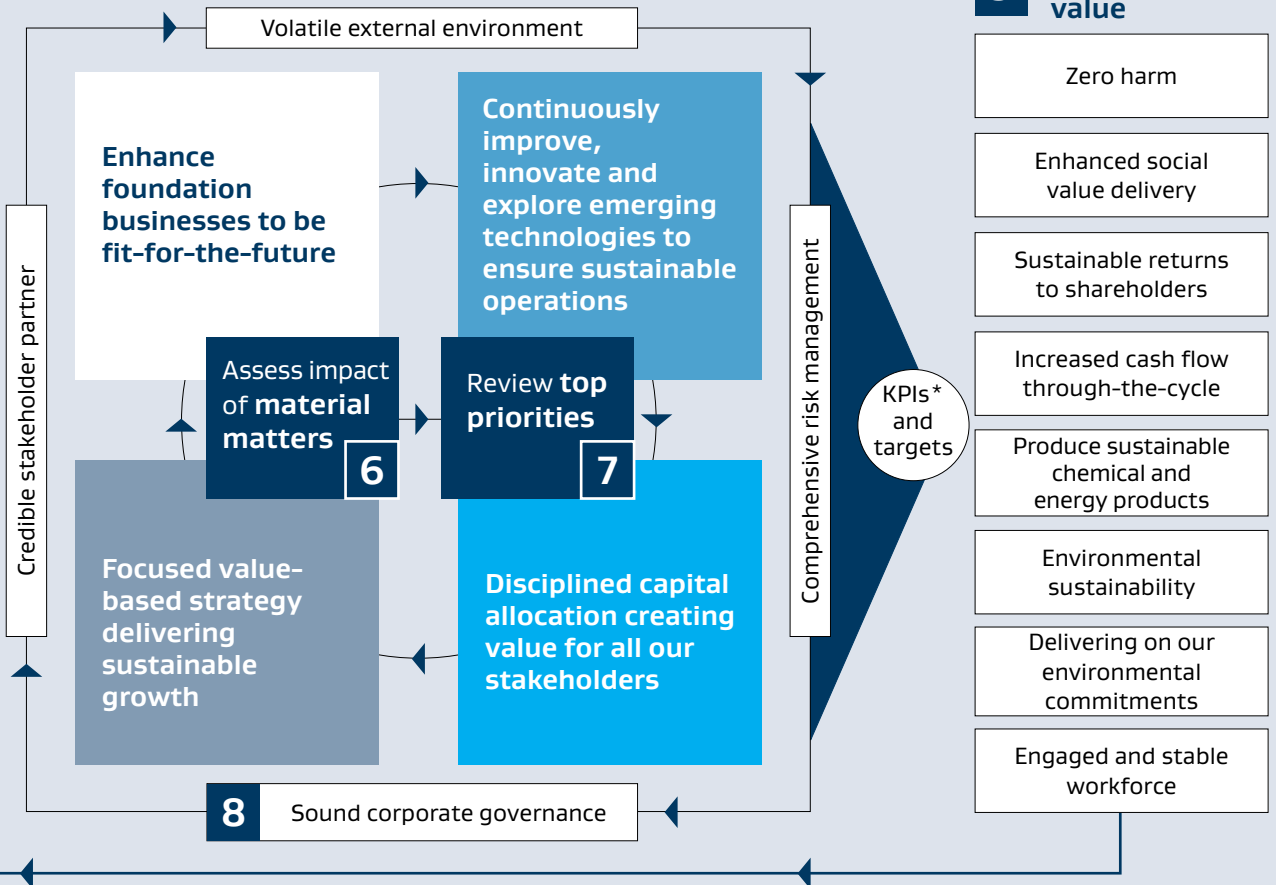
We are reliant on being perceived as a credible stakeholder partner. Delivering value to stakeholders influences our reputation. Our success and sustainability depends on the support of our stakeholders and it is essential for us to understand and be responsive to their needs and interests. For details of our stakeholder relationships, refer to pages 24 to 27.

4 Our strategy

Our strategy keeps us focused and sets a clear path to deliver sustainable value in the near, medium and long term. We have a strong foundation business that will enable us to execute our strategy to grow in Chemicals, Upstream and Energy. We recognise our responsibility to contribute towards a sustainable society and while we continue to entrench sustainability in our day-to-day decision-making, we are also embedding it into our strategy. Refer to pages 38 to 45 for details on our strategy.

of resources, we identify risks and opportunities that can affect the delivery of our strategy. Our ongoing engagement with stakeholders enhances our reputation and improves our understanding of stakeholders' needs and interests to position us for a sustainable future.

Strategic framework for execution of strategy



5 Six capitals

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 our goods and services, thereby generating value for all our stakeholders. For details on how we use the six capitals to create value and the trade-offs between these capitals, refer to pages 16 to 20.

6 Material matters

Material matters are those matters with the potential to affect our value creation and the achievement of our strategy. We provide a more detailed discussion on the material matters (see pages 53 to 59) which could substantially affect our ability to create value in the short, medium or long term. These matters form the anchor of the content throughout this report.

7 Top priorities

We live in an era of constant change. The world is changing and we must change with it to remain relevant and competitive. In alignment with our strategy we formulate top priorities for the short-term, which contribute to achieving our long term strategy. Refer to page 31.

8 Governance

We are a values-based organisation, committed to high standards of business integrity and ethics. Being accountable and responsible to all stakeholders is a priority. For details on our governance overview refer to pages 60 to 65.

9 Create superior value

Our purpose is to create superior value for our customers, shareholders and other stakeholders. We use financial and non-financial KPIs* to measure the achievement of our strategic targets over the short, medium and long term. For details on the year's performance, refer to pages 86 to 105.

*Key performance indicators.

Creating value using the six capitals

We use the six capitals to build and operate facilities to convert hydrocarbon feedstock into a range of high-value product streams. These include chemicals used in industrial and consumer products, liquid fuels used to move people and goods, and electricity to power our facilities and contribute to South Africa's and Mozambique's power-generating capacity.

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. We focus on being an inclusive organisation, building and retaining critical skills and developing our leadership capabilities.



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. We actively engage stakeholders to ensure we progress on strategy and have a multi-stakeholder approach to solve challenges.



Natural capital

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



Financial capital

We are disciplined in the way we allocate our financial capital. We use cash generated by our operations, divestments, debt and equity financing, to sustain our business and fund growth.



Manufactured capital

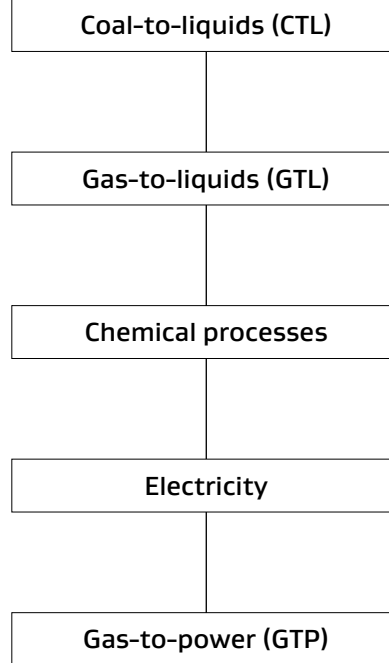
By investing in plant and equipment, we are able to convert hydrocarbon resources into high-value product streams and operate reliably. These investments also help manage our environmental footprint and assist us to comply with regulatory requirements.



Intellectual capital

Our proprietary and licensed technologies, software, licences, procedures and protocols support our competitive advantage. Through various initiatives that include operational excellence, Continuous Improvement and digitalisation, we enhance our robust foundation.

Current processes



Develop
new value-adding opportunities

Grow
our business sustainably

Invest
optimally to retain current operations

Evaluate
business performance continuously against strategic targets



UNDERPINNED BY:

Strong governance

Prudent risk management

High-performing people

We have a combination of assets, skills and relationships that place us in a strong position to deliver value and seek to operate and grow inclusively, responsibly and sustainably.

Outputs

Outcomes for our stakeholders

We produce bulk fuel and chemical commodities as well as a vast spectrum of high value-add differentiated chemical products

Refer to page 20 for scoreboard of the six capitals.



Gas-to-power plant, Sasolburg, South Africa

Financial impact

Prioritised investment in research and development, issued 150 (2018: 148) new patents
R1 bn
 (2018: R1 bn)

Earnings attributable to shareholders
R4,3 bn
 (2018: R8,7 bn)

Sustainability impact

Total greenhouse gas emissions
66 558
 kilotons (CO₂ equivalent)
 (2018: 67 412 kilotons CO₂e)

RCR of
0,26
 regrettably three fatalities
 (2018: 0,27 – four fatalities)

Extended home ownership programme benefitting
203 mining employees since January 2016
 (2018: 140 mining employees)

Value distributed

Wages and benefits paid
R31,9 bn
 (2018: R30 bn)

2018 final and 2019 interim dividends paid**
R8,6 bn
 (2018: R8 bn)

Sasol South Africa declared first dividend of
R11,44 per share in February 2019, benefitting our Khanyisa shareholders

Taxes (direct and indirect) paid to South African government
R39,5 bn
 (2018: R39,5 bn)

Asset write-downs due to macros and execution of LCCP
R17,5 bn
 (2018: R8,8 bn)

Total water consumption
134,3
 thousand cubic meters
 (2018: 134,4 thousand cubic meters)

Total energy use
402 641
 thousand gigajoules
 (2018: 404 093* thousand gigajoules)

B-BBEE status
Level 4
 (2018: Level 6)

Skills and socio-economic development spend
R2 bn
 (2018: R2 bn)

Preferential procurement
R19,2 bn
 (2018: R12,7 bn)

In managing our six capitals, the Board and management continues to:

Evaluate risk tolerance and risk appetite measures

Assess impact on our material matters

Evaluate impact on our strategic objectives

Allocate capital to further unlock value

Zero harm

Managing the capital trade-offs

Environmental sustainability

* Restated to include feedstock stream at Secunda Synfuels Operations which was previously omitted.

** To protect and strengthen the balance sheet, we passed our final dividend.

Our trade-offs in managing the six capitals

Apart from creating and preserving value, there are also instances where value can potentially be diminished through our activities. When making decisions on how to manage our business, we consider the trade-offs between capitals and we aim to maximise positive outputs and outcomes and limit any negative impacts.

Refer to page 20 for scoreboard of the six capitals.

Context	Trade-offs	Outlook
 <h2>Human capital</h2> <ul style="list-style-type: none"> Recorded three work-related employee fatalities. Carried out a culture survey to measure employee engagement. Maintained a mostly stable labour environment. Repositioned Group Technology function to be more aligned with Sasol's strategic intent. Implemented refreshed employee value proposition, including Sasol Cares. No cash STI* payment was made to employees in senior and executive levels, only 50% of the final STI* amount paid to employees in middle management. A material weakness with respect to the capital cost estimation process at the LCCP was identified and the root causes included insufficient experience within the LCCP leadership team in executing mega projects, inappropriate conduct and an improper tone at the top of the LCCP. 	<ul style="list-style-type: none"> There is no trade-off for the loss of life. A key enabler for our strategy is to create a conducive culture thereby ensuring an engaged workforce. A culture that does not drive diversity and inclusivity can result in missed opportunities which can impact the sustainability and success of Sasol. Employees left the organisation due to the repositioning of Group Technology. We therefore impacted our human capital and reduced our intellectual capital. Employee morale as well as social and relationship capital were negatively impacted due to the deferred STI* to preserve financial capital. The inappropriate conduct and improper tone at the top of the LCCP contributed to the LCCP cost overrun which negatively impacted on our financial capital, human capital and social and relationship capital. 	<ul style="list-style-type: none"> Safety remains a core value and top priority as we continue to roll out high-severity incidents prevention programmes to prevent fatalities. Our Aspirational Culture is aimed to increase employee engagement as well as motivate and inspire our people, the material weakness identified requires focussed attention and management action to accelerate our Aspirational Culture journey, which remains a top priority. With the implementation of our culture change programme we are giving heightened attention to issues identified as part of our culture survey and our Aspirational Culture ways of working. Through our comprehensive employee value proposition, we are well positioned to attract and retain engaged, high-performing employees and leaders. While significant progress has been made to remediate the material weakness, as of 30 June 2019, we are still in the process of implementing some of the longer-term remediation efforts to address culture and tone at the top.
 <h2>Social and relationship capital</h2> <ul style="list-style-type: none"> Shareholders at our AGM* raised concerns about our environmental and labour practices, and reduced their support for our remuneration policy and implementation report. Suffered negative impact on reputation, trust and credibility as a result of the LCCP delays and cost overruns. Sasol was falsely accused of intentionally polluting the Vaal River, which negatively impacted our reputation. Supported local development through meaningful socio-economic contributions. Achieved level 4 B-BBEE contributor status in South Africa through inclusive business practices, facilitating local supply chain and economic development. Progressed various community initiatives in line with the waste hierarchy principle of reducing, re-using, recycling and responsibly disposing of plastic waste. Became a founding member and the only company in Africa of the Alliance to End Plastic Waste (AEPW). 	<ul style="list-style-type: none"> Damage to our reputation impacted our financial capital, with decline in the value of Sasol's shares and increases in the cost of raising debt. This also impacted our stock of human capital and employee morale. Constructive engagement with Human Rights Commission on enquiry into the Vaal River pollution to clarify the role of Sasol. Investment in our fenceline communities and in our various empowerment initiatives reduces our financial capital in the short term, but has a positive impact in the longer term on this capital stock, as well as on human, natural, manufactured and intellectual capital. As part of progressing transformation in South Africa we issued shares awards to selected employees as part of Sasol Khanyisa. This positively impacted on our B-BBEE contributor status, but negatively impacted our employee engagement and our reputation as not all employees participate in Sasol Khanyisa. Sasol South Africa was negatively impacted by the extended Secunda Synfuels' shutdown and lower chemical prices. This contributed to a lower valuation of Sasol Khanyisa's participants' share in Sasol South Africa which will vest in 2028 and negatively impacted our social and relationship and human capital. By participating in the work of the AEPW, we increased our stock of intellectual capital. 	<ul style="list-style-type: none"> Benefit from strengthened LCCP oversight, including new and enhanced controls and increased frequency of reporting. Ensure greater engagement and responsiveness to the concerns of our many stakeholders. Sasol refutes any allegation that we have intentionally polluted or continue to pollute the Vaal River, or any other water source, and our approach to our environmental compliance continues to be transparent and collaborative. Work towards further improvements in our B-BBEE contributor status after delivering on our target of Level 4. Through focussed efforts on operating efficiency and maintaining safe and reliable operations we expect to increase the value of Sasol South Africa. Continue to prioritise ensuring health benefits to communities through our environmental compliance programme. By encouraging a circular economy in plastics, we will create opportunities for economic growth for a wide range of stakeholders including unskilled individuals, local communities, as well as the downstream plastics and waste management industries.

*STI – short-term incentive.
*AGM – Annual General Meeting.

Context	Trade-offs	Outlook
<p> Natural capital</p> <ul style="list-style-type: none"> Published our first Climate Change Report to detail our response to this challenge. Reduced our greenhouse gas emissions and increased our energy efficiency at our operations. Assessing alternative gas supply options beyond our current reserves in Southern Mozambique. Completed R14 bn mine replacement programme, securing coal supply to Secunda Operations. Continued work to decommission, close and rehabilitate shafts at mines that had reached the end of their useful lives. Greenhouse gas emissions of 66 558 kt CO₂e >80% of which is from our coal-to-liquids process in South Africa. 	<ul style="list-style-type: none"> Impacted negatively on natural capital by using non-renewable resources and through our emissions and wastes. Through competition for natural resources, in some instances we impact negatively on human and social and relationship capital. By converting natural capital into value-added products we boost the stocks of all the other capitals. Securing new gas reserves will have a negative impact on our financial capital in the short term, but will have a positive impact on natural capital by reducing our greenhouse gas emissions. 	<ul style="list-style-type: none"> Finalise our GHG emission-reduction roadmap by November 2020, defining our approach to ensuring resilience and competitiveness in the energy transition. Accelerate and expand our response in an effort to be resilient in a lower-carbon future. Switch to less carbon-intensive energy sources.
<p> Financial capital</p> <ul style="list-style-type: none"> Foundation businesses delivered satisfactory results despite weak macroeconomic environment, cash generated by operating activities increased to R51 bn. Ensure continued balance sheet flexibility. Financial market risk management through hedging. Raised debt of R95 bn, mainly to repay LCCP project finance facility and to fund our growth projects. Capital expenditure of R55,8 bn, focus on a balance of growth and sustenance capex going forward. 	<ul style="list-style-type: none"> Constrained balance sheet had a negative impact on manufactured capital, as we were not able to execute comprehensively on our strategy. Intellectual capital was negatively impacted by delays in implementing some of our digital initiatives as funds were diverted to the LCCP. Social and relationship capital was adversely affected by decision to pass the final dividend to shareholders, which will preserve financial capital. Higher gearing impacted social and relationship capital, as seen in the decline in our credit rating. 	<ul style="list-style-type: none"> Work to deleverage our balance sheet to between 30% – 35% by 2022, then step-up dividends. Focus on delivering further value from existing assets through our Continuous Improvement programme. Continue with our hedging programmes as part of financial risk management. Divest of non-core assets to the value of US\$2 bn. Target acquisitions in line with our value-based strategy once capital becomes available.
<p> Manufactured capital</p> <ul style="list-style-type: none"> Started-up first units of LCCP with the rest to come online in 2020. Achieved highest throughput rate at Natref in the past eight years. Started up ethoxylation facility in Nanjing, China. Commissioned various environmental compliance projects in South Africa (see page 103). Extended shutdown at Secunda Synfuels led to decline in production and sales volumes across value chain. External feedstock supply interruptions and extended shutdown of an ethylene oxide unit led to production decline in Europe. 	<ul style="list-style-type: none"> Our pursuit of growth in manufactured capital negatively impacts natural capital and, in the short term, financial capital. Lower production volumes in some areas had an adverse impact on our financial capital, as well as on our reputation and negatively affected our social and relationship capital. Our investments to reduce the environmental footprint of existing facilities will benefit natural, intellectual, human and social and relationship capital. Higher costs of LCCP units negatively impacted financial capital, but will have a positive impact on manufactured capital. 	<ul style="list-style-type: none"> LCCP to triple our chemical production capacity in the US and add up to US\$1 bn to our EBITDA by 2022. Shift our portfolio away from energy-intensive businesses towards lower-carbon alternatives. Carry out various planned shutdowns in 2020. Will not invest in further greenfield gas-to-liquids and coal-to-liquids projects or any new crude oil refining capacity.
<p> Intellectual capital</p> <ul style="list-style-type: none"> Launched digital office to keep Sasol competitive and relevant. Launched easy-to-use ideation platform to enable employees to share ideas to improve Sasol. Invested in Research and Development (R&D) and partnerships to reduce our environmental impact and develop new technologies. Repositioned Group Technology function. Increasing manufactured capital positively impacted our intellectual capital. 	<ul style="list-style-type: none"> By investing in our digital capabilities and R&D, we reduce the stock of financial capital in the short term, however in the longer term this boosts all capital stocks. Our project execution record in 2019 adversely affected our stocks of financial and social and relationship capital. Work to reduce our impact on the environment will have a positive long-term impact on natural capital but reduce our stock of financial capital in the short-term. By repositioning our Group Technology function, we are now able to match our envisaged capability requirements of our value-based strategy and certain market related offerings. 	<ul style="list-style-type: none"> Shift towards greater and more effective utilisation of external services for global assurance previously provided by Group Technology and to establish flexibility in project and engineering management. Matching future capability requirements with our strategy requires that we cease certain activities, particularly in Research and Technology. We continue to foster innovation and Continuous Improvement through sharing and engaging employees and stakeholders.

Scoreboard of our six capitals

Inputs

Outputs and outcomes



Human capital

- A **diverse Board** that drives colour, innovation, excellence and sets the direction of the Group
- **Strong leadership team**, driving our Aspirational Culture
- A safe, healthy, engaged and productive workforce of **31 429** (2018: 31 270) with relevant skills, knowledge and experience

OUTCOMES

	2019	2018
Wages and benefits	R31,9 bn	R30 bn
Recordable Case Rate	0,26	0,27
Investment in employee learning	R1 272 m	R1 128 m
Artisans trained	1 464	1 204
Sasol Ltd Board attendance	100,00%	98,67%
Sasol Cares was introduced in South Africa	R266 m	-
Number of work-related employee and service provider fatalities	3	4
New cases of occupational disease*	66	37
Employer of choice recognition	✓	✓

*Of the 66 cases reported, Sasol Mining reported 38 cases of which 25 related to irreversible lung diseases, which is mainly due to a legacy factor. There were 34 cases of noise-induced hearing loss reported due to multiple factors including historic risk management approaches.



Social and relationship capital

- Effective **partnerships** with customers, suppliers, business peers as well as sector and research bodies
- **Constructive relationships** with our fenceline communities, governments, regulators and non-governmental organisations
- Confidence of **investors and shareholders**

OUTCOMES

	2019	2018
Taxes (direct and indirect) paid to South African government	R39,5 bn	R39,5 bn
Taxes (direct and indirect) paid to Mozambican government	R1,4 bn	R960 m
Spending on skills and socio-economic development	R2 bn	R2 bn
Broad-Based Black Economic Empowerment status	Level 4	Level 6
Preferential procurement	R19,2 bn	R12,7 bn
Published our first Climate Change Report in 2019		



Natural capital

- Coal to process (dry ash-free basis) (kilotons): **17 038** (2018: 17 474)
- Crude oil processed (mm bbl): **35** (2018: 29)
- Natural gas to process (bscf): **90** (2018: 97)
- Total water used (thousand cubic meters): **134 260** (2018: 134 445)
- Total energy usage (thousand GJ) **402 641** (2018: 404 093)*

OUTCOMES AND OUTPUTS

	2019	2018
Water recycled (thousand cubic metres)	177 680	178 398
Hazardous waste generated (kilotons)	328	338
Non-hazardous waste generated (kilotons)	237	256
Total greenhouse gas emissions (CO ₂ equivalent) (kilotons)	66 558	67 412
Greenhouse gas (GHG) emissions intensity (CO ₂ equivalent/ton product)	3,61	3,78
Nitrogen oxides (NO _x) (kilotons)	125,8	146,9
Sulphur oxides (SO _x) (kilotons)	170,7	188,6
Particulates (fly ash) (kilotons)	10,6	10,2



Financial capital

- Market capitalisation: **R219 bn** (2018: R313 bn)
- Debt raised to execute capital investments: **R95 bn** (2018: R27 bn)
- Finance income: **R0,8 bn** (2018: R1,7 bn)
- Finance expense: **R1,3 bn** (2018: R3,8 bn)
- Funding facilities: **R160 bn** (2018: R165 bn), of which **R137 bn** (2018: R110 bn) utilised

OUTCOMES

	2019	2018
Earnings before interest and tax (EBIT)	R9,7 bn	R17,7 bn
Cash generated by operating activities	R51,4 bn	R42,9 bn
Headline earnings per share	R30,72	R27,44
Earnings attributable to shareholders	R4,3 bn	R8,7 bn
Net debt to EBITDA (ratio)	2,6 times	1,8 times
Net borrowings to shareholder's equity (gearing)	56%	42%



Manufactured capital

- Property, plant and equipment **R234 bn** (2018: R167 bn) (carrying value)
- Assets under construction **R128 bn** (2018: R165 bn)
- Exploration, development, production, marketing and sales operations in **31** countries

OUTCOMES AND OUTPUTS

	2019	2018
Capital expenditure (including capital accruals)	R55,8 bn	R53,4 bn
Depreciation and amortisation	R18 bn	R16,4 bn
Saleable chemical production (kilotons)	6 415	6 646
Natref crude oil processed (mm bbl)	22,2	18,5
Net impairment of assets	R17,5 bn	R8,8 bn
Longer-than-planned shutdown at Secunda Synfuels Operations in 2019		



Intellectual capital

- Skilled, experienced and technically qualified employees, industry **thought leaders and experts** enabling Sasol to respond to a dynamic environment
- Our patented **technologies**
- Digital enablers to create new value **through innovation**
- Our business processes and **management systems**

OUTCOMES

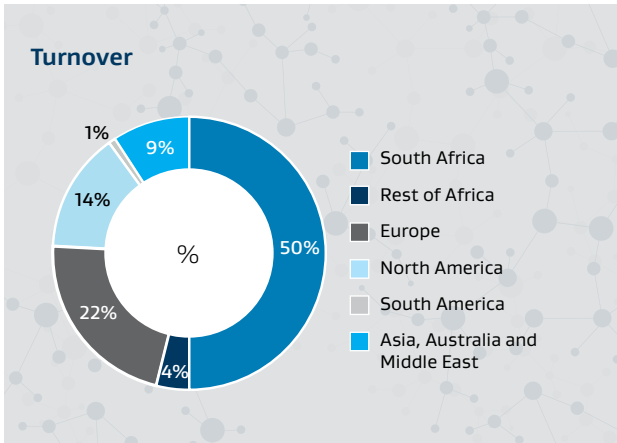
	2019	2018
Number of new patents issued	150	148
Total worldwide patents held	2 500	2 409
Investment in research and development	R966 m	R1 027 m
Number of corporate bursaries	497	462
Number of mentoring coaches	318	588

*Restated to include feedstock stream at Secunda Synfuels Operations which was previously omitted.

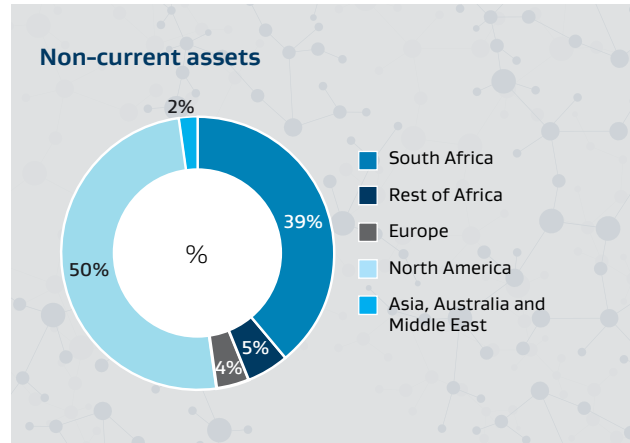
Our external operating context

The environment in which we operate impacts our ability to create value. This remained challenging in 2019, with the growth of many economies slowing, volatile financial markets, geopolitical tensions escalating, operational challenges and chemicals growth cycle dynamics all influencing activity. Our external operating context impacts our profitability and business continuity, risk management, the decisions we make on our strategy, and informs our thinking on material matters.

Where we operate



Where we invest



In 2019, our operations were mainly impacted by:

- **Slower economic growth, volatile currencies and feedstock supply challenges;**
- **Structural shifts in global commodity prices;**
- **Down cycle in chemical margins; and**
- **Increasing environmental regulatory requirements.**

Slower economic growth, volatile currencies and feedstock supply challenges

What happened

- **Global economic growth slowed to 3,6%** in calendar 2018 from 3,8%, **US GDP growth rose to almost 3%** from 2,2%, **Eurozone growth slowed to 1,9%** from 2,5% and **China and India grew by 6,6% and 7,3%** respectively. **South Africa's economy slowed to 0,8%** from 1,4%. These factors contributed to softer chemical prices
- **The rand averaged R14,20/US\$ in 2019**, weaker than the R12,85/US\$ in 2018.
- **Production challenges at our European facilities due to an external force majeure** triggered by external ethylene supply constraints resulted in lower revenue.
- It became evident that we need to **develop opportunities for gas supply beyond our current reserves** in Southern Mozambique.

How we responded

- Remained focused on **delivering on our Continuous Improvement objectives**, to protect our cost competitive position.
- Prudently **managed our balance sheet** and cash flows, ensuring balance sheet flexibility.
- **Protect and strengthen** our balance sheet through **hedging** to mitigate financial risk.
- Worked to **improve our supplier and infrastructure base for critical feedstock**.
- Established an **alternative gas supply programme** to explore opportunities to expand gas supply to our Southern Africa value chain.
- Delivered improved gains in core **earnings**.

The outlook

- Modest **slowing in global GDP growth** in 2019 and into 2020.
- **Outlook clouded** by US/China trade tensions, uncertainty over Brexit, geopolitical tensions, high private and public sector **debt levels in certain economies**, with consequential effects on oil and chemical pricing.
- Added to this, **global financial conditions, emerging market sentiment swings** and **domestic political and policy uncertainties** are likely to lead to **ongoing currency volatility**.
- **Continue to manage risks of feedstock supply interruptions** through buffer capacity and alternative sources of supply.
- **Explore opportunities for gas supply** beyond our current reserves.

Structural shifts in global commodity prices

What happened

- Average oil price, which is a key driver to our profitability, increased to **US\$68,63/bbl** in 2019 from US\$63,62/bbl in 2018. The oil price reached a high of US\$86,16/bbl and a low of US\$50,21/bbl. **US purity ethane price, which is the feedstock for the LCCP, increased** to 31,92 USc/gal in 2019 from 26,25 USc/gal in 2018. **Ethane prices were volatile throughout the year**, peaking at 61 USc/gal in September 2018 and falling to 15,38 USc/gal in June 2019. A **lower price of ethane is positive** for the LCCP economics.

How we responded

- **Protecting and strengthening** our balance sheet through **hedging** to mitigate financial risk.
- Prudently **managed our balance sheet and cash flows**, ensuring liquidity.



The outlook

- Volatile oil price is expected to continue as market attention shifts between slowing global GDP growth in 2019 and into 2020, increased geopolitical supply risks in the Middle East and **significant additional US supply** of tight oil and natural gas liquids (NGL), including ethane.
- **Greater demand for ethane as new crackers** come online and ethane export capacity ramps up. **Any delays in infrastructure supplying ethane to the US Gulf Coast may lead to elevated prices**, while oversupply of other NGLs could lead to additional feedstock substitution resulting in downward pressure on ethane prices.

Down cycle in commodity chemical margins

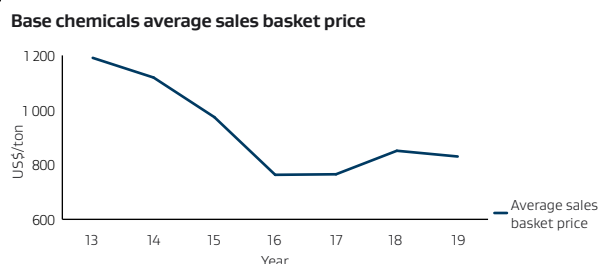
What happened

- **Average base chemicals basket** decreased from US\$851/ton to US\$830/ton which lowered our revenue.
- **Chemical industry moved into a down cycle** due to two main unexpected structural shifts in the industry:
 - Increased supply of commodity chemicals as a new wave of Chinese capacity came online two to three years earlier than expected, **engineering and construction of Chinese chemical complexes completed earlier than projected.**
 - **Reduced demand for commodity chemicals**, including polymers, solvents and monoethylene glycol, due to the **ongoing, lasting longer-than-expected US/China trade dispute. The trade dispute widely impacted the chemical prices of feedstock**, polymers and finished goods and has resulted in redistribution of trade and re-shoring of the Chinese plastics industry to other countries.

How we responded

Although Sasol is not a price-setter for most of our chemicals product portfolio we responded by:

- Contracting to ensure the placement of volumes in the **most favourable global markets.**
- Ensuring a **balance between sustainable product placement and value enhancement.**



The outlook

- Increased supply of commodity chemicals as China continues with rapid building of **new chemical complexes**, will result in softer prices and lower margins.
- **Oversupply of commodity chemicals** is expected to last at least 18 – 24 months, however any quick resolution of the trade dispute would help to support demand.
- Volatility in commodity **chemical prices and margins to continue amid ongoing trade dispute.**

* Basic fuel price.

Increasing environmental regulatory requirements

What happened

- **Climate change remained a pressing challenge globally;** there was growing and focused attention from governments, civil society and investors on how businesses should respond.
- **Increasing pressure to deliver on the Paris Agreement goal** as it relates to climate change.
- South Africa started the phased **implementation of a carbon tax** on 1 June 2019 which has a financial impact.
- South African non-governmental organisations raised **concerns about air quality and the associated health impacts.**
- In water-stressed areas, communities remained concerned about **Sasol's impact on water resources.**

How we responded

- Acknowledged the importance and urgency of transitioning **Sasol in a lower-carbon future.**
- **Initiated the development of a roadmap to reduce our greenhouse gas emissions,** specifically at our energy-intensive Secunda coal-to-liquids facility.
- **Tested the robustness of our strategy** using existing scenarios and integrating the Paris Agreement objectives, see our Climate Change Report [CCR](#).
- Continued to execute projects to improve air quality and **comply with existing plant standards** and most new plant standards, see our Sustainability Report [SR](#).
- Applied for various postponements to **meet new plant standards by 2025.**
- **Applied good water stewardship practices;** Sasolburg and Secunda Operations supported municipalities in addressing challenges with sewage-handling networks.

The outlook

- **By November 2020 we will be releasing our greenhouse gas emission-reduction roadmap.** It will be **informed by technologies,** including **renewable energy, gas** and **shifting our portfolio to** reduced and lower-carbon businesses.
- **The first phase of South Africa's carbon tax runs to 2022,** at which point it will align with carbon budget system. Our preliminary estimated liability is **approximately R800 million to R1 billion pre-tax** in 2020, escalating at consumer price index (CPI) +2 percentage points until 2022.

Sasolburg Operations, South Africa

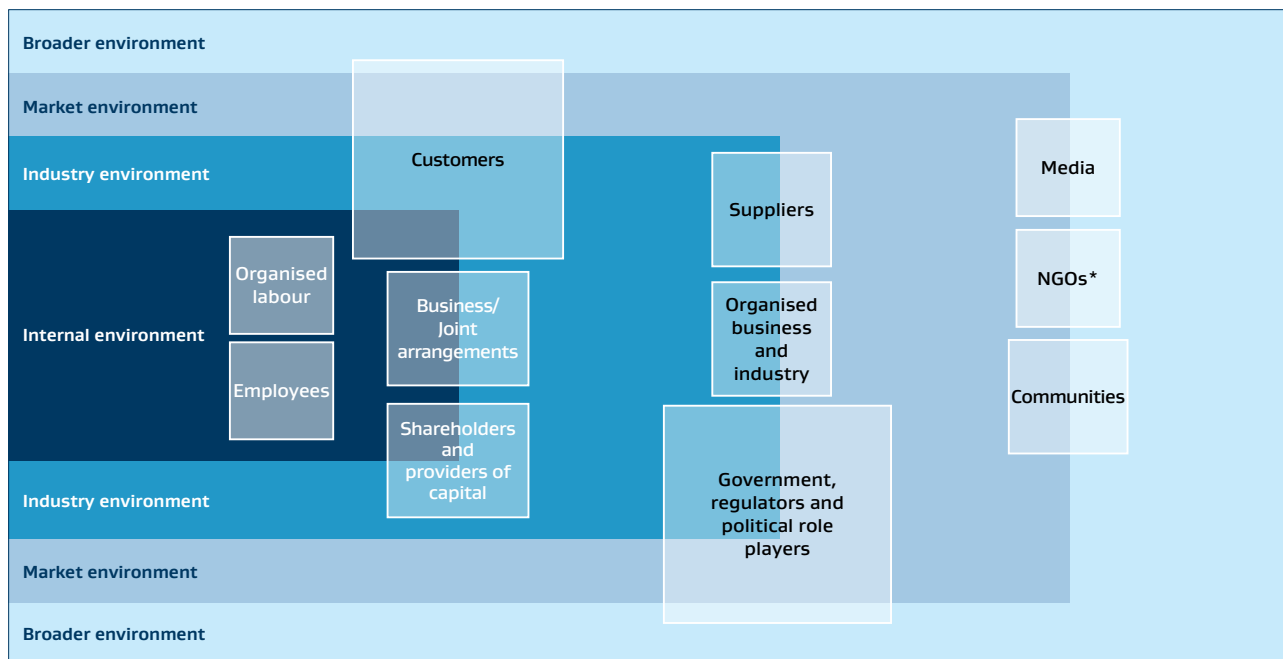


Delivering on our stakeholder commitments

Our approach to stakeholder engagement is to be perceived and experienced as a credible partner. Our ultimate aim is to be transparent, deliver on our promises and co-develop sustainable solutions with our stakeholders. Our and their success depends on mutual interdependence, support and trust-based relationships.

Our stakeholders

Sasol has a complex network of stakeholders, often with competing interests. These include local communities, national, provincial or local government authorities, politicians, religious leaders, civil society organisations and groups with special interests, the academic community and media. In addition, they include employees, investors, suppliers, customers and business partners.



*Non-governmental organisations.

Fundamental issues of our key stakeholders:

Corporate governance – Board and Executive	Lake Charles Chemicals Project (LCCP)	Balance sheet management	Sustainability and Environmental Social and Governance (ESG)	Strategy	Safety
Board reappointments	Cost overruns and adequacy of controls	Affordability of capital projects and ability to service debt	Greenhouse gas emissions and climate change	Portfolio transformation and asset review	Employee safety Safety performance
Executive pay and linkage to performance	Project management and accountability for project delivery	<ul style="list-style-type: none"> Debt to equity ratio Dividend payment 	Rehabilitation and water stewardship	Decrease investment in South Africa	Fatalities
Governance and internal controls	Project progress and scheduled milestones	<ul style="list-style-type: none"> Project financing Loan covenants Capital allocation Portfolio reviews 	Operations' environmental impacts on air quality	Gas security as well as its role in climate change mitigation	High-severity injuries (HSIs)
Outcome of Board Review on LCCP and accountability	Reduced internal rate of return (IRR) and cash flow generation		Employment opportunities		Occupational health

Shareholders and providers of capital

Provide financial capital

How they perceive value

- Robust business and resilient balance sheet to support returns to shareholders and growth is key.
- Maintain investment grade credit ratings.
- Growth in dividends and share price through maintaining a robust foundation and disciplined capital allocation.
- Sound risk management and exemplary governance practices.
- Excellence in project execution and operations.
- Clear, consistent and transparent communication.

How we engage and respond

- Equal treatment of all shareholders in terms of access to information, management and feedback.
- Regular engagement through conference calls, one-on-one meetings and roadshows.
- Meetings with senior management and Non-executive Directors when appropriate.
- Information released on Johannesburg Stock Exchange's News Service (SENS), major financial newswire (NYSE), media and our website.
- Email alerts.
- Site visits and Investor Days/Capital Market Days.
- Communicate in a clear, consistent and transparent manner.

How we manage relationships

- Develop and maintain relationships through a dedicated Investor Relations team which addresses and responds to questions and queries timeously.
- Provide continuous communication regarding objectives and strategy.
- Remain committed to open and transparent interactions with appropriate monitoring and feedback:
 - enable access to senior management if appropriate;
 - feedback and input is valued, taken into account as far as is practically possible, shared with the Board and management, and used to inform ongoing communications.
- As a result of three substantial revisions in capital cost and schedule guidance on the Lake Charles Chemicals Project, investors are more challenging on management's guidance.
- Extensive engagement has taken place to provide clarity and the way forward.

Link to Sustainable Development Goals



Customers

Buy our products and enable growth

How they perceive value

- Recognition of the merit in building mutually beneficial long-term relationship.
- Constructive and transparent engagement to foster win-win relationships.
- Consistent and predictable delivery of high-quality products that meet specifications.
- Competitive and fair pricing.
- Reliability of delivery – on schedule and complete.
- Doing business with ease – both personally and digitally.
- Collaborative effort in providing value-add solutions, including research and development.
- Understanding business needs.
- Proactive communication.
- Clear, consistent and easy to understand communication.

How we engage and respond

- Dedicated Account Managers are appointed as primary engagement lead. They also facilitate liaison with other support teams to address ad hoc requests, for example technical support or access to senior management.
- Through our dedicated key account management programme we engage with our customers at executive level.
- Customer services team handle communication and queries relating to orders and deliveries.
- Upgrading and improving of our digital customer service support.
- Conduct training and upskilling sessions to promote product stewardships and effective use of our products.
- Site visits.
- Promotional and marketing campaigns, and exhibitions.
- Regular Account Manager visits.
- Perception surveys.
- Networking forums.
- Communicate in a clear, consistent and easy to understand manner.

How we manage relationships

- Our unwavering promise to our customers is real. We are resolute about continuously improving our customer service levels and being customer-centric.

To reflect our absolute commitment we launched our Customer Commitment Statement, our pledge to customers.

We care:

- Recognising and respecting the diversity of our customers, and building mutually beneficial long term relationships, based on mutual trust and fairness.
- Equipping and empowering our employees to be customer-centric.
- Placing a priority on safety and responsible environmental stewardship.

We deliver:

- Emphasising product quality and consistency in our operations.
- Striving to fulfil all orders on time, and in full
- Providing professional service with clear, proactive, transparent and courteous communication.

We innovate:

- Aligning our business to the needs of our customers to co-develop our product and service solutions.
- Seeking to continuously improve in order to make it easier for our customers to do business with us in digital and personal interactions.
- Adapting our business models to be more flexible, agile and collaborative while offering competitive and value-adding solutions.

Link to Sustainable Development Goals



Employees and organised labour

Provide skills, knowledge, intellect and experience

How they perceive value

- Safe and healthy working conditions.
- Employee Value Proposition that is relevant to socio-economic realities across different geographies.
- Fair remuneration and benefits, opportunities for career development and recognition and acknowledgement.
- Diverse, inclusive and healthy culture which supports an engaged workforce.
- Leaders who lead by example, are visible and supportive.
- Comply with relevant legislation.
- Promote teamwork and collaboration.
- Right to associate and bargain collectively.
- Ethical, honest and open engagement on issues of mutual interest.
- Access to employee wellbeing and wellness programmes.
- Enable opportunities to volunteer and participate in social development initiatives.
- Focus on local economic development and job creation in our fenceline communities.
- Clear, consistent and easy to understand communication.



How we engage and respond

- Employee onboarding and induction sessions.
- Continuous line management engagement.
- Performance management process including reviews, personal development and training.
- Leader and management engagement sessions.
- Perception surveys.
- Intranet, internet, newsletters, electronic alerts and social media.
- Recognised trade union partnerships and works councils.
- Communicate in a clear, consistent and easy to understand manner.
- Providing conduct and ethical training, measured through the culture survey.



How we manage relationships

- Our vision, purpose, sustainability statement, values and Aspirational Culture commit us to non-discrimination and embracing diversity by ensuring our workplaces globally are inclusive, fair, open, flexible and supportive.
- Safety is a core value and top priority and is integral to our culture.
- Adhere to and comply with all local employment laws.
- Continue to recognise and respect the right to collective bargaining as per the trade union recognition agreements entered into to protect collective bargaining interest.
- Participate in consultative and negotiation platforms on issues of mutual interest.
- Continually operate in ways that, at a minimum, fulfil fundamental responsibilities in areas of human rights and labour employment.
- Employ labour from the open market and under no circumstances are our employees subjected to any form of forced and compulsory labour.
- Communicate regularly on various channels.
- Protect personal information and ensure confidentiality.

Link to Sustainable Development Goals



Government and regulators

Enable our licence to operate

How they perceive value

- Comply with relevant legislation.
- Run safe and stable facilities in an environmentally responsible manner.
- Create jobs and offer workplace with attractive opportunities.
- Hire from and support local communities.
- Promote sustainable development and innovation.
- Support national agenda, including alleviation of poverty and inequality, and in South Africa and Mozambique promote transformation and localisation.
- Deliver on promises.
- Progressively improve our Broad-Based Black Economic Empowerment contributor status.
- Clear, consistent and easy to understand communication.



How we engage and respond

- Comply with and report transparently on relevant legislation and regulations.
- Prioritise safety of our people and service providers in all our business activities.
- Manage operations in an environmentally responsible manner.
- Contribute to the economy by creating jobs and paying taxes.
- Support local communities.
- Promote sustainable development and innovation.
- Support national agenda, including alleviation of poverty and inequality, and in South Africa and Mozambique promote transformation and localisation.
- Participate in working groups at national and local level.
- Communicate in a clear, consistent and easy to understand manner.



How we manage relationships

- Safety is a top priority and we continue to drive zero harm and eliminate fatalities, as well as minimise our environment footprint.
- Our commitment to open and transparent dialogue is supported by proactive engagement with the goal of achieving win-win outcomes.
- Support country-specific priorities.
- Cooperate and consult with government and agencies.

Link to Sustainable Development Goals



Non-governmental organisations (NGOs)

Address issues of mutual interest

How they perceive value

- Comply with relevant legislation.
- Run safe and stable facilities in environmentally responsible manner.
- Create jobs and respect human rights.
- Promote sustainable development including minimising our global environmental footprint.
- Develop society, improve communities and stimulate citizen participation.
- Support national agenda including alleviation of poverty and inequality, improve communities and, in South Africa, promote transformation.
- Deliver on promises.
- Clear, consistent and easy to understand communication.



How we engage and respond

- Comply with and report transparently on relevant legislation and regulations.
- Prioritise safety of our people and service providers in all our business activities.
- Manage operations in an environmentally responsible manner.
- Contribute to economy by creating jobs.
- Contribute to communities by investing in skills development and social causes.
- Support national agenda including alleviation of poverty and inequality, and in South Africa and Mozambique promote transformation and localisation.
- Engage both formally and informally, including one-on-one meetings, public participation sessions, workshops and conferences.
- Communicate in a clear, consistent and easy to understand manner.



How we manage relationships

- We value and recognise the role of NGOs as the voice of society, particularly in upholding human rights of citizens of the world, including living in an environment not harmful to health and wellbeing.
- Our commitment to open and transparent dialogue is supported by proactive engagement enabling a win-win scenario, earning trust and safeguarding of our reputation.
- Consult with NGOs in a cooperative manner.

Link to Sustainable Development Goals



Communities

Perceived as a good corporate citizen

How they perceive value

- Comply with relevant legislation.
- Contribute to improving the quality of people's lives through:
 - infrastructure development support;
 - supporting access to basic services; and
 - employment opportunities.
- Enable sustainable economic participation through:
 - enterprise and supplier development;
 - preferential procurement; and
 - youth development.
- Manage operations in a responsible way and minimise environmental impact.
- Ethical, honest and open engagement on issues of mutual interest.
- Visible leadership.
- Clear, consistent and easy to understand communication.



How we engage and respond

- Outreach forums and meetings.
- Multi-stakeholder meetings and open sessions.
- Perception surveys.
- Public participation processes.
- Deliver social investment initiatives.
- Communicate in a clear, consistent and easy to understand manner.



How we manage relationships

- We bring our corporate citizenship to life through our multi-pronged, multi-year integrated social investment approach by focusing on:
 - education and skills development;
 - community development;
 - small business development;
 - environmental protection; and
 - enabling and supporting employee volunteering.

Link to Sustainable Development Goals



Statement of the Joint Presidents and Chief Executive Officers



Bongani Nqwababa Joint President and CEO

Stephen Cornell Joint President and CEO

KEY MESSAGES

- Elevating our **sustainability agenda**
- Delivering the promise of the **Lake Charles Chemicals Project (LCCP)**
- Progressing our **value-based strategy** and **culture transformation**
- Mapping a **clear path towards long-term value creation**

Dear stakeholder

In 2019 Sasol's foundation business delivered resilient results with a strong volume, cost and working capital performance. This was achieved in a weak macroeconomic environment, characterised by a challenging global economy that impacted a number of our key end markets.

The uncertain macro environment, combined with the softer outlook for global chemical and gas prices, impairments and higher capital spend on our LCCP, significantly impacted our earnings.

Our focus remains doing exceptionally well at managing our key controllable factors, while enforcing strict discipline in capital allocation as we progress our value-based strategy with a view to become a more resilient company.

Elevating our sustainability agenda

Sustainability is a strategic imperative for Sasol, and we remain firmly committed to excellence on Environmental, Social and Governance (ESG) matters.

Central to our sustainability approach is our response to climate change. We are and will continue to play our part in reducing greenhouse gas (GHG) emissions. Our first goal is to reduce by 2030, the absolute GHG emissions from our South African operations by at least 10%, off our 2017 baseline.

The importance of safety in our operations and relentlessly driving safe behaviours and practices was at the forefront of our ongoing programme to eliminate high-severity injuries (HSIs). Progress has been recorded on numerous fronts with reductions in both HSIs and hospitalisations against the previous year, and an overall Recordable Case Rate of 0,26.

Notwithstanding these improvements, we tragically lost three employees in work-related incidents. Every life lost is unacceptable. Our drive for zero harm remains unwavering and we will do everything in our power to ensure all our employees return home safely every day.

Given the socio-economic disparities that exist, particularly in our Southern African markets, the majority of our investments in social impact programmes are directed to our fenceline communities, which surround our major operational facilities in South Africa and Mozambique.

With a global annual socio-economic and skills development spend of R2 billion, we drive our corporate citizenship programmes as catalysts for change and inclusive growth and development.

In line with our transformation imperative, we continue to record meaningful progress in diversifying our supplier base by increasing our preferential procurement spend. In South Africa, we increased our spend with Black-owned businesses by 51% from R12,7 billion in 2018 to R19,2 billion.

Of this, R13,1 billion was spent with Black women-owned businesses.

Recognising the importance of small businesses as the engine room for the country's economic growth and much-needed job creation, we are delighted that we more than doubled the value of our small, medium and micro-sized (SMME) loan book from R300 million to R623 million.



"Sasol is proudly rooted in our South African heritage and our commitment to this country remain steadfast."

Bongani Nqwababa

Delivering the promise of the LCCP

The start-up of the LCCP's ethane cracker is a watershed event for us, as more than 60% of the project's total plant capacity is now online for this world-scale, feedstock advantaged plant that will produce a diverse product slate with high margins.

Three of the seven chemical manufacturing units are now fully operational. The ethylene oxide/ethylene glycol unit achieved beneficial operation in May 2019, following the first unit, linear low-density polyethylene, which achieved beneficial operation in February 2019.

As at the end of June 2019, construction progress was at 94%. Overall project completion was 98% and capital expenditure was US\$11,8 billion, in line with the revised cost estimate of US\$12,6 to US\$12,9 billion.

While we are extremely disappointed by changes to the capital cost and schedule, the long-term strategic and financial benefits of the LCCP remain intact, enhancing our global capabilities and through-the-cycle profitability.

We expect the LCCP will add approximately US\$1 billion to our earnings before interest, tax, depreciation and amortisation (EBITDA) by 2022.

The LCCP provides an important reflection opportunity for us to consider the decisions, actions and culture that led to significant errors and omissions in capital and schedule forecasting.

Through the Board Review we identified certain deficiencies with respect to the capital cost estimation process implemented in connection with the LCCP that ultimately led to our internal control over financial reporting being evaluated to have been ineffective as at 30 June 2019. This resulted from a series of deficiencies that included aspects relating to the competence and conduct of individuals, inadequate control procedures and project-related control environment deficiencies, specifically around a culture of excess deference with regard to the LCCP.

Decisive measures have already been taken to remediate a number of these deficiencies through reassigning LCCP oversight and accountability to a new Executive Vice President and enhancing the controls at the LCCP. In addition, a number of ongoing actions are in progress to address the conduct, tone and cultural aspects identified. Although some aspects can only be remediated in the longer term, particularly around culture and tone at the top, we are devoting significant time and attention to ensure that we are effective in remediating these deficiencies.

In response, we have established a Capital Projects Excellence Programme to address the LCCP learnings, supplemented with learnings and best practices from other global projects. This programme will focus on areas such as leader behaviours, capabilities, culture and ways-of-working, assurance and capital allocation and fit-for-purpose capital project practices.



"While we are extremely disappointed by changes to the capital cost and schedule, the long-term strategic and financial benefits of the LCCP remain intact, enhancing our global capabilities and through-the-cycle profitability."

Stephen Cornell

Progressing our value-based strategy

Culture transformation remains high on our agenda as we enable a transition towards our aspired culture, where our leaders in particular are inspirational, care for our people, live the Sasol values and drive high performance and innovation.

The impact of the Board Review, changes to the LCCP cost and schedule and recent events negatively impacted on the morale of our employees. We will focus our attention to improve our Aspirational Culture and realise an organisational culture shift.

In our Upstream business, the priority is to deliver safe, stable and reliable production, to continue with our plateau extension projects and development of our appraised discovery – the Production Sharing Agreement (PSA) field – for the mutual benefit of the government of Mozambique and our stakeholders.

Building on the success of monetising gas resources from Mozambique since 2004, we believe that the opportunity to extend and grow long-term gas supply into Southern Africa presents an invaluable opportunity for the region, but will require a significant collective effort by all stakeholders to be successful. A dedicated team is actively assessing a number of alternative gas supply options, including a pipeline from northern Mozambique and pursuing gas supply via imported liquefied natural gas.

On our West African growth story, the key focus will be on completing regional studies to propose in which countries expansion makes the most sense, when capital becomes available. In Base Chemicals, the focus will be to debottleneck and incrementally grow our existing asset base. Once LCCP is complete and operations stabilised, we will also look at the potential of debottlenecking the facility.

For Performance Chemicals we will continue to pursue targets for acquisition or partnering while identifying and developing new, differentiated applications for our products.

Sasol's Energy business in South Africa has a strong brand of 410 retail convenience centres, capturing 11% of the regulated retail market. Here our focus remains on improving margins by looking for higher value markets for our existing production of fuels. This means both organic retail growth, by increasing our retail site development and conversion of sites to the Sasol brand, and possible small scale acquisitions.

Our asset review process, which commenced in 2017, is now substantially complete and we have identified a number of potential disposals with a net asset value exceeding US\$2 billion. We reviewed our entire global portfolio to optimise the potential of each asset and focus only on assets that can generate attractive returns through-the-cycle and are core to our long-term strategic focus.

To date, transactions concluded or well advanced are approximately 20% of the divestment target. Since 2018, we divested from the Malaysian Optimal and Petlin plants, the US Lake De Smet land and coal reserves and the German heat transfer fluids business. We are at an advanced stage with our explosives business and closed out the disposal of our 50% equity interest Sasol-Huntsman chemical business.

Furthermore, our cost management processes remain robust, while we evaluate further opportunities to embed Continuous Improvement. Digitalisation is a key enabler in this regard.

In November 2020 we will update the market on execution of our value-based strategy and potential amendments, if any, necessitated by our enhanced sustainability focus.

Notwithstanding our portfolio optimisation programme, Sasol is proudly rooted in our South African heritage and our commitment to this country remains steadfast. We are one of the largest private investors in South Africa, and this market remains a cornerstone of our long-term strategy.

Mapping a clear path towards long-term value creation

Our Group top priorities for 2020 entail a rigorous focus on our key controllable factors – ensuring safe and reliable operations, maintaining tight production and cost discipline.

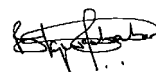
Our commitment to taking the right capital allocation decisions for the long-term future of the business is unwavering. While recent events have created significant short-term challenges, we are confident our business is fundamentally robust and we have a clear pathway to resume value creation.

Full delivery of LCCP, exploring gas sourcing options for our South African value chain and clearly defining our emission-reduction roadmap are among our immediate and most urgent deliverables.

These will be driven alongside focused efforts to actively manage the balance sheet as we pursue a robust liquidity position with funding from a range of sources, a balanced maturity profile and lowest-risk-adjusted cost.

Our promise to our stakeholders, including our people, is that we will deliver on our commitments, continue our journey to entrench our aspired culture, while divesting, at value, assets with a limited strategic fit.

We thank our stakeholders and employees for staying the course with us and reiterate our firm intent to secure the future of our great organisation.



Bongani Nqwababa



Stephen Cornell

Joint Presidents and Chief Executive Officers

28 October 2019

Our Group top priorities for 2020

We have aligned our 2020 Group top priorities with renewed focus which will contribute to making us fit-for-the-future and facilitate growth opportunities to ensure we remain competitive and relevant. We have created a separate pillar for climate change to demonstrate our commitment and urgency to solve our climate change challenge.

Pursue zero harm

- We relentlessly drive **zero harm** and eliminate fatalities
- We entrench **life saving rules** and reduce high severity incidents

Enhance foundation business

- Continue to drive **safe and stable operations**
- **Improve customer experience** to support volume growth to market
- **Deliver Continuous Improvement and digitalisation targets** in order to achieve the 2022, 2% ROIC improvement target
- **Deliver on our environmental compliance** requirements and drive air quality improvement
- Finalise options for **gas security of supply up to 2050** for the Southern Africa value chain
- **Manage our balance sheet** to protect investment grade ratings

Strengthen growth momentum

- **Deliver LCCP** at, or better than revised, cost and schedule
- **Drive integration of LCCP teams** to deliver on commissioning, operations and business readiness milestones, customer commitments and EBITDA* guidance
- **Position credible and affordable capital investment options** to grow earnings
- **Entrench excellent capital investment and project practices** to increase business value
- **Enhance shareholder value** through portfolio optimisation by divesting the identified non-strategic assets

Enhance reputation and stakeholder value

- **Deliver on legacy stakeholder promises** and agreed outcomes
- **Develop compelling sustainability response** and improve message consistency to stakeholders
- **Uphold our culture of ethical and fair business** and commercial practices in all operating countries

Realise organisational culture shift

- **Incorporate Sasol Heartbeat survey outcomes in our Aspirational Culture journey** and continuously track and measure progress
- **Promote individual and team shifts** towards performance accountability, constructive dialogue and collaborating as One Sasol through a multiplier leadership style
- Transform our culture where leaders are **inspirational, care for our people and live the Sasol values**

Progress our climate change response

- **Communicate our sustainability statement and develop a greenhouse gas (GHG) emission-reduction roadmap** aimed at reducing emissions particularly focused on our South African operations
- Engage with and involve stakeholders on our **climate change ambition and roadmap**

*Earnings before interest, tax, depreciation and amortisation.

Chief Financial Officer's strategic review



Paul Victor Chief Financial Officer

KEY MESSAGES

- Manage our **balance sheet to ensure flexibility and liquidity**
- Our roadmap to **creating value in the long term**
- Maintaining our **competitive advantage**
- Execution of our disciplined **capital allocation approach**

Dear stakeholder

The challenging and uncertain macroeconomic environment, cost overrun and schedule delay of the Lake Charles Chemicals Project (LCCP) made us focus on how we can ensure that Sasol is resilient and sustainable into the future.

At 30 June 2019 our balance sheet reached gearing at 56,3%, slightly higher than forecast. We had to make decisions to protect and strengthen our balance sheet, some of which negatively impacted on our employee morale, growth momentum and investor perceptions. Through this difficult period, we continued to manage

the balance sheet in accordance with our financial framework, which is aligned with our long-term strategy and drive towards a more balanced approach to returning value to shareholders through-the-cycle. We expect the balance sheet will be constrained over the next two years, allowing for very little expansion or growth.

In addition, it is essential we implement all lessons learnt from the LCCP to ensure we deploy capital in accordance with our capital allocation framework. Growing and protecting shareholder value is top-of-mind in this respect.

To create headroom on the balance sheet and manage our debt facilities prudently, our immediate focus areas are:

1

Prudent balance sheet management over the next 12 – 24 months

2

Deliver LCCP

3

Realise our cash flow inflection point in 2020

4

Transform our asset portfolio in line with our strategic objectives over the next 12 – 30 months




Despite our short-term challenges, we still believe that Sasol has a compelling investment proposition that is enabled by our cost competitive position, prudent financial risk management and diversified portfolio of assets which are highly cash generative.

In the long term, our drive towards growing shareholder value sustainably is guided by our continuous focus on:

- **maintaining** safe and reliable operations;
- sustainable **delivery** of operational and capital efficiencies;
- **continuously** improving our cost competitive position;
- **managing** the balance sheet's risk prudently through our financial risk management strategy; and
- **growing** the value of the business as informed by our focused strategy and disciplined capital allocation.

Our roadmap to creating value in the long term

We understand the shifts that will be required to move us from where we are today to the Sasol of the future which is aligned with our long-term strategy. As a global chemicals and energy company, we believe we can return superior returns to shareholders in the long term by delivering on our strategic targets, applying our disciplined capital allocation framework and extracting further value from our existing assets using Continuous Improvement and digitalisation as key enablers.

Sasol today	Sasol of the future
<p> Position us for sustainable growth</p> <ul style="list-style-type: none"> Chemicals: grow specialty chemicals in attractive and differentiated end markets Upstream: pursue disciplined growth in exploration and production Energy: grow our liquid fuels retail footprint in South Africa 	<p>✓</p> <ul style="list-style-type: none"> Increased focus on specialty chemicals with strong US and EU presence Focused to explore, develop and produce gas in Southern Africa and grow upstream portfolio
<p> Deliver strong cash flows from our foundation businesses</p> <ul style="list-style-type: none"> Significant volume and cash flow growth from foundation businesses and the LCCP Enhance our cost effectiveness through Continuous Improvement and digitalisation <ul style="list-style-type: none"> Sustainable cost savings of US\$400 million per annum Flat real cash fixed cost since 2015 Continued investment to safely sustain our foundation businesses limited to US\$1,5 billion per annum 	<p>✓</p> <ul style="list-style-type: none"> Safe, predictable and reliable operations Improved production stability High ROIC* and profitability >2% uplift to ROIC by 2022 (from 2017 baseline) >12% US ROIC through-the-cycle >5% EBIT growth through-the-cycle
<p> Transform our asset portfolio to be fit-for-purpose</p> <ul style="list-style-type: none"> Rigorous assets reviews, value enhanced disposals and deliver sharpened capital allocation discipline 	<p>✓</p> <p>Prudent capital allocation</p> <ul style="list-style-type: none"> Deleverage balance sheet to net debt/ EBITDA of 1,0 x – 1,5 x and targeted gearing of 30% over the long-term Deploy capital on quality growth contributing to profitability and growth targets and embedded learnings from LCCP Target a >45% dividend payout ratio in the long-term Excess capital devoted to shareholder returns through dividends and buybacks

To achieve our aspiration as set out in Sasol of the future, which is aligned with our long-term strategic targets, we need to strengthen our current operations by focusing on:

- Our Continuous Improvement drive to deliver a 2% ROIC uplift off 2017 baseline by leveraging digitalisation, cost optimisations and portfolio review;
- Driving LCCP and ramp-up to EBITDA run-rate of >US\$1 billion by 2022;
- Improving our project execution and rolling out the lessons learnt from the LCCP to other areas of the business;
- Ensuring that the LCCP fundamentals remain intact despite increased cost and schedule delays by focusing on productivity and process safety;
- Shifting product slate in integrated value chains to higher margin businesses;

- Investing in the sustainment of assets through deployment of capital of US\$1,5 billion per annum; and
- Improving our environmental performance and reducing our greenhouse gas emissions.

We are committed to improving cash flows from our base of high-quality, diversified assets, with only marginal levels of further capital investment and believe this can be achieved in the short - to medium term from our digitalisation drive, continuing work to manage costs, as well as a focused review and optimisation of our portfolio. In the long term, we will enhance cash flows by debottlenecking the LCCP in the US and extracting more value from our oil and gas investments in Mozambique.

*Return on invested capital.

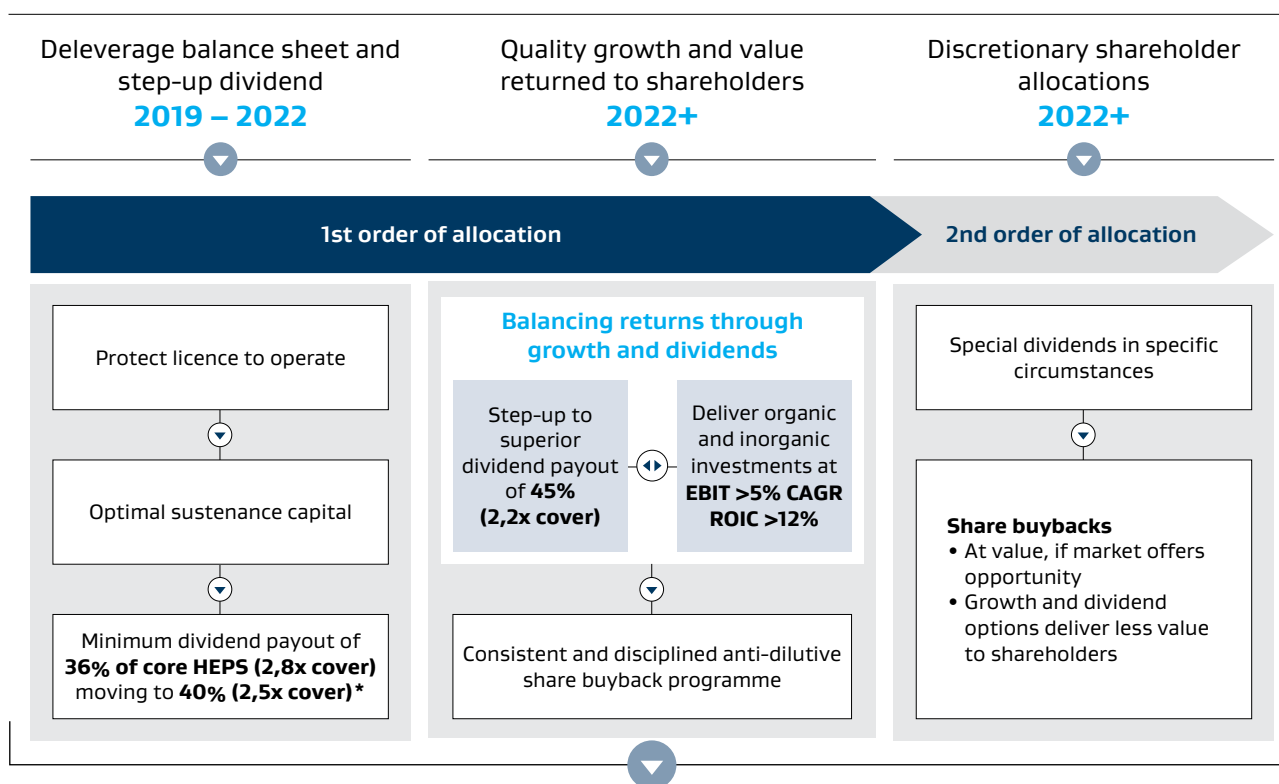
Maintaining our competitive advantage

Our cash break-even crude oil price for our global operations is currently under US\$35/bbl largely due to the sustainable cost improvement initiatives that have been implemented since 2014. We are one of a few companies globally that can operate profitably at such low oil prices. It is therefore a strategic objective that we further improve and retain our cost competitiveness through Continuous Improvement. In line with the 4th industrial revolution, we are of the view that digital will play a key role in further

reducing our cost base, increasing efficiency and allowing us to interface with the customer much quicker. The use of predictive analytics and automated reporting will enable the enterprise to be more proactive in scenario planning and responsive to mega-trends in the market. We want to improve the level of disclosure to shareholders and become more transparent in all that we do. Learning from our past, we are determined to follow a more prudent and disciplined capital allocation framework and approach to grow shareholder value sustainably.

Capital allocation

Delivering value through disciplined capital allocation



*2019 final dividend passed to protect and strengthen the balance sheet, future dividend payouts will always be considered in conjunction with our investment grade metrics.

Allocate capital and directional approach to distribute shareholder value

As we consider capital allocation decisions, we are guided by key financial risk and return metrics such as our gearing and liquidity levels, as well as the return on invested capital, with the ultimate objective to deliver maximum sustainable return to shareholders. The two key overarching objectives in the capital allocation framework are, to protect and strengthen the balance sheet and then to focus on value-based capital allocation.

Protecting our licence to operate and ensuring the integrity and reliability of our assets is our first priority. Following this we remain committed to a dividend payment of at least 2,8 core HEPS cover or 36% payout ratio, provided we can maintain our investment grade credit ratings.

After deleveraging the balance sheet our next priority is to evaluate between value from which will derive the most value for our shareholders. Items which could be considered include:

- **value-based growth** delivered from our portfolio of projects which may include merger and acquisitions transactions;
- **value returned to shareholders** through a targeted and increased dividend payout ratio from 2,5 times (40% payout) to 2,2 times (45% payout); and lastly consider further
- value returned to shareholders through special **dividends and/or share buyback** programmes.

It is important to note that these levers will be competing equally for capital. Before we consider investing in large projects with long lead times, in the short- to medium-term, we will rather pursue small- to medium-sized projects (either organic or inorganic) which require capital of less than US\$500 million and US\$1 billion respectively. Mega projects are not within our short- to medium-term focus and in future will only be considered in partnerships and once we have built a track record of successful smaller- to medium-sized investments. This marks a significant change in our investment philosophy.

We are committed to a more balanced approach in returning value to shareholders through the ups and downs of the commodity cycle. This includes stepping up dividend payments on a sustainable basis to the lower end of the dividend cover range, as well as pursuing a consistent share buyback programme to counter the effects of any corporate actions, ensuring that share dilution impacts on shareholders are minimised. On a proactive basis, we continue to build on our recent efforts to effectively manage our capital structure and ensure access to liquidity for the Group. Ensuring balance sheet flexibility is a sequence of many small steps and actions taken over numerous years. We have made significant progress to achieve this objective over the past three years.

During 2019, we successfully refinanced the US\$4 billion LCCP asset-based facility. This was done in two phases – initially via the issue of US\$2,25 billion of US dollar bonds and thereafter via a US\$1,8 billion five-year bank loan financing (with a net debt: EBITDA covenant of 3,0x). This enabled Sasol to optimise its mix of funding instruments between bank loan and bond market, while at the same time extending the maturity of the debt profile from 2021 to as far out as 2028. An additional benefit of refinancing away from asset-based security was that Standard & Poor's (S&P) re-rated the 2012 bond back to the same investment grade level as Sasol Limited.

Sasol also successfully engaged with lenders under the US\$3,9 billion Revolving Credit Facility (entered into in 2017) to amend the net debt: EBITDA covenant from 2,5x to 3,0x. This covenant amendment provides Sasol with greater financial flexibility during its peak gearing period.

In the domestic South African market, Sasol has access to both domestic bank loan market facilities, as well as the R8 billion Domestic Medium Term Note Programme which was established in 2017. The latter provides Sasol with the ability to extend the tenure of our South African debt to the extent required.

Through our financial market risk management programme, we follow a probabilistic approach to hedging our key exposures of exchange rate, oil and ethane. This enables us to further protect cash flows and, as a result, Sasol's key financial metrics.

Our financial risk management framework and policy is aimed at protecting the balance sheet against undesirable market movements aiming to participate in favourable markets. Deleveraging the balance sheet is one of our highest priorities to ensure business sustainability

and positions us for the future to deliver value to our shareholders and stakeholders. This is essential for an industry operating in a volatile operating environment marked by swings in commodity prices and currency rates, as well as the potential for technology disruption.

To grow shareholder returns sustainably, we need to ensure that Sasol's operational performance and cash flow delivery remain strong and our strategic choices clear. Financial risk management must be prudent and capital allocation disciplined. To this end, we have set definitive growth targets in terms of return on invested capital (ROIC), earnings before interest and tax (EBIT) as well as dividend returns. Based on scenario planning, we believe we can deliver at least 12% ROIC and more than 5% US dollar-growth in EBIT through-the-cycle. We plan to step up shareholder dividend payouts to 40% of core HEPS, or 2,5 times cover, by 2022 and thereafter move towards 45% payouts or 2,2 times cover.

Our plans with limited capital

With limited capital available for deployment until 2022, and as we progress in deleveraging the balance sheet, we are committed to enhancing the value of the company by targeting a 2% increase in ROIC off the base of 2017. Maintaining our investment grade credit ratings within an optimal capital structure remains key to our approach to mitigating financial risk. We plan to manage gearing to between 55% and 65% in 2020 and net debt: EBITDA to between 2,6 – 3,0 times. In the long term, we are targeting gearing at 30% and net debt: EBITDA at 1,5 times as these will provide the necessary flexibility to sustain a quality growth rate, step up the dividend payout and provide sufficient flexibility to manage market volatility and uncertainty.

With the start-up of the first units of the LCCP, and following the recent commissioning of numerous other capital projects, we are reaching the end of a period of significant growth capital. Our focus is thus shifting to deleveraging the balance sheet and increasing the dividend pay-out ratio, at an appropriate time, by moving towards the upper end of the payout ratio of 2,2 times (45% payout of core HEPS), which is aligned with our industry peers. By reaching and remaining within these targeted ranges we will be in a position to, over time, grow our total shareholder returns responsibly and sustainably. We look forward to working alongside our many stakeholders to deliver on these targets.



Paul Victor
Chief Financial Officer

28 October 2019

Mega-trends impacting our strategy

To remain relevant we need to be responsive to global trends. Consumer preferences are evolving and environmental pressures are increasing. To stay competitive and meet the demands of our stakeholders, we are adopting digital solutions and becoming more agile in the way we operate.



Growing population, higher living standards supporting environmental sustainability

- Global growth will continue to be driven by **rising prosperity in emerging markets. World population will reach more than 9 billion by 2040** from 7,5 billion in 2019. By 2030, the **middle class will account for nearly two-thirds of the population** from two-fifths in 2015.
- Greater urbanisation: **nearly 65% of people will live in cities by 2040** from 54% in 2015.
- **New skillsets are required** to be relevant, which we need to attract and retain.
- **Gains in efficiency, improvements in technology and environmental pressures** will keep energy demand in check.
- **Improvements in engine efficiency** will play a greater role than alternative technologies.
- **Over time, in transportation, demand for liquid fuels will reduce because of energy efficiency** and the use of alternative drive technologies such as electric vehicles.
- **Asia-Pacific will lead the increase in car ownership in non-OECD* countries**, supporting personal mobility-related energy demand across the world. Although still a very small percentage of the global passenger vehicle market, **electric mobility is gaining momentum. In 2018, the total global electric passenger car fleet exceeded 5,1 million** (out of a total of around 1 billion passenger cars), **up 2 million from the previous year and almost doubling the number of new electric car sales**. An increasing number of governments are setting objectives for electric vehicle deployment, providing incentives or announcing **100% zero-emission vehicles sales targets** or bans on internal combustion engine vehicles sales at some time in the future.

These trends will contribute to **increased demand for chemicals, heating fuel, transportation and electricity** all of which support environmental sustainability.

*Organisation for Economic Co-operation and Development all of which support environmental sustainability.



Mounting environmental pressure

- **Global expectations for a cleaner world:** changes in regulations and policies will force us to look differently at our business.
- **Fossil fuels will continue to dominate the energy mix for at least the next 15 to 20 years,** increasing usage will also increase emissions, so clean technologies must be pursued.
- **Environmental pressure will continue increasing on the use of some end-products,** particularly single-use plastics and packaging.
- There is widespread agreement that the **global community needs to collaborate and act on plastic waste. Ban on single-use plastics** are becoming widespread; society is being encouraged to do more to **reduce waste, recycle or re-use;** industry is encouraging countries and communities to invest in local systems that collect, sort and treat **waste to keep it out of the land and marine environments.**
- **Demand for natural gas liquid for use as feedstocks** for chemicals, lubricants and bitumen will become increasingly important.
- The world of energy is changing, government policies are evolving, and consumer behaviour is responding: **businesses need to hone their strategies and address their impact on the environment to remain relevant and sustainable.**
- The landscape for obtaining **financing for fossil fuel-based projects is changing.** Although banks are still investing in fossil fuels, there are signals of a new approach. For instance, **the World Bank is no longer undertaking new investments in upstream oil and gas projects** unless there are exceptional circumstances¹, while about **100 global financial institutions** have already divested from thermal coal².

Climate change and environmental awareness is an increasingly high-profile global challenge and requires a move to greater use of renewables and alternative feedstocks for energy supply.



Advancing technology

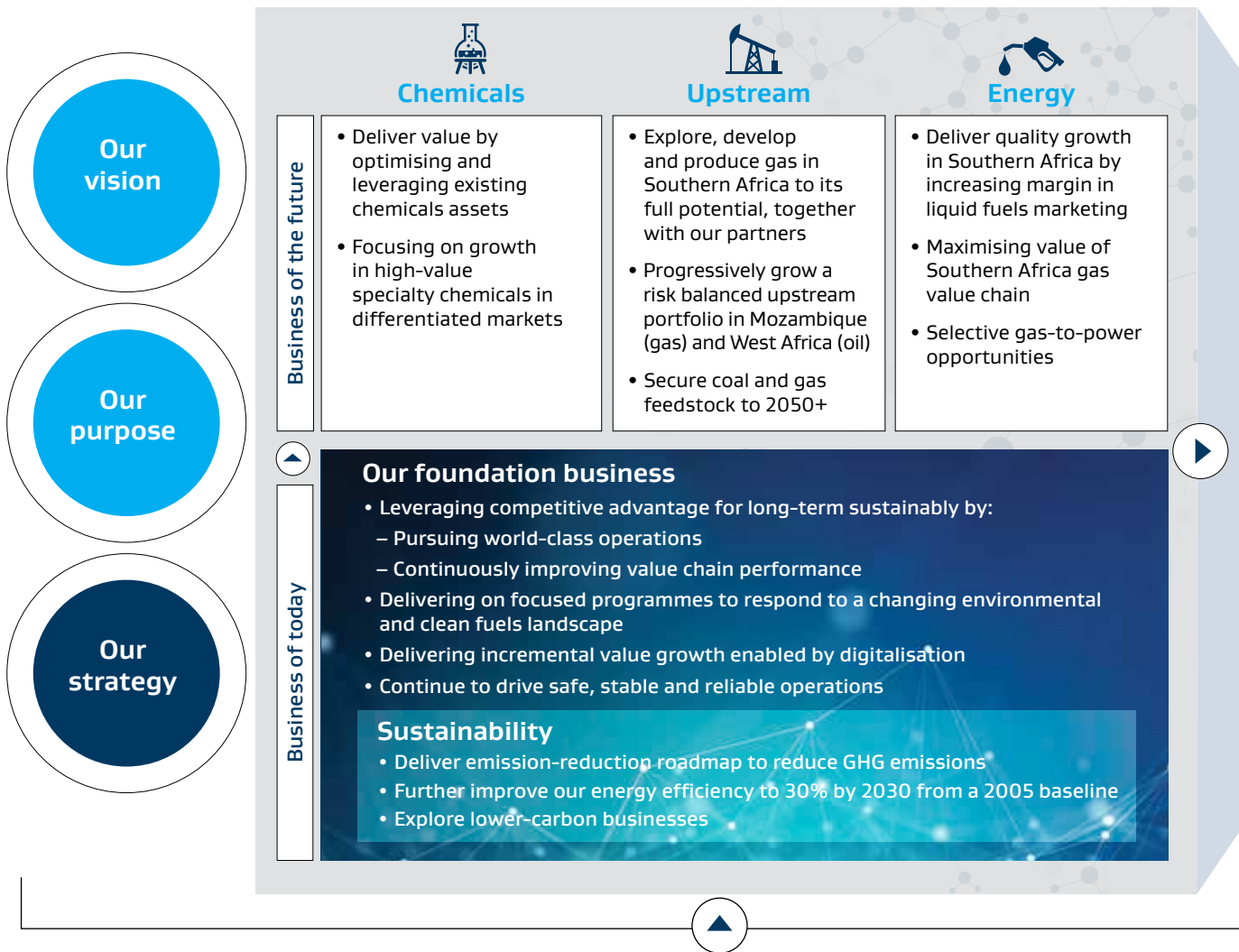
- **Technology continues to revolutionise** the way companies conduct business.
- **Ongoing advancements demand that businesses grow, shift and adapt** in order to stay relevant and competitive in today's rapidly changing market in order to drive stakeholder value and meet customer expectations.
- Technology is not only changing how a business conducts business, but also **how we work: agile ways of working demand fast, cross-functional, experimental and self-directed teams.**
- While many technologies are not new to our sector, the pace at which the **migration is happening has increased.** The volume of connected data available **continues to grow,** much of this related to the **ongoing expansion of the internet of things** and cloud computing.
- More companies are looking at **deployment of artificial intelligence, data analytics, robotics and blockchain to increase efficiency, productivity, reliability** and predictability of operations. These will contribute to enhanced safety, improved customer experience, refined effectiveness and efficiency of existing assets.

To benefit from advances in technology we need to **embed new ways of working** and build **competitive digital capabilities.**

1. World Bank Group US, Q&A: The World Bank Group and Upstream Oil and Gas, viewed on 28 October 2019, <https://www.worldbank.org/en/topic/climatechange/brief/qa-the-world-bank-group-and-upstream-oil-and-gas>
 2. Institute for Energy Economics and Financial Analysis, Over 100 Global Financial Institutions Are Exiting Coal, With More to Come, viewed on 28 October 2019, http://ieefa.org/wp-content/uploads/2019/02/IEEFA-Report_100-and-counting_Coal-Exit_Feb-2019.pdf

Progressing on our value-based strategy

In developing our strategy, we considered both opportunities and risks, informed by developments in the world in which we operate. Our strategy keeps us focused, setting a clear path to deliver sustainable growth, accelerated shareholder returns and ongoing value for all our stakeholders over the near, medium and long term. We have a strong foundation business which will enable us to grow and deliver further value in our existing assets.



Enabled by:

Continuous Improvement to improve efficiency and extract further value

Digitalisation and modernisation of our information systems

High-performing people

Targets to measure strategic delivery

Zero harm at all our operations globally

Aspirational Culture to ensure engagement of all our employees

ROIC (US\$) >12% through-the-cycle >2% uplift by 2022

As part of our growth strategy we are focusing on the completion of the LCCP which will enable us to become a more chemicals-biased company. During 2019 progress on the execution of our strategy was impacted by capital constraints and lack of liquidity of the balance sheet. In the short term we continue to focus on our top priorities.

Update on near, medium and long-term objectives

Short term 2020+

- Pursue zero harm and reduce high-severity injuries remains a priority
- Continue to drive safe, stable and reliable operations
- Strengthen stakeholder relationships and deliver sustainable value to society
- Drive organisational culture shift
- Deliver on LCCP and drive operational and marketing excellence
- Secure long-term gas supply to our Southern Africa operations
- Manage the balance sheet to maintain investment grade rating
- Grow retail fuels incrementally with a shift to a customer-centric organisation
- Develop a greenhouse gas (GHG) emission-reduction roadmap to achieve our 2030 target
- Build and strengthen our mergers and acquisition capabilities
- Drive digitalisation

Medium term 2022+

- Reinforce our pursuit of zero harm
- Embed our Aspirational Culture
- Debottleneck the LCCP to extract maximum value
- Extract full value from existing operations
- Progressively grow specialty chemicals through mergers and acquisitions
- Progressively grow value in oil and gas portfolio in West and Southern Africa
- Increase returns to shareholders
- Pursue value-accretive retail acquisitions
- Secure long-term gas feedstock
- Active management of asset portfolio to achieve growth targets
- Focused investments to reduce our environmental impact
- Continue to execute GHG emission-reduction roadmap

Long term 2030

- Extract further value from existing assets
- Accelerate exploration and production growth
- Grow in adjacent specialty chemicals markets
- Build on our socio-economic contribution
- Focused investments to reduce our environmental impact
- Continue with capacity optimisation across asset portfolio
- Build our capabilities and execute on long-term sustainable revenue streams
- Continue with GHG emission-reduction roadmap taking into account potential air quality improvement benefits

Disciplined capital allocation

Inclusive stakeholder relationships

Strong governance and rebuilding trust with stakeholders

EBIT growth (US\$ real)
>5% through-the-cycle

Dividend returns
stepping up payout to **45%**
of Core HEPS (2,2x cover)

Our value-based strategy is implemented in phases. In the short term, our focus is on deleveraging the balance sheet, operationalising the LCCP, enhancing our foundation businesses to extract further value, returning increased value to our shareholders and stakeholders, and evaluating opportunities for organic and inorganic growth based on our capital allocation framework.

Aspirational Culture

Ensuring engagement and growth of all our employees

During the year we progressed our culture journey. Living our values, embedding our Aspirational Culture and realising our vision are vital to enable value creation for all our stakeholders. Themes contained in our Aspirational Culture include resilience, collaboration and diversity. By collectively embracing and living our Aspirational Culture we are confident that we are building a resilient organisation.

Progress during the year

- Accelerating our seven element culture journey that allows our operations to drive their own culture journey priorities while staying aligned with the overall Sasol journey.
- Equipped leaders through leadership alignment workshops and multiplier training to reinforce the identified behaviour shifts towards our Aspirational Culture.
- Started to equip employees through living the Sasol values, and diversity and inclusion workshops.
- Conducted culture survey in which 19 916 employees participated. Results indicate areas of strength and where we need to focus.
- Inappropriate conduct and improper tone at the top at the LCCP and the areas of weakness from the culture survey is receiving heightened attention.
- Introduced master classes to enable all leaders to lead in a dynamic environment with a changing workforce.



Embedding our Aspirational Culture

Chemicals

Grow specialty chemicals in select, attractive end market segments

Our Chemicals Business is well positioned to generate value-based growth through our competitive products, application know-how and close customer relations in the global chemical market.

Progress during the year

- Developing funnel of small-, medium- and large-scale organic growth initiatives to extract more volumes from existing assets.
- Developing opportunities for programmatic mergers and acquisition to grow, when capital becomes available, in selected high-value specialty chemicals markets where a competitive advantage exists.
- Two of the LCCP units, the polymer unit and EO and EG unit, were started-up during the year and are producing to expectation.
- Advancing business and market readiness for all LCCP products.
- Doubled our production capacity in China and started-up a new ethoxylation unit in that region to meet customer demand.
- Opened new wax warehouse in Sasolburg which improved the overall supply chain cost base, quality and service experience to our export wax customers.
- Advanced our digital efforts to transform customer experience using digital platforms.
- Made good progress to advance the sustainability of plastics, becoming the only African founding member of the Alliance to End Plastic Waste.
- Reviewing our asset portfolio to ensure that it is focused and remains core to our strategic objectives.

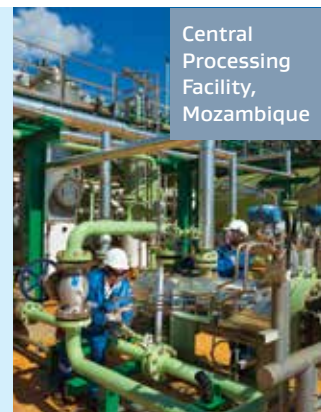
Upstream

Pursue progressive, disciplined growth in exploration and production

Upstream makes a critical contribution to Sasol as a sustainable provider of coal and gas feedstocks to enable our South African operations to drive substantial value from our integrated businesses.

Progress during the year

- Government of Mozambique continues to be a long-term strategic partner to develop and produce gas to market.
- Prioritised efforts to pursue gas options in order to protect the foundation business by contributing to solving gas supply challenges to South Africa as well as Environmental, Sustainability and Governance (ESG) requirements.
- Concluded successful bids in the year and secured two of the three applications during Mozambique's 5th Licensing Round.
- Continue to evaluate low-entry cost operations in focused areas in West Africa to create portfolio of options for execution when capital becomes available.



Central Processing Facility, Mozambique

Energy

Grow liquid fuels retail footprint in Southern Africa

Our Energy Business is highly cash generative and thrives on an integrated competitive cost advantage. We are driven by a strong technical and operational heritage. We intend to maintain a competitive edge in marketing our energy products.

Progress during the year

- In growing our retail footprint, we added 15 more sites to the retail network, bringing the total number to 410.
- Evaluating opportunities to further improve our service offering to customers through partnering with service providers and digitalisation.
- Commenced implementation of the clean fuels business concept for Secunda Synfuels.
- Well received retail advert campaign.



Sasol 'This is GlugGlug®' advert

Sustainability as a top strategic priority

Our business impacts on many sustainability dimensions

We are committed to fully embed sustainability in our organisation and in all major decisions we take.

Progress during the year

- Developed our sustainability statement, identified sustainability focus areas and prioritised four Sustainable Development Goals (SDGs) to guide our sustainability journey.
- Created a dedicated sustainability organisational structure and governance principles.
- Developed an emission-reduction framework that is focused on reducing our emissions, transforming our business processes by evaluating alternative feedstocks to coal and shifting the portfolio to reflect a lower-carbon footprint.
- Developing an emission-reduction roadmap to be incorporated in our strategy.
- Published our first Climate Change Report with qualitative assessment of robustness of the strategy.

Managing sustainability as a strategic imperative

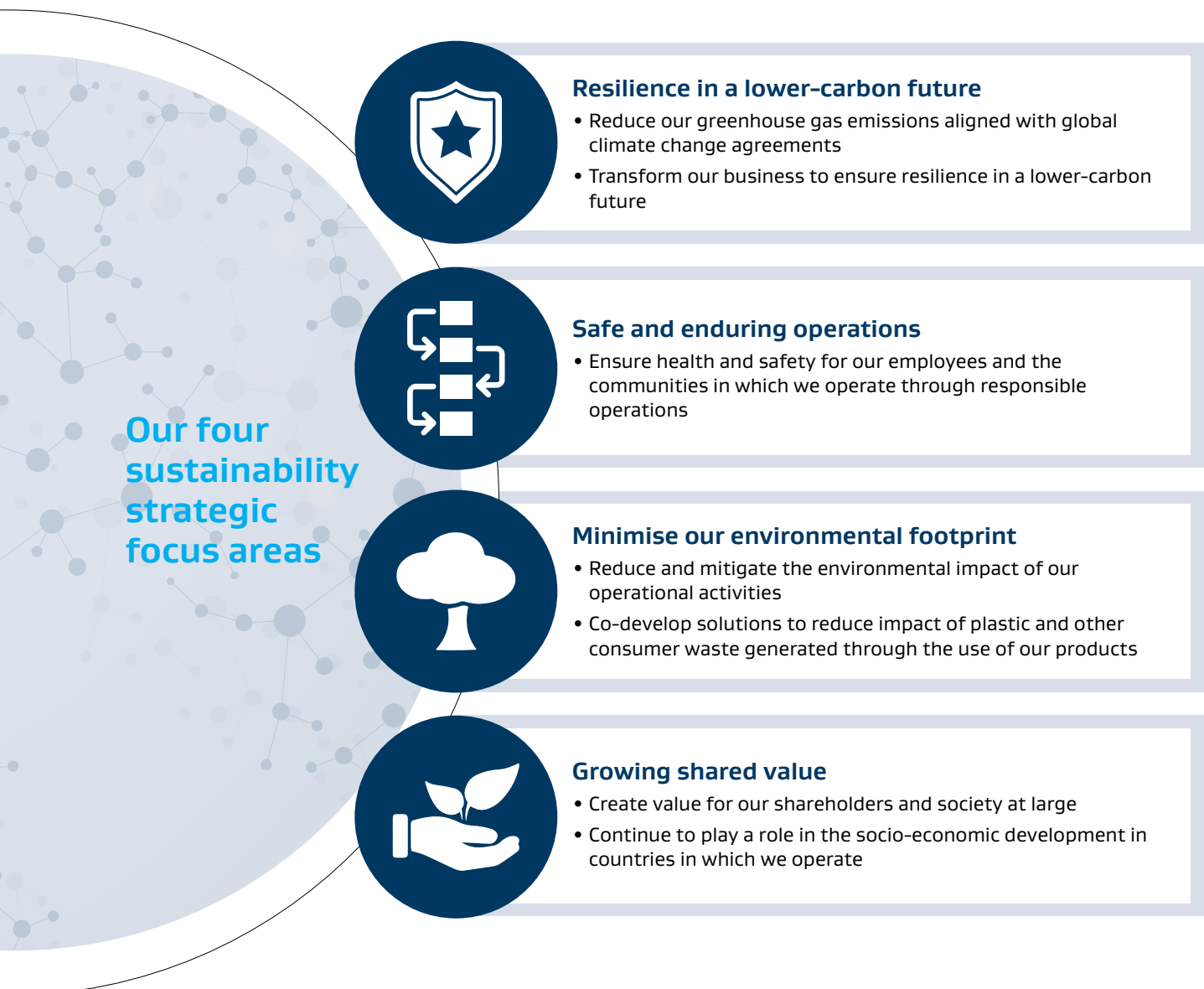
Sustainability at Sasol

At Sasol, we are proud of our unique legacy of leveraging technology to deliver positive socio-economic development in South Africa, and we are humbled by the challenges ahead of us to ensure our long-term resilience.

We understand the impact of our business on all sustainability dimensions. We are committed to the United Nations Sustainable Development Goals (UN SDGs) and we have selected four goals in particular on which to concentrate, in line with our sustainability focus areas and the needs of the countries in which we operate.

Sustainability is at the heart of our strategy, and our sustainability statement guides our efforts across our operations:

“Advancing chemical and energy solutions that contribute to a thriving planet, society and enterprise.”



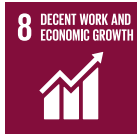
Our target

Reduce by 2030 the absolute greenhouse gas (GHG) emissions from our South African operations by at least 10%, off our 2017 baseline

Prioritising four UN SDGs

Ensuring our business is environmentally, socially and economically sustainable as part of our strategy.

We contribute to a wide range of UN SDGs that were globally introduced in 2015 as objectives until 2030. We specifically prioritise four SDGs that are linked to our sustainability focus areas and aligned with the national priorities of the countries in which we operate.



Sustained, inclusive, economic growth

- Enterprise development, economic productivity and full employment
- Transformation, diversity, gender equality and special needs



Sustainable consumption and production patterns

- Resource efficiency, limit waste, product stewardship, inclusive procurement and innovation



Urgent action to combat climate change impacts

- Mitigation, adaptation, energy efficiency and renewable energy integration



Global partnership

- Transfer of environmentally sound technologies
- Capacity building by promoting international cooperation and support

Based on our significant climate change challenge, we focus on SDG 13: Climate Action as an immediate priority.

Refer to Sustainability Report [SR](#) for more information.

Our climate change challenge

Our existing macroeconomic scenarios developed in 2016 and updated in 2018 for the Paris Agreement goal were used for robustness testing of our strategy in a lower-carbon future. While this work is still ongoing, what is evident from our scenario analysis is that our coal-based South African operations could be heavily impacted by climate change. This challenge is particularly complex given the high emission intensity of our legacy production model in Secunda and potential socio-economic implications in the context of a coal-based economy in South Africa.

We have a track record of successfully turning challenges into opportunities through technological innovation. We believe we have the talent and capabilities to address our climate change challenge.

Our response

Climate change management strategy

We developed an emission-reduction framework based on three pillars

- **Reduce** our emissions;
- **Transform** our operations; and
- **Shift** our portfolio to reduced and lower-carbon businesses.

Our organisational changes

We are committed to fully embed sustainability in our organisation and all major decisions we take, including:

- Establishing a sustainability governance and management structure;
- Capital allocation process and investment criteria; and
- Management incentives.

Our commitment to transparency

We are committed to actively engage in a transparent dialogue with our stakeholders and have established an ambitious roadmap for communication.

We have also adapted our sustainability disclosure framework in line with TCFD* recommendations, to ensure further transparency and stronger forward-looking perspectives.

Our journey ahead

We are at the beginning of a long journey, and while we have identified our priority action areas, we do not yet have all the answers. However, we are confident and energised by the opportunity ahead of us.

We are committed to providing transparent disclosure through aligning with TCFD* and are developing an emission-reduction roadmap to be communicated by November 2020.



*Task Force on Climate-related Financial Disclosures.

Measuring the delivery of our strategy

We have defined a number of targets to measure our performance. We continually monitor our performance against these targets and when necessary, revise them to take into account changes in the strategic outlook. Our short-term targets are aligned to our long-term strategic targets and are employed across the Group. They encompass both financial and non-financial indicators as well as quantitative and qualitative factors.

Sustaining business operations

Recordable Case Rate

Year	Rate
19	0,26
18	0,27
17	0,27
16	0,27
15	0,27

We remain focused on further improving our safety performance globally. The Group Recordable Case Rate (RCR) has improved to 0,26 from 0,27, our lowest level yet. Regrettably in the year we had three fatalities.

B-BBEE status

Year	Level
19	8
18	8
17	8
16	8
15*	4

*2007 codes.
With the introduction of revised B-BBEE codes in 2015, Sasol's contributor status was re-rated from level 4 to level 8 in April 2016. Since then we have launched a number of initiatives and achieved a level 4 rating a year ahead of target.


Managing our environmental matters

Total energy used

Year	Thousand gigajoules
19	400
18*	400
17*	400
16	400
15	400

*Restated to include feedstock stream at Secunda Synfuels Operations which was previously omitted.


Total energy usage remained flat while overall production for the Group increased. Sasol has achieved a 21,7% energy efficiency improvement for our South African operations and 19,5% globally, since 2005. Sasol is committed to responding to our climate change risks, including promoting energy efficiency within our operations. The Sasol Group Energy Intensity index (Eii) target is a 30% improvement by 2030.



Total water use

Year	Thousand cubic meters
19	134,260
18	134,445
17	134,445
16	134,445
15	134,445


Our total water use remained flat, 134 260 thousand cubic meters were used in 2019 compared to 134 445 in 2018. At Sasol we are committed to managing our water footprint in a responsible way while meeting environmental standards. We have set a 5% potable water reduction target for the Sasol Group until 2020 against an agreed baseline.



Total waste

Year	Kilotons
19	328
18	338
17	258
16	258
15	101

Hazardous waste generation decreased from 338 kt in 2018 to 328 kt in 2019, mainly as a result of operational requirements that necessitated an overall reduction in bio-basin desludging at the SSO+ water recovery process. We generated 237 kt of non-hazardous waste, down from 258 kt in 2018, due to a reduction in the amount of coal riddlings generated at SO**. Total recycled waste increased from 101 kt to 105 kt. Our waste management approach centres on complying with applicable legislation and adhering to waste management hierarchy principles.




GHG intensity

Year	Co ₂ equivalent/tons
19	3,61
18	3,78
17	3,78
16	3,78
15	3,78

Our greenhouse gas (GHG) emission intensity (tons CO₂e per ton of production* – meant for external sale) decreased to 3,61 in 2019 from 3,78 in 2018, due to concerted efforts towards process optimisation and higher production.

* Tons of carbon dioxide equivalent/ton production

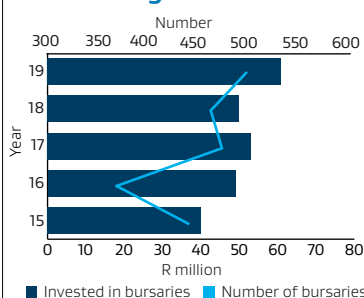


*Secunda Synfuels Operations.

**Sasolburg Operations.

Growing and developing our people

Bursaries granted



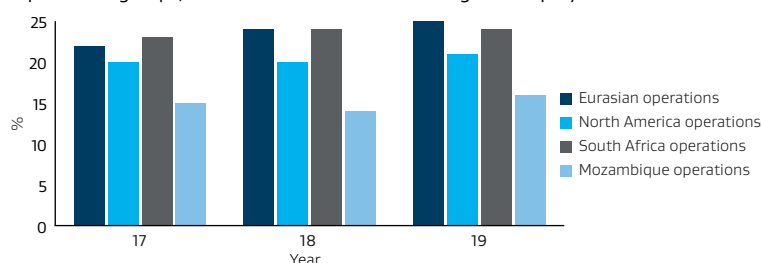
To secure and develop a pipeline of future talent, we continued awarding bursaries to top performing undergraduate and postgraduate students globally. During 2019, the size of our corporate bursary pool* increased from 462 in 2018 to 497 in 2019. As a result, our 2019 investment in the bursary scheme increased to R60,8 million.

*Excludes Sasol Global Foundation bursaries.

Gender diversity (%)

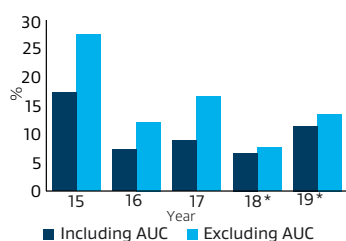


Enhancing diversity and inclusion remains essential and forms part of our strategic priorities. We achieved our targets under our 10-Point Plan which provides a set of quantitative measures designed to enable the achievement of our diversity objectives, including the recruitment, development and retention of candidates from under represented groups, as well as measures to enhance gender equity.



Financial risk and balance sheet management

Return on invested capital (ROIC)

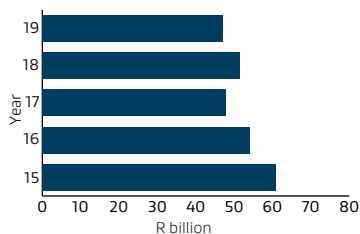


The Group's ROIC (excl. AUC)* for 2019 was significantly impacted by impairment of assets and softer macroeconomic environment. As the LCCP progresses through the sequential beneficial operation schedule, the costs associated with relevant units are expensed while the gross margin contribution follows the ramp-up profile and inventory build. Excluding the ramp-up of the LCCP, the Group's 2019 ROIC (excl. AUC) improves to 13,5% and ROIC (incl. AUC) to 11,4%, respectively.

*Excludes the ramp-up of the North American operations.

+Assets under construction.

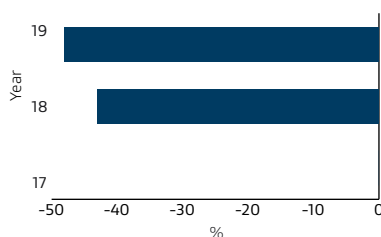
Adjusted EBITDA*



Adjusted EBITDA* decreased by 9% due to lower chemical product prices and higher LCCP operating cost. As the LCCP progresses through the sequential beneficial operation schedule, the costs associated with relevant units are expensed while the gross margin contribution follows the ramp-up profile which negatively impacted ROIC and inventory build. We expect a closer match between margin and costs for the LCCP to be achieved from 2020.

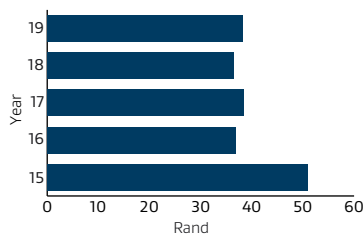
* Refer to the inside back cover (IBC) for definition of Adjusted EBITDA and CHEPS.

Quality-based earnings growth % (in US\$ real terms - 2017 baseline)



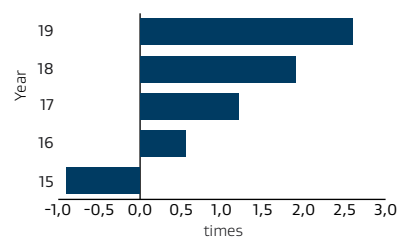
Our foundation businesses delivered resilient results with a strong volume and cash fixed cost performance against the backdrop of a challenging macroeconomic climate. Our business was impacted by market and geopolitical risks including subdued global gross domestic growth (GDP). The negative EBIT results mainly from remeasurement items in the current year.

Core headline earnings per share (CHEPS)*



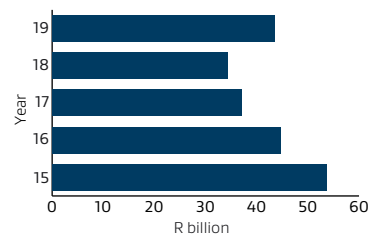
CHEPS* increased 5% to R38,13 compared to the prior year on the back of a 19% higher rand per barrel oil price.

Net debt-to-EBITDA (excluding leases)



Net debt-to-EBITDA increased to 2,6 times. This is mainly due to the higher capital expenditure but it is below the debt covenant of 3,0 times.

Cash available from operating activities



Cash available from operating activities increased to R43,4 billion compared to R34,3 billion in the prior year. This was largely attributable to favourable crude oil prices and exchange rates together with our strong working capital performance. This was offset by softer chemical prices and operating losses attributable to the LCCP incurring costs without corresponding returns while in the ramp-up phase.

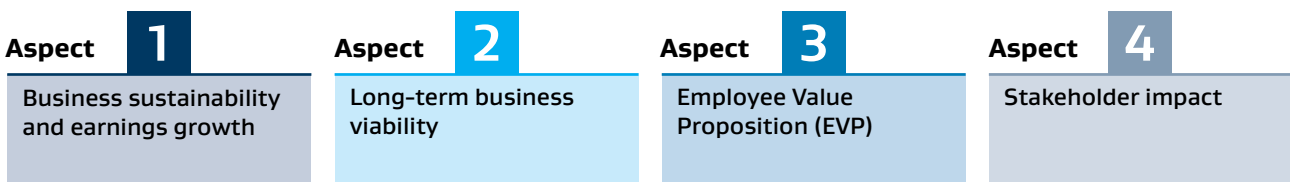
Managing Group risks strategically

We are committed to effective risk management in pursuit of our business objectives, with the ultimate aim of growing value sustainably for all stakeholders, by embedding risk management into key decision-making processes and day-to-day activities. Risk management is inextricably linked to our strategy and is an essential element of sound corporate governance, as well as a key enabler to derive benefit from opportunities. We understand the risks associated with our business and we manage them proactively and effectively, within our Group risk appetite and tolerance levels and as guided by our Enterprise Risk Management Framework, to optimise business returns.

Our risk management process

Our Group top risks are identified with due consideration of both our external and internal operating context, which are ever-changing. During 2019, in support of good corporate governance and King IV™ we further strengthened the link between our strategy and top risks by defining key business imperatives referred to as "aspects".

We identified four Group aspects:

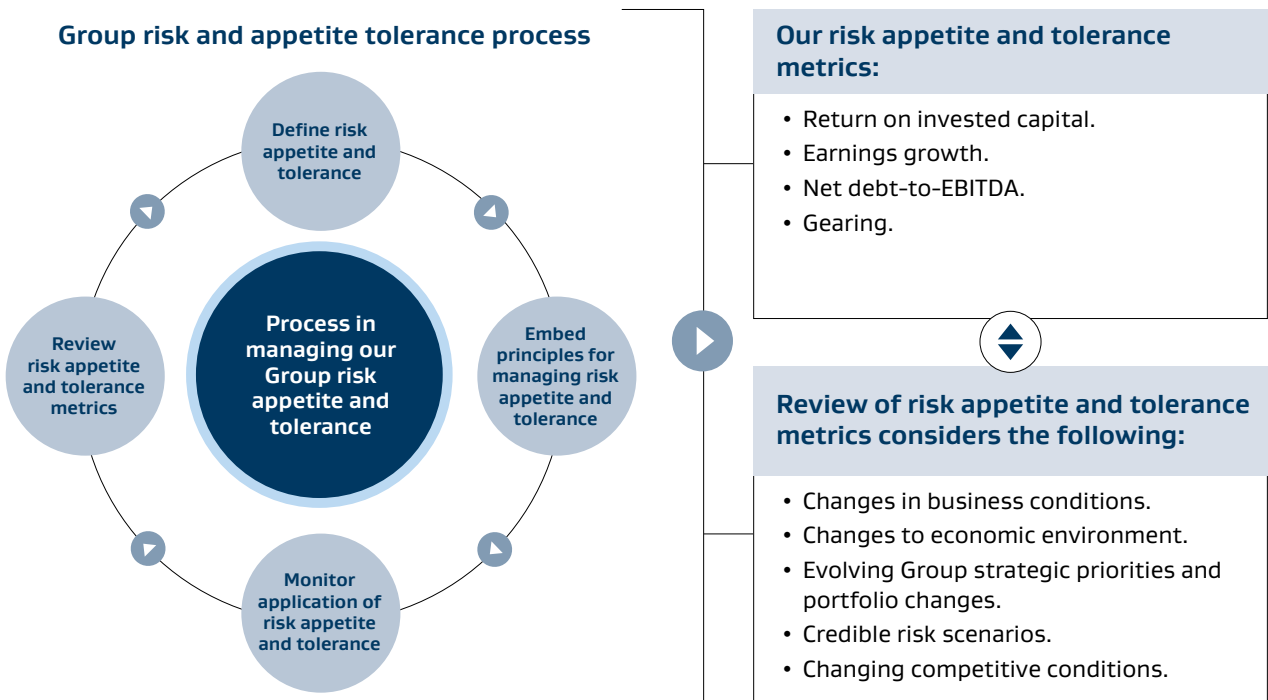


Refer to page 50 "Our top risks profile" for a more detailed description of the Group aspects.



Group risk appetite and tolerance

In order to optimise financial returns and commitments to our stakeholders we understand and proactively manage risks within set Group risk appetite and risk tolerance levels. We define risk appetite as the extent and type of risk we are willing to take in order to meet our strategic objectives. It is inextricably linked to expected financial returns. We define risk tolerance as the level of uncertainty we are prepared to accept and can cope with. It identifies the maximum boundary, beyond which we are unwilling to operate.

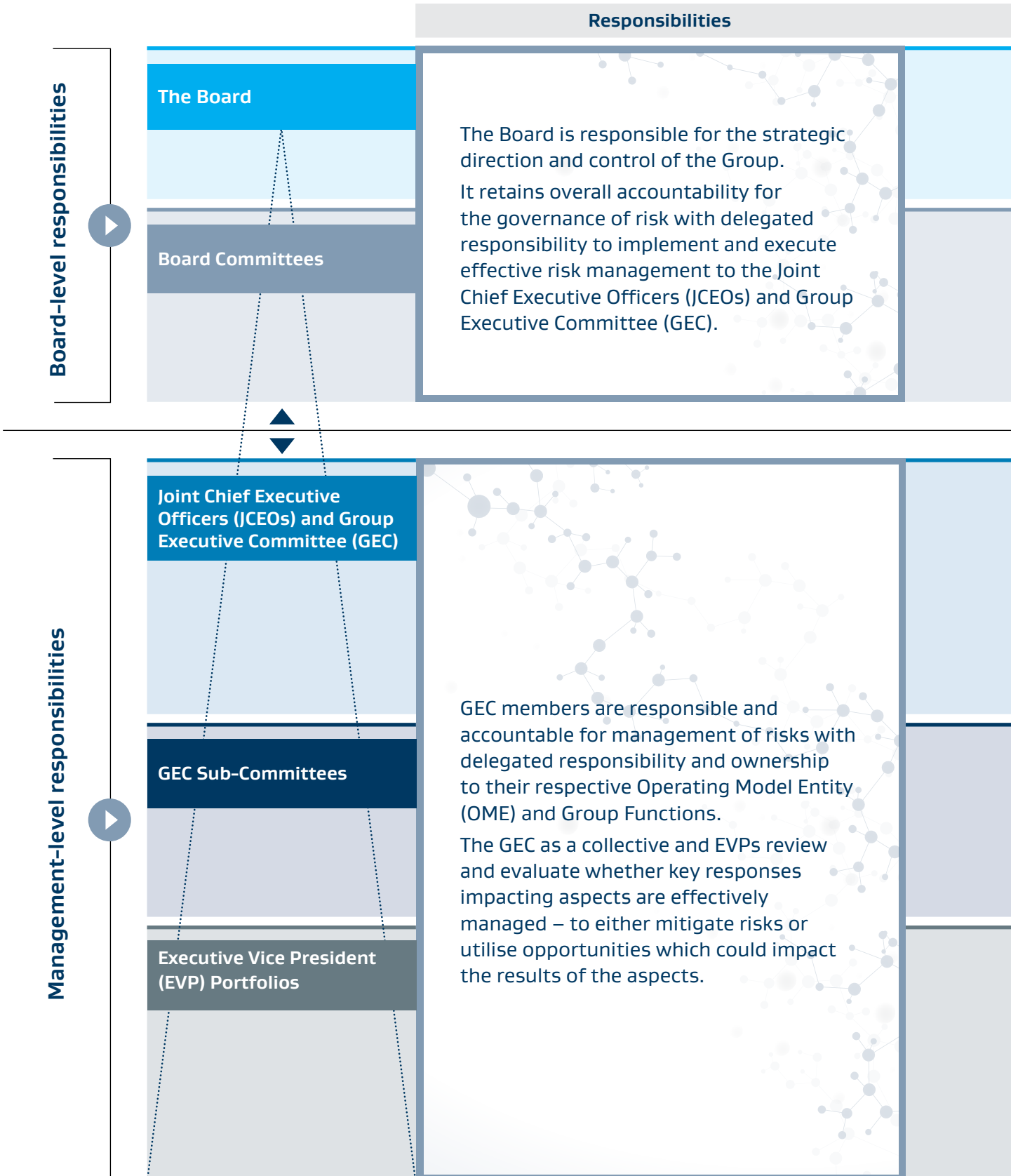


Aligned with good corporate governance practices and our Enterprise Risk Management Framework, the Board considers and approves our Group risk appetite and tolerance metrics, including any changes to the metrics, as proposed by management.



Governance and oversight of risk management

The Board and management's risk, assurance and reporting responsibilities are informed by our Risk Policy, Board Charter, governance framework and King IV™ requirements and is represented below:



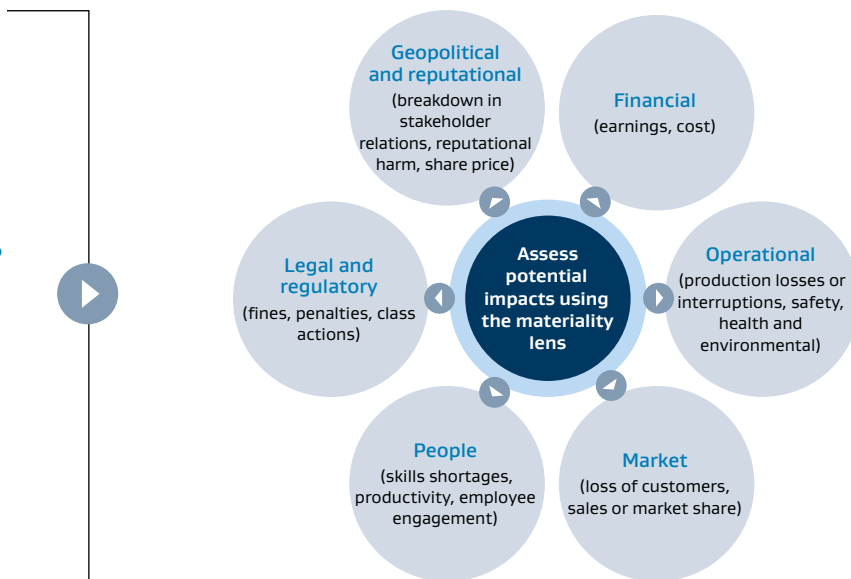
	Risk levels of work ⁺	Assurance levels of work ⁺	Reporting ⁺
	<p>The Board assigned risks related to strategy.</p> <ul style="list-style-type: none"> Review and evaluate feedback regarding key responses and significant developments from JCEOs, GEC and Board Committees. 	<ul style="list-style-type: none"> Review and evaluate assurance feedback from Board Committees as well as results of assurance related to the risk management process and strategic risks. 	<ul style="list-style-type: none"> Quarterly risk report (with assurance results) including significant developments on all top risks.
	<p>Board Committees assigned relevant top risks.</p> <ul style="list-style-type: none"> Consider the feedback regarding key responses and significant developments from the JCEOs and GEC. 	<ul style="list-style-type: none"> Review and evaluate assurance feedback from the JCEOs, GEC and assurance providers. 	<ul style="list-style-type: none"> Quarterly risk report (with assurance results) including significant developments on assigned top risks. Committee Chairperson gives feedback to the Board.
	<p>GEC review and evaluate feedback.</p> <ul style="list-style-type: none"> Review and evaluate feedback on key responses and significant developments from the GEC Sub-Committees and/or EVPs. Assess materiality of significant developments. 	<ul style="list-style-type: none"> Note and consider the results of assurance as provided by the various assurance providers to confirm the risk process is working and key responses remain effective. Review and evaluate assurance feedback from GEC Sub-Committees and/or EVPs, and consider developments. Direct specific assurance requirements and scope of assurance. 	<ul style="list-style-type: none"> Escalate to the Board/Board Committees, based on assessment of materiality, the status of key responses, including significant developments to top risks and assurance results.
	<p>GEC Sub-Committees assigned and monitor relevant top risks.</p> <ul style="list-style-type: none"> Monitor effectiveness of key responses and track status of associated key performance indicators (KPIs). Review significant developments related to top risks. 	<ul style="list-style-type: none"> Review results of assurance per combined assurance landscape. Where deficiencies are identified, ensure remedial actions are implemented. Provide assurance to GEC that key responses remain adequate, and significant developments are addressed. 	<ul style="list-style-type: none"> Quarterly risk report (with assurance outcomes) including significant developments on assigned top risks. Committee Chairperson gives feedback to GEC.
	<p>Understand how top risks impact OMEs/Group Functions in respective portfolios.</p> <ul style="list-style-type: none"> Ensure the risk process is embedded, key responses have been implemented and effectiveness is monitored. 	<ul style="list-style-type: none"> EVPs direct specific assurance requirements. EVPs obtain and provide assurance to GEC, as it relates to effectiveness of key responses, through the execution of the combined assurance plans. Accountable respective EVPs obtain and review regular summary reports of results of assurance as it relates to their portfolios. 	<ul style="list-style-type: none"> Reporting in the EVPs portfolio includes feedback on status of key responses and assurance results.

⁺ Risk and assurance levels of work and updated reporting was initiated in 2019 and will only be fully implemented from 2020 onwards.

Application of materiality lens to assess the potential impact of our top risks

We express our Group top risks as either key undesirable events or opportunities and apply a materiality lens to assess the potential impact should the risks occur. We consider both quantitative and qualitative impacts.

Materiality lens to assess potential impact of top risks



Our top risks profile

The four aspects which reflect key business imperatives are anchors for our Group top risks as they could have a material impact on our strategy:

Group aspects

Aspect 1

Business sustainability and earnings growth

- Creating a safe and caring environment anchored in “zero harm” where safety performance is top-of-mind.
- Short-to-medium term execution of strategy anchored in our ability to remain profitable, and deliver on earnings growth which exceeds cost of capital.

Aspect 2

Long-term business viability

- Long-term sustainability, delivery on long-term strategy and opportunity management, including climate change related risks*.
- Ensuring a balanced approach between growth and returning value to shareholders.

* Refer to our Climate Change Report **CCR** for further information.

Aspect 3

Employee Value Proposition (EVP)

- Ability to attract new talent, retain and develop talent, have engaged and high-performing talent, and be acknowledged as employer of choice.
- Transformation and global diversity management.

Aspect 4

Stakeholder impact

- Being a credible stakeholder partner, which implies a company with:
- good reputation performance; and
 - ability to effectively manage stakeholder relations.

Watch list

Our top risks profile includes a “watch list” which contains risk areas not specifically covered in top risks and is constantly evolving. Jointly the top risks and “watch list” represent a comprehensive coverage of risk themes that could potentially impact our business.

- Asset inflation.
- Major public health crisis and global pandemics.
- Global security incidents.
- Disruptive/new technologies.
- Energy mix of primary energy sources.
- Use of social media as it relates to our stakeholder management and reputation.
- New and changing laws and regulations with significant potential impact on our business.
- Country-specific risks.

Top risk themes linked to aspects

Aspect 1 Business sustainability and earnings growth

Financial risks

Include macroeconomic factors impacting key business drivers, financial market, credit rating, cost, heightened balance sheet gearing pressure, solvency and liquidity risks.

Key responses

- Hedging policy is in place to prudently manage our financial market risks.
- Utilisation of Group assumptions and forecasting process to plan for short- and long-term key macroeconomic factors.
- Implementation of appropriate balance sheet protection.
- Implementation of Continuous Improvement and sales and operations planning processes to maximise integrated margins across our value chains.

Project delivery risks

Include cost, schedule, quality and project safety risks driven by both internal delivery risks as well as risks arising from unexpected or unanticipated changes in the external environment.

Key responses

- Integrated project management teams manage our capital projects.
- Advancing the Capital Project Excellence Programme which positions us as a continuous learning organisation.
- Established an "excellence model" to address risks associated with potential cost and schedule overruns of our projects. Continuously review the overall status of projects.
- Project governance processes ensures quality delivery.
- Manage safety, health and environment (SHE) risks in the project environment using project SHE management methodologies.

Non-compliance and governance risks

Include risks associated with legal compliance in multiple jurisdictions as well as risks associated with adherence to corporate governance requirements.

Key responses

- Multi-disciplinary compliance programmes are in place and we identify changes in the regulatory landscape to ensure compliance with applicable laws and good governance practices.
- Set the appropriate tone at leadership level through ethical codes of conduct, policies and procedures.
- Conduct annual compliance training and confirmations and adhere to our listing requirements.

Operational interruption risks

Include various risks that could result in unplanned operational and reliability interruptions.

Key responses

- Implement and embed the Sasol Operations Management System.
- Monitor reliability of non-Sasol electricity and water infrastructure.
- Continue to focus on our energy efficiency targets and implementation of site water use efficiency measures.
- Manage feedstock supply through buffer capacity as well as alternative sources.
- Execute and monitor critical information security controls and implementation of the Information Management security maturity roadmap.
- Maintaining labour stability and monitoring for potential civil unrest.
- Use insurance as a means of transferring risk and mitigating the impact of a catastrophe.
- A Group crisis management centre, emergency response and contingency plans are in place to respond to crises or emergency.

Major safety, health or environmental (SHE) incidents risks

Include risks associated with process safety, occupational safety as well as occupational health and product safety incidents.

Key responses

- We have a zero harm philosophy to safety, health and environment (SHE).
- The One Sasol SHE Excellence Approach standardises initiatives to improve safety performance including occupational health and product transportation.
- Focus areas identified to address high-severity injuries (HSI) and fatalities.
- Continue to focus on process safety management through the implementation of Group procedures for process safety management.
- Implementation of environmental roadmaps (i.e. capital projects), to address and minimise our impact on the environment.

Aspect 2 Long-term viability

<p>Strategic risks Include risks associated with our ability to remain competitive in current and future markets, changing global marketplace dynamics, current technologies becoming uncompetitive, impact of disruptive technologies, access to feedstocks and markets, capital allocation and capital availability.</p>	<p>Key responses</p> <ul style="list-style-type: none"> • Consistently test the robustness of our strategy and portfolio management using scenario analysis. • Disciplined capital allocation. • Geographically diversified asset base to reduce risk exposure and secure access to distribution channels globally. • Monitoring of developments in major markets including new competitor entrants and increased global capacity builds. • Monitoring technological advances, managing spend on our Research and Development portfolio and improving our existing technology offering. • Advancing our alternative gas supply programme. • Continuously assess the efficacy of our operations against global benchmarks. • Improve customers' experience and drive portfolio optimisation. • Actively focus on building sound, mutually beneficial partnerships with all our stakeholders and honouring our commercial obligations. • Focusing our growth in high-value and differentiated markets.
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<p>Future legal licence to operate risks Include changing policy and regulatory requirements in multiple jurisdictions and challenges with regards to delivery on environmental commitments.</p>	<p>Key responses</p> <ul style="list-style-type: none"> • Continuously monitor developments in policy and regulatory landscape to understand the impact on our business. • Proactively engage with stakeholders to make appropriate disclosures, partake in policy issues, pending law reform processes and challenges with regards to our legal licence to operate. • The management of our natural resources; air, water and land remain an area of focus as we implement our committed environmental roadmaps and offsets programmes.
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<p>Climate change impacts on business risks Include our ability to develop and implement an appropriate climate change mitigation response, increasing societal pressures, access to lower-carbon energies and our ability to meet new and future policy and regulatory requirements. This is particularly challenging in South Africa.</p>	<p>Key responses</p> <ul style="list-style-type: none"> • Monitor the climate change landscape and proactively engage key stakeholders to develop appropriate responses. • Undertake robust scenario analysis in a carbon-constrained world, incorporating potential strategy and portfolio shifts. • Released a detailed Climate Change Report.
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<p>Geopolitical risks Include risks associated with operating in a range of countries and regions, with varying geopolitical, socio-economic and developmental landscapes.</p>	<p>Key responses</p> <ul style="list-style-type: none"> • Continuously monitor socio-economic developments and geopolitical events in host countries. • Conduct regular engagements with host governments, local authorities, communities and non-governmental organisations (NGOs) to understand the drivers of socio-economic and geopolitical events.
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Aspect 3 Employee Value Proposition

<p>Human capital risks Include risks associated with our ability to ensure an enticing employee value proposition, maintaining a high-performance culture with high levels of engagement and productivity, global diversity management and managing organisational change.</p>	<p>Key responses</p> <ul style="list-style-type: none"> • Our integrated talent management strategies, framework, principles and standards assists us define, understand and respond to talent requirements. • Implementing targeted programmes to improve diversity and gender representation. • Continue our culture transformation journey to instil and embed our values and enhance leadership behaviour. • Enhance our employee value proposition strategy. • Succession plans to facilitate employee-readiness for future positions.
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Aspect 4 Stakeholder impact

<p>Stakeholder risks Include risks associated with delivering on stakeholder commitments, transformation and local content objectives and responding to Environmental, Social and Governance (ESG) matters.</p>	<p>Key responses</p> <ul style="list-style-type: none"> • Engage regularly with our key stakeholders to position Sasol as a credible stakeholder partner. • Our Reputation Management Programme is aimed at enhancing the perceptions of our organisation. • Acknowledge and understand transformation and local content requirements in the regions in which we operate and have plans in place to achieve specified requirements. • Regularly review and benchmark our governance and ESG structures and processes against industry best practice. This includes robustness testing of our value-based strategy against ESG expectations and requirements.
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Material matters impacting our strategy



Our material matters are issues that have the potential to impact, both positively and negatively, our value creation in the short, medium and long term. These material matters are aligned with our risk aspects. Managing them effectively could support or hinder our ability to execute our strategy and remain competitive.

We use the following process to manage our material matters:



STAKEHOLDER INCLUSIVENESS SUSTAINABILITY CONTEXT

Material matters which impact on our ability to create value



Advancing sustainability



Growth momentum – delivering the Lake Charles Chemicals Project



Safe and reliable operations



Effective human capital management



Balance sheet management



Advancing sustainability

Why this is important

Sustainability has become a global imperative for companies, investors, governments, consumers and other stakeholders. Sasol commits to contributing towards a sustainable society and while we continue to embed sustainability in our day-to-day decision-making and governance processes, we must strengthen our focus and capacity to respond to this crucial challenge. We aim to reduce and mitigate the impact of our activities on the environment, continue to play a role in the socio-economic development of South Africa and other countries in which we operate, and sustainably grow shareholder value. Environmental, Social and Governance (ESG) matters affect Sasol's reputation, financial performance and sustainability.

To advance the sustainability of our integrated value chain, we need to secure long-term gas feedstock for our facilities. This in turn supports our efforts to reduce our greenhouse gas emissions. We also need to progress long-term credible and affordable investment options that are less carbon intensive, to move us to our aspired portfolios in Chemicals, Upstream and Energy. In South Africa, a carbon tax was introduced for the first time in 2019, which negatively impacts our current and future earnings. To protect the long-term resilience of our business, we are addressing climate change as an immediate priority to find solutions to reduce our greenhouse gas (GHG) footprint.

Targets

30% global energy efficiency improvement by 2030, of 2005 baseline.

Maintain a 302 million tons CO₂e carbon budget by end of calendar year 2020.

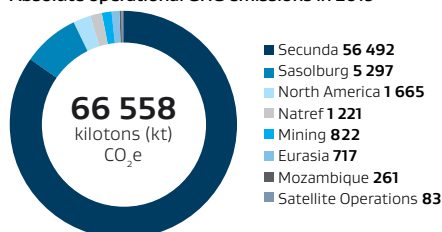
Reduce by 2030 the absolute GHG emissions from our South African operations by at least 10%, off our 2017 baseline.



Current status

- Current GHG emissions from our operations approximates 66 million tons, which is equivalent to large global integrated oil companies.

Absolute operational GHG emissions in 2019



Link to risks

- **Non-compliance and governance risks**
- **Operational interruption risks**
- **Strategic risks**
- **Future legal licence to operate risks**
- **Climate change impacts on business risks**
- **Geopolitical risks**
- **Human capital risks**
- **Stakeholder risks**

What we have done about this

- Articulated a sustainability statement to guide our sustainability efforts.
- Accelerated work to define Sasol's long-term sustainability statement and emission-reduction roadmap to 2050 and created a dedicated team led by newly established Chief Sustainability and Risk Officer.
- Introduced a Sustainability Coordination Committee to respond and ensure alignment on sustainability-related matters.
- Improved coordination of work on environmental sustainability, focusing first on climate change and feedstock supply for South Africa.
- Established a dedicated team to develop and deliver alternative gas supply opportunities.
- Adopted the Task Force on Climate-related Financial Disclosures guidelines.
- Joined Alliance to End Plastic Waste, a global initiative to eliminate plastic pollution.
- Pursued various community development initiatives, and linked some of these to the waste hierarchy principle of reducing, recycling and disposing responsibly.

Short- to medium-term actions

Embed Sasol's sustainability statement and how we can continue to **deliver value, growth and employment** as we **transition to a lower-carbon future**, leveraging our **Aspirational Culture journey**, which commits us to **sustainable business practices**.

Develop emission-reduction roadmap by November 2020 to **reduce our GHG emissions in South Africa** which can be tracked and reported on.

Identify **alternative gas supply opportunities**.

Adopted **SDG goals**, namely:



Long-term actions

- Take actions to make our **South African operations resilient** in a lower-carbon future.
- **Continue to improve the way we operate** to identify, minimise or avoid adverse environmental and social impacts while creating inclusive stakeholder value.
- **Ensure greater positive impacts** for our neighbouring communities and the economy and encourage communities to invest in local systems that collect, sort and treat plastic waste in a way that keeps it out of our land and marine environments.
- **Consider credible and affordable investment opportunities**, particularly in Southern Africa retail fuels, high-value specialty chemicals in differentiated markets and our West African and Mozambican upstream portfolio.
- **Secure the long-term feedstock** for our facilities.



Growth momentum – delivering the LCCP

Why this is important

Our value-based strategy positions us for a sustainable future. Delivering the LCCP is an essential enabler of our strategy, in particular by strengthening our specialty chemicals portfolio.

The Louisiana project – a 1,5 million ton per year ethane cracker and six downstream chemicals units – is significant for Sasol. It will transform our earnings profile and diversify our risk. It will triple our chemical production capacity in the US, bolstering our position in a growing chemicals market. It will represent more than a third of Sasol’s total assets and have profound financial benefits for the Group. However, in the year we were extremely disappointed to update the project schedule and revise our guidance for the LCCP’s capital cost up to US\$12,6 – US\$12,9 billion from US\$11,13 billion. The higher costs, coupled with the latest market pricing outlook, led to a decline in the LCCP’s forecast internal rate of return from 7,5% to 6,0% – 6,5%. The increased costs also mean that Sasol’s gearing will remain elevated for the next 18 to 24 months and the balance sheet will be constrained allowing for little or no growth.

We therefore expect to see a delay in the execution of our strategy as growth projects, investments in mergers and acquisitions, and study costs are being deferred. In this period, we remain focused on delivering on our Continuous Improvement programme, progressing our portfolio optimisation programme, modernising our business and improving customer experience through digitalisation, advancing our sustainability journey and finding alternative gas supply for our operations.

Targets

LCCP adds up to **20%** or approximately **US\$1 billion** to our earnings before interest, tax, depreciation and amortisation from 2022.

Deliver on our strategic targets refer to pages 38 to 39.



LCCP status

- Commissioned LCCP’s steam system as well as all other utilities to support the early process units.
- Brought online the first two production units – the linear low-density polyethylene and the ethylene glycol/ethylene oxide facilities.
- In August 2019, brought ethane cracker online.
- By 30 June 2019, reached overall project completion of 98%, construction progress at 94% and capital expenditure of US\$11,8 billion.
- Continued to report excellent safety performance.

Link to risks

- Financial risks
- Project delivery risks
- Strategic risks
- Human capital risks
- Geopolitical risks
- Stakeholder risks

What we have done about this

- LCCP – the Board has completed an independent review into the circumstances that may have delayed the prompt identification and reporting of the LCCP cost and schedule overruns. The following actions have been implemented:
 - Senior leadership changes at LCCP and strengthened our project controls in the organisation;
 - Further strengthened the oversight, leadership for the project and the frequency of reporting; and
 - Segregated duties between project controls and project execution environment.

Refer to page 60 Governance overview for further details.

Short- to medium-term actions

Continue to ramp-up production units in line with schedule.

Drive further integration of teams to **deliver on commissioning, operations and business-readiness milestones**, customer commitments and earnings guidance.

Bring online the following facilities: **low-density polyethylene (LDPE) in second quarter, ethoxylate in third quarter and Ziegler and Guerbet in the fourth quarter of financial year 2020.**

Position for growth **by identifying and developing credible investment opportunities.**

Long-term actions

- **Maintain the 700 new full-time jobs** at Lake Charles, amid **record low levels of unemployment**, specifically on the US Gulf Coast.
- **Explore opportunities** for debottlenecking of the LCCP.
- Investigate further derivatisation to **improve efficiency and further shift the LCCP product slate** toward higher-margin products.
- Further **strengthen our specialty chemicals portfolio** globally.
- Use Lake Charles as a **significant platform for Sasol’s growth.**
- Explore opportunities for **growth in oil and gas.**



Safe and reliable operations

Why this is important

Safe and reliable operations are critical to value creation, supporting our strategy. We strongly believe that good safety is good business. We work to build a strong, safe culture within Sasol and strive to reduce risks and minimise the potential impact of any incidents.

We aim for reliability in operations to deliver superior returns to shareholders and maintain a positive customer experience. A key dependency for reliable operations is the supply of utilities and raw materials. In 2019, we faced interruptions to ethylene deliveries in Europe due to an external force majeure as well as power supply interruptions in South Africa which resulted in much lower than expected

production volumes and in turn profitability. These were uncontrollable events which we could not plan for.

However, when evaluating the controllable factors, we had an extended total shutdown of Secunda Synfuels Operations which impacted overall production in the first half of the year. The teams worked tirelessly in the second half of the year, with renewed vigour to almost make up the lost volumes and achieved record production rates in these months.

To ensure sustainable operations, we are modernising our operations and investing in digital as an enabler that will drive enhanced safety, improve customer experience, increase the efficiency of existing operations and create new value through innovation.

Targets

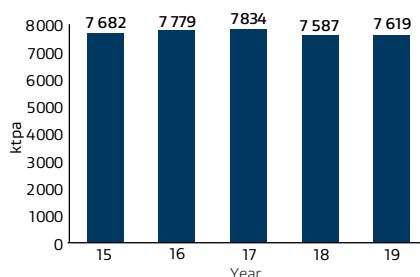
Zero harm at all our operations globally

2019 target of no more than **17** fires, explosions and releases (FERs)

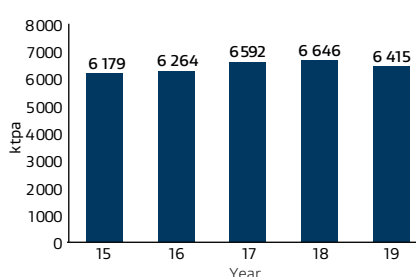
Status

- After a noticeable downward trend in the number and severity of significant process safety incidents over the past five years, in 2019 we experienced two more incidents than in 2018.
- The current RCR for the Lake Charles Chemicals Project (LCCP) is 0,10. We were able to achieve this RCR despite several thousand contractors on-site simultaneously constructing six different (yet interconnected) chemical manufacturing units and a world-scale ethane cracker. As we begin the start-up of the units, Sasol continues to emphasise safety and the reduction of risks.
- Secunda Synfuels Operations achieved annualised run-rates above 7,8 mtpa after the shutdown and we expect that this trend will continue into 2020.
- Experienced three tragic fatalities.
- Number of employees hospitalised reduced by 32% from 2018.

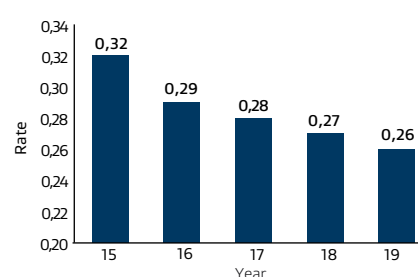
Production Secunda Synfuels Operations



Saleable chemical production



Recordable Case Rate



Brunsbüttel, Germany



What we have done about this

- Developed a process safety management framework, including implementing standard operating procedures, safe work practices, ensuring the integrity of equipment, managing service providers and ensuring operational discipline.
- Set up a process safety management task team to perform further analysis of prevalent control failures and recommend corrective measures.
- Revised our process safety indicators to strengthen controls and identify potential weaknesses in both maintenance plans and those practices that compromise effectiveness of controls.
- Invested in digital in our foundation businesses, resulting in energy efficiency gains.
- Natref improved run rates through focused management interventions.
- Successfully executed a highly integrated shutdown in Sasolburg, allowing for continued stable production and optimal utilisation of the gas engines to generate electricity.
- Investing in digital in foundation and growth businesses:
 - Established a central digital office to support business in operationalising digital initiatives;
 - Implemented a number of proof concepts and pilots to identify the big value buckets;
 - Implemented our yield, energy and throughput (YET) optimisation programme in two Eurasian Operations, using advanced analytics techniques; and
 - Developing our human capital by building digital competencies and ways of working.

Short- to medium-term actions

Return to stable operations at Secunda, **increase mining productivity and ensure incrementally greater chemicals extraction.**

Foster a culture where employees are **engaged, inspired and focused** to ensure safe and reliable operations.

Support a power grid-strengthening project to increase the reliability and capacity of public power utility supply to Secunda.

Broaden our options for gas supply beyond current reserves in Southern Mozambique to **ensure continued success of our value chain, as well as provide other opportunities**, including greater power generation in South Africa.

Scale YET digital programme in South African and additional sites at our Eurasian Operations.

Simplify and enhance customer interfaces and ways of working.

Implement our **finance for the future programme** to enable real-time visibility of volumes, costs and forecasts.

Long-term actions

- Leverage wearables and mobile technologies to reduce safety incidents, manage service providers more effectively, shorten maintenance windows and improve operational productivity across our operating units.
- Develop digital solutions to monitor assets and processes allowing for improved predictability and greater automation.
- Further improvement on our energy efficiency to 30% by 2030.
- Culture of engaged and motivated employees.

Link to risks

- Financial risks
- Project delivery risks
- Non-compliance and governance risks
- Operational interruption risks
- Major safety, health or environmental incidents risks
- Strategic risks
- Geopolitical risks
- Human capital risks
- Stakeholder risks





Effective human capital management

Why this is important

The diverse knowledge, talents, skills, abilities, experience and character of our people are central to driving the sustainability and growth of our business. Without the effective management and deployment of our people, our strategic objectives, goals and targets will never be realised.

Motivating and inspiring our people is at the heart of our Aspirational Culture – including embracing and living our values, working together as one Sasol and developing a leadership style that supports an engaged workforce and committed service providers to deliver on our top priorities.

Safety is a core value and a top priority for Sasol. It is integral to our culture. Our approach to ensuring a safe workplace is built on a strong foundation of leadership and competency and is strengthened by clear policies and procedures. We believe zero harm is possible through singular focus and disciplined teamwork. Any fatality is unacceptable.

Targets

Achieve zero harm to our people (RCR)

Be recognised as an employer of choice



Status

- Equipped leaders to reinforce three identified behaviour shifts to ensure that our Aspirational Culture comes to life:
 - a culture that promotes speaking up and constructive dialogue;
 - promote performance accountability; and
 - break down organisational silos and build a culture of collaboration.
- Contributed to labour stability in South Africa through multi-year wage agreements in the mining (three years to June 2020), petroleum (three years to June 2021) and chemicals (two years to June 2019) sectors.
- Reported three tragic fatalities in 2019. Despite this, we saw a positive trend in injury statistics from 2018:
 - Lost work day case injuries: 78 from 104;
 - Number of people hospitalised as a result of work-related injuries: 40 from 77;
 - Lost work day case rate: 0,10 from 0,11; and
 - Recordable Case Rate (RCR): 0,26 from 0,27.
- Invested R33 million in leadership training in South Africa.

Link to risks

- Major safety, health or environmental incidents risks
- Human capital risks
- Stakeholder risks

What we have done about this

- Conducted the 2019 culture survey, an important measure of employee engagement and Aspirational Culture. 19 916 employees participated, and the global employee engagement score was 61%.
- Maintained strong and relatively stable employee relations across our global operations, however these were negatively impacted in South Africa by the introduction of our new B-BBEE scheme Sasol Khanyisa among those employees who did not qualify and the non-delivery of share value under the previous scheme, Sasol Inzalo.
- Honed our succession planning, which is designed to enhance career development opportunities for emerging leaders, drive greater employee engagement and the retention of top talent.
- Introduced Sasol Cares as part of our enhanced employee value proposition to employees in South Africa. This represented the distribution of R266 million in preferred benefits to 26 464 permanent employees. Began planning similar initiatives for employees in all global operations aligned to specific socio-economic trends.
- Embedded high severity incidents (HSI) focus areas and toolkits at OMEs and allocated 70% of annual safety STI targets to proactive, leading indicators.

Short-, medium- and long-term actions

Realise an organisational culture shift and embed our Aspirational Culture to deliver our value-based strategy. Create an **environment which inspires and motivates all employees** to perform at their best.

Introduce initiatives to ensure that the sentiments of our Aspirational Culture become the lived experience of our employees and service providers.

Underpinned by our corporate values and code of conduct we will continue to **promote high ethical standards, combat corruption** and promote **respect for human rights**.

Manage safety, health and environment risks and provide assurance that causes of **high-severity injuries (HSIs) are understood and learnings assimilated** and embedded as part of our HSI prevention programme to **avoid repeat incidents**.

Ensure that all our employees acknowledge their responsibility and authority to stop unsafe work; continue with **our daily safety talks and safety moments** to reinforce our safety rules and behaviours.



Balance sheet management

Why this is important

The cost increases and schedule delay of the LCCP placed a significant strain on our balance sheet. Our gearing ratio moved outside our target range, exceeding 50% and our net debt to EBITDA ratio was 2,6 times which impacts on our credit ratings.

At Sasol, our credit ratings remain sacrosanct and hence in the year, there was heightened focus from the Board on cash conservation. This meant that our growth ambitions and related study costs were deferred and discretionary spend was cancelled. Discretionary cash fixed costs were further reduced, while still maintaining safe and reliable operations. In addition, our final dividend was passed as we keep gearing within our risk targets.

Careful management of the balance sheet ensures that Sasol can withstand macroeconomic volatility, have sufficient cash to run our business optimally, as well as have access – on the most favourable terms – to capital markets to take advantage of growth opportunities. It provides comfort to funders that Sasol is a well-run company that looks forward and has the capacity to withstand adverse movements in key macroeconomic variables. It also underpins management trust and credibility.

Targets

2020 gearing 55% – 65%
(Including adoption of new accounting leases standard)

Long-term gearing 20 - 40% (target 30%)

2020 net debt/EBITDA 2,6 - 3,0 x

Long-term net debt/EBITDA 1,0 - 1,7 x (target 1,5 x)

Maintaining our investment grade credit ratings

We also look at solvency and liquidity in assessing the health of the balance sheet



Link to risks

- Financial risks
- Strategic risks
- Human capital risks
- Stakeholder risks

What we have done about this

- Focused capital and cost management to conserve cash, this resulted in a delay in some of the execution of our growth plans. We also deferred payment of STIs and accelerated the asset review process with the establishment of a dedicated team.
- Accelerating our Continuous Improvement plan to unlock cash from working capital, capital efficiencies and elimination of waste in our cost base.
- Consistent hedging of exposure to movements in the rand exchange rate and oil and ethane prices.
- Displayed agility in moving quickly to address the extension in peak gearing related to the delays in the LCCP start-up and cost overruns.
- Refinanced LCCP debt in two stages and two different markets.
- Issued bonds to increase balance sheet flexibility.
- Maintained transparent and trust-based relationship with ratings agencies.
- Adjusted loan covenant level from 2,5 x net debt: EBITDA to 3,0 x after international benchmarking exercise, at no additional cost.
- Announced our plan to divest of US\$2 bn of assets within next 18 – 24 months.

Short- to medium-term focus

Adoption of IFRS 16 'Leases' will add approximately **5% to our gearing in 2020.**

Manage balance sheet's risk prudently by means of our financial risk management framework, including our hedging programme principles.

Secure cashflows from LCCP and existing operations.

Start hedging ethane production **expected from the LCCP's new cracker.**

Continued review by the **Board of the health of the balance sheet**, including **solvency and liquidity matrix** at least three times a year, taking a 24-month forecast into account.

Deleverage balance sheet and target a **step-up dividend by 2022**, when in balance sheet targeted range.


Continue with value-driven review of assets aimed at **optimising our portfolio, targeting disposal of assets with an aggregate net asset value exceeding US\$2 bn.**

Long-term focus

- **Continue to use our capital allocation principles** (see page 34) in considering credible and affordable investment opportunities.
- Continue to **optimise our portfolio.**
- Access capital markets to **fund compelling growth opportunities.**

Governance overview

Sasol is a values-based organisation, committed to high standards of business integrity and ethics. The Board steers and sets the direction of the Group and brings independent, informed and effective judgement and leadership to bear on material decisions reserved for the Board, while ensuring that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced.

 For more details on the responsibilities, powers, policies, practices and processes of the Board, Directors, Group's Executives and other officials, refer to the Board Charter as well as the Group's Memorandum of Incorporation on our website, www.sasol.com.

Primary tasks of the Board in 2019 included:

Cost, schedules and controls on the Lake Charles Chemicals Project (LCCP)

In May 2019, the Board commissioned an independent review into the circumstances that may have delayed the prompt identification and reporting of the Lake Charles Chemicals Project (LCCP) cost and schedule overruns. The purpose of the review was to consider the circumstances that may have delayed the prompt identification and reporting of these developments, root causes, and the legal consequences thereof. The review has now been concluded. The Board has made the following key findings:

- The primary responsibility for shortcomings in relation to the LCCP lies with the former leadership of the LCCP's Project Management Team (PMT), which engaged in conduct that was inappropriate, demonstrated a lack of competence, and was not transparent. However, on balance, the Board finds that there is not sufficient evidence to conclude that these individuals acted with an intent to defraud.
- In addition, certain governance shortcomings relating to the LCCP also contributed, including a culture of excess deference within the project-related control environment and governance structures that oversaw the LCCP.
- Certain persons within the PMT responsible for the management of the company reported inaccurate capital cost projections to senior executives and the Board.

In accordance with the South African Auditing Profession Act 26 of 2005, these findings constitute a reportable irregularity on the basis that such persons may not have acted with the necessary care, skill and diligence required, which failure has caused, or is likely to cause material financial loss to the entity or stakeholders in its dealings with the entity, or, alternatively, this activity may have constituted a material breach of fiduciary duties by such persons.

As a result of this activity, the company removed all work responsibilities and initiated disciplinary action against one individual and negotiated the separation of three additional individuals, and took other remedial actions. Management believe that these actions effectively remediate the activities that gave rise to a reportable irregularity, however this did not remediate all the deficiencies which, in aggregate, resulted in a material weakness as described below.

In accordance with Section 404 of the Sarbanes-Oxley Act of 2002, management is required to assess the effectiveness of the company's internal control over financial reporting. Management has determined that, as of 30 June 2019, the company's internal control over financial reporting was ineffective due to the existence of a material weakness with respect to the capital cost estimation process implemented in connection with the LCCP, which resulted from the aggregation of a series of individual control and project-related control environment deficiencies, the remediation of which had not been fully implemented and validated as of year-end. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of financial statements will not be prevented or detected on timely basis.

Notwithstanding the material weakness, management believes that the consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows as of and for the period presented.

While significant progress has been made to remediate the material weakness, as of 30 June 2019, the company is still in the process of testing the operating effectiveness of certain of the new and enhanced controls, and is continuing with the implementation of some of the longer-term remediation efforts. We believe our actions will be effective in remediating the material weakness, and we continue to devote significant time and attention to these efforts. The material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Refer to the Form **20-F** Item 15 for further detail.

Develop a sustainability strategy

The Board has responded to concerns about our significant environmental footprint and the company's resilience in a lower-carbon future, expressed by our stakeholders and shareholders at the 2018 Annual General Meeting (AGM), among other engagements. We have accelerated resilience testing of our corporate strategy against various climate change scenarios, including the Paris Agreement goal, which we support.

In our 2019 Climate Change Report **CCR** we provide an account of our approach to climate change management and how we intend progressing our greenhouse gas emission-reduction roadmap to be communicated by November 2020.

Climate change is a Group top risk, hence we have prioritised our focus on climate change; however, we continue to progress our efforts on water, waste and air emissions reductions.

Areas of focus

Diversity

Effective oversight and decision-making requires a range of perspectives. The Board recognises and embraces the benefits of having a diverse Board, appreciates that diversity at Board level is essential for sustaining a competitive advantage and is committed to ensuring a diverse and inclusive culture at Board level where directors believe that their views are heard, their concerns are attended to free from bias, discrimination and harassment. Race, age and gender diversity, underpinned by the relevant skills as well as business, geographic and academic experience and background, enhance the composition of a truly diverse Board. All Board appointments are made on merit, having due regard for the benefits of diversity in its widest sense.

In 2017 the Board set a target of 30% representation of women by 30 June 2019. We achieved 33% representation in 2018, with five women serving on the Board, three of whom are Black. During May 2019, the Board set new diversity targets for gender and race, targeting a minimum of 40% female directors by 2022 and maintaining a minimum representation of 50% Black directors.

Female representation

Year	Target (%)	Result (%)
2017	30	28
2018	30	33
2019	30	33

2022 target: 40%

Black representation

Year	Result (%)
2017	45
2018	45
2019	45

Maintain target of 50%

Tenure and succession planning

The Board's succession plans aim to achieve an optimal balance between independence and continuity on both the Board and our Board Committees. It is for this reason that the Board extended the tenure of the outgoing Chairman of the Board, the outgoing Lead Independent Director (LID) and the Chairman of the Audit Committee beyond the nine years considered the norm for independence in relation to tenure. The Board has determined that directors may serve on the Board for up to nine years, extendable annually up to a maximum of 12 years, and five years as Chairman, extendable annually up to a maximum of seven years. Dr Mandla Gantsho, our Chairman, and Mr JJ Njeke, our LID, will retire from the Board after Sasol's Annual General Meeting (AGM) on 27 November 2019. Mr Sipho Nkosi joined the Board on 1 May 2019 as Independent Non-executive Director and Chairman designate and will succeed Dr Gantsho after the AGM on 27 November 2019. The Board has elected Mr Stephen Westwell, who has been serving on the Board for seven years, as the LID designate. The Nomination and Governance Committee has commenced the search for a suitably qualified director to replace Mr Njeke on the Board and the Audit Committee.

	Tenure	Maximum tenure
Tenure	9	12
Non-executive Chairman	5	7

Ethical and effective leadership

Ethical and effective leadership underpins the Board's oversight and strategic steer. The Board embraces and promotes value-creating governance through a deliberate and structured approach.

Through the activities of the Board and Board Committees, the Board ensures that **value is created and protected for all shareholders and stakeholders.**



Development and performance

Ongoing training and development is an important contributor to an effective Board. The development of industry and group knowledge is a continuous process and Directors are briefed on legal developments and changes in the risk and general business environment on an ongoing basis. We apprise newly appointed Directors of Sasol's business and their duties and responsibilities through a structured induction programme which includes site visits, meetings with management and induction material on topics related to, among others, governance and our business.

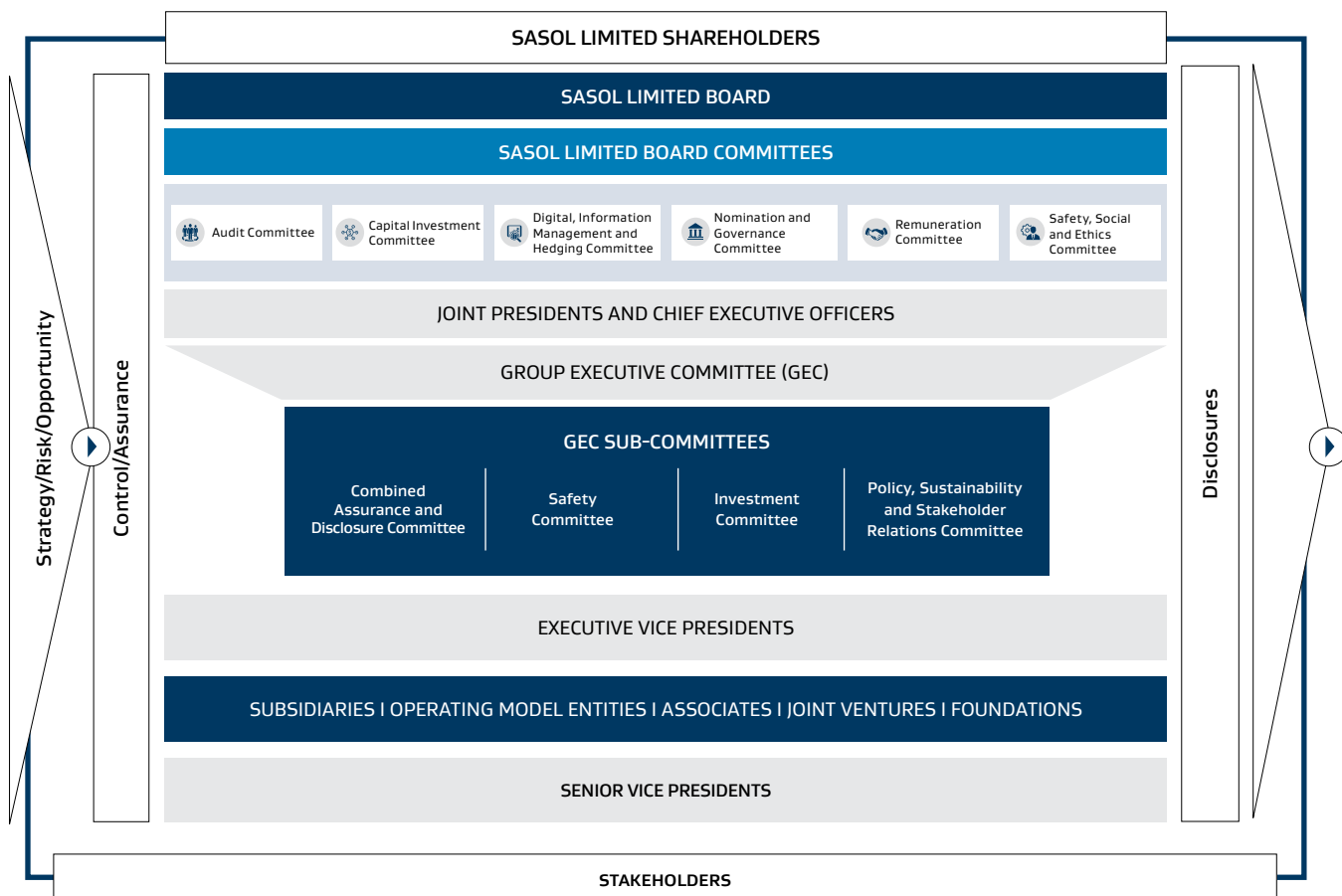
Focused insight sharing sessions are provided on key topics throughout the year. The Board, our Board Committees as well as any Director are entitled to seek independent professional advice concerning the company's affairs and to gain access to any information they may require in discharging their duties. The Board and its Nomination and Governance Committee specifically consider the independence of directors and their other commitments when they are first appointed, as well as annually, or at any other time when a Director's circumstances change and warrant re-evaluation. This is done to determine whether a Director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily. The Board, Board Committees and individual Director's performance were assessed in 2018 and will be assessed again in 2020. The Joint Presidents and Chief Executive Officers, Company Secretary and the Chief Financial Officer's performance is assessed annually and their short-term incentive was reduced to zero.

For more details of Sasol's application of King IV™ principles and governance of ethics refer to Sasol's website: www.sasol.com.

The Board and its Committees

The Board delegates certain responsibilities to well-structured Board Committees without abdicating accountability. The delegation is formal in terms of Board-approved Terms of Reference for each Committee. The Board appoints the members for the skills required to effectively provide strategic direction to the Sasol Group, as well as monitor and oversee the activities of the Group. The Board receives reports and minutes of each Committee meeting.


The Board has established a framework for the delegation of authority to the Joint Presidents and Chief Executive Officers, which also sets out the material decisions in respect of which it has reserved the decision-making authority as the ultimate holding company of the Group. The composition and mandate of the various Board Committees contribute to the effective discharge of the Board’s duties and responsibilities to grow and protect value for our stakeholders.



Sasol Limited Board

Chairman	MSV Gantsho	
Membership	Non-executive Directors	
	C Beggs MJ Cuambe MBN Dube M Flöel MSV Gantsho GMB Kennealy NNA Matyumza	ZM Mkhize MJN Njeke MEK Nkeli SA Nkosi PJ Robertson S Westwell
	Executive Directors	
	SR Cornell B Nqwababa P Victor	
Attendance	17 August 2018 15 November 2018* 16 November 2018	22 February 2019 21 May 2019* 23 May 2019* 24 May 2019
7 meetings	*Special/Strategy meetings	
100% attendance		

OVERALL



Number of Committee meetings: 28

99,2% attendance



Audit Committee

Chairman

C Beggs

Members

C Beggs
GMB Kennealy
NNA Matyumza
MJN Njike
S Westwell

Attendance

6 meetings

100%
attendance

How the Committee contributes to value creation

Assists the Board in overseeing Sasol's integrated reporting (incorporating financial statements, sustainability reporting and public announcements on financial results); the qualification and independence of external auditors; the scope and effectiveness of the external audit function; the effectiveness of the Group's internal controls and internal audit function; and compliance with legal and regulatory requirements that have an impact on the financial statements and the accounting and financial reporting systems of the Group.

Mandate:

- Group funding and refinancing matters.
- Going concern, solvency, liquidity and capital adequacy assessments.
- Combined Assurance Model framework and plan.
- Significant financial reporting, accounting, tax and financial compliance matters.
- Macroeconomic risks and its impact on Sasol's sustainability and ability to execute its growth strategy.
- Interim and final dividend proposals.
- Statutory financial reporting, integrated reporting and Form 20-F.
- Evaluation of the independence and performance of the external auditors and recommendation of appointment to shareholders.
- Evaluation of internal controls over financial reporting and the remediation of identified deficiencies.

Material matters



Capital Investment Committee

Chairman

PJ Robertson

Members

PJ Robertson
SR Cornell
MJ Cuambe
MBN Dube
M Flöel
GMB Kennealy
B Nqwababa
P Victor
S Westwell

Attendance

5 meetings

100%
attendance

How the Committee contributes to value creation

Considers and provides direction and assurance to the Board on strategic considerations and risks in respect of proposed investments and divestments of more than R4 billion. Approves deviations of up to 10%, but not exceeding US\$100 million, from the capital budget of large projects. Monitors the execution of any Board-approved projects, as well as Group mergers, acquisitions and divestments to ensure alignment with Sasol's strategy. It also takes into account financial viability, financing, feasibility and sustainability, including ensuring effective risk management oversight.

Mandate:

- Capital investments and project status reports, in particular the Lake Charles Chemicals Project (LCCP) and Sasol's projects in Mozambique.
- Asset classification and reviews.
- Proposed mergers, acquisitions and divestments.

Material matters





Digital, Information Management and Hedging Committee

Chairman
S Westwell

Members
S Westwell
C Beggs
SR Cornell
NNA Matyumza
B Nqwababa
P Victor

Attendance
4 meetings
100% attendance

How the Committee contributes to value creation

Evaluates and recommends Sasol's digital strategy and technology solutions. Provides direction on and monitors Sasol's information and technology (IT) risk management and control environment. Monitors Sasol's financial market risks and approves the hedging policy and proposed hedging mandates as well as deviations from the policy. Monitors the execution of hedges and ensures effective risk management oversight in relation to material risks within its scope.

Mandate:

- Management of financial market risk.
- Hedging execution updates and hedging mandates.
- Cyber risk, IT controls and business continuity.
- Information management strategy and project status reports.
- Digital strategy execution and embedding.
- LCCP systems-readiness and performance.

Material matters



Nomination and Governance Committee

Chairman
MSV Gantsho

Members
MSV Gantsho
M Flöel
MJN Njeke
MEK Nkeli
SA Nkosi
PJ Robertson

Attendance
4 meetings
100% attendance

How the Committee contributes to value creation

Considers the appropriateness and effectiveness of Sasol's corporate governance mechanisms and framework. Makes recommendations on the appointment of Directors and members of the Group Executive Committee. Reviews the Board structure, size and composition taking into account, among others, independence as well as diversity in relation to skills, experience, age, race and gender. Nominates candidates to fill Board and Committee vacancies, puts in place succession plans and evaluates the performance of the Board, Committees and Directors, and ensures their continuous development to effectively execute their responsibilities. Monitors Sasol's compliance with various laws, rules and regulations. Supports the Board in effective risk management oversight in relation to material risks within its scope.

Mandate:

- Board succession and diversity.
- Executive succession planning.
- Matters for referral to shareholders, including a request for an ordinary resolution on climate change to be presented to shareholders.
- Legal compliance matters.
- Investor feedback on financial performance, including LCCP performance.

Material matters





Remuneration Committee

Chairman

MEK Nkeli

Members

MEK Nkeli
MSV Gantsho
M Flöel
NNA Matyumza
PJ Robertson

Attendance

4 meetings

95%
attendance

How the Committee contributes to value creation

Is responsible for the governance of remuneration by setting the direction of how remuneration is approached and addressed within the Group. Assists the Board in ensuring that employees are remunerated fairly, responsibly and transparently by implementing affordable, competitive and fair reward practices to promote the achievement of the Group's strategy. This includes approving material human resources policies, the principles of the mix between guaranteed and variable components of remuneration, annual salary adjustments, Sasol's benchmarking methodology, all retention schemes and standard conditions of services.

Mandate:

- Alignment of strategic priorities.
- Engagement with institutional investors.
- Enhanced employee value proposition.
- Clawback and malus policy.

Material matters



Safety, Social and Ethics Committee

Chairman

MBN Dube

Members

MBN Dube
C Beggs
SR Cornell
MJ Cuambe
ZM Mkhize
MEK Nkeli
B Nqwababa
S Westwell

Attendance

5 meetings

100%
attendance

How the Committee contributes to value creation

Performs the role of a Social and Ethics Committee as contemplated in the Companies Act and its regulations and oversees safety, health, environmental (SHE) and climate change matters. Approves the Sasol Code of Conduct. Monitors the ethical conduct of the company, its executives and senior officials. Reviews any statements on ethical standards or requirements. Monitors the strategies, policies, performance and implementation of the SHE policy. Considers reports covering matters relating to substantive SHE risks and liabilities. Monitor Sasol's key safety indicators and ensures there is a systematic approach to prevent their recurrence. Reviews high-severity incidents. Considers the impact of Sasol's operations on society and the environment and, where appropriate, amends its policy or approach. Considers progress in Sasol's sustainability journey reporting process and evaluates disclosure on sustainability issues. Supports the Board in ensuring effective risk management oversight within the Committee's scope.

Mandate:

- Safety, health, environmental and climate change matters for the Group, and reporting thereon.
- Integrity of tailings dams.
- Group ethics reporting system.
- Sasol's anti-bribery and corruption policy.
- Review of Code of Conduct and adoption of Modern Slavery Act statement.
- All matters as per statutory requirements.
- Reviewed the outcomes of culture survey and management's approach to remediation of areas requiring attention.

Material matters



Our Board of Directors



From left: Sipho Nkosi (Chairman designate), Bongani Nqwababa, Stephen Cornell, Paul Victor, Mpho Nkeli, Colin Beggs and Beatrix Kennealy

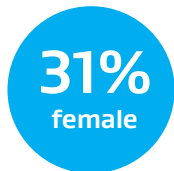
Board diversity



Demographics

3 Executives
13 Independent Non-executives

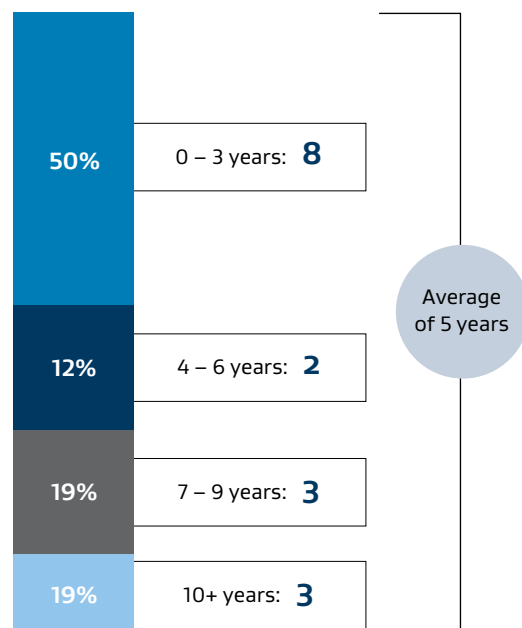
5 Female
11 Male



8 Historically disadvantaged
8 Non-historically disadvantaged



Tenure



The Board approves the strategy and has ultimate control of the company according to the Memorandum of Incorporation and Board Charter. Through its oversight and strategic steer, it ensures that Sasol capitalises on its opportunities as an ethical, decisive and responsible corporate citizen. The careful selection of individual directors, to ensure the most appropriate combination of expertise and experience, underpins the effectiveness of the Board in fulfilling its role.

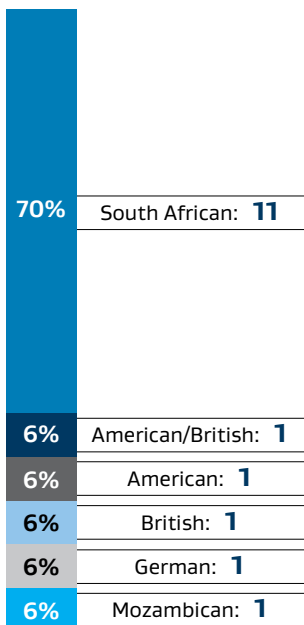


From left: JJ Njeke, Martina Flöel, Stephen Westwell, Nomgando Matyumza, Moses Mkhize, Peter Robertson, Muriel Dube and Manuel Cuambe

The diversity and skills of the Board ensure that Sasol is steered to deliver growth to all our stakeholders.



Nationalities



Skills and experience of the Board

- Upstream oil and gas
- Mining
- Chemicals
- Finance, mergers and acquisitions
- Corporate governance
- Strategy and risk
- Safety and ethics
- Sustainability

Our Board of Directors (continued)



MANDLA GANTSHO

South African | Born 1962

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN

BCom (Hons), CA(SA), MSc, MPhil, PhD

Appointed to the Board in 2003 and Chairman of the Board in 2013

Dr MSV Gantsho is the Executive Chairman of Africa Rising Capital, the Chairman of Kumba Iron Ore Limited and the Chairman of the Remuneration Committee of Impala Platinum Holdings Limited. He was the Vice President Operations: Infrastructure, Private Sector & Regional Integration of the African Development Bank from 2006 to 2009, and before that the Chief Executive Officer and Managing Director of the Development Bank of Southern Africa.

In 1997, he was appointed as a Commissioner of the Finance and Fiscal Commission, a body set up in terms of the South African Constitution to advise the South African Parliament on intergovernmental fiscal transfers. In 2002, he was appointed as a Member of the Myburgh Commission of Enquiry into the rapid depreciation of the rand during 2001. He served as a Director of the South African Reserve Bank from 2011 to 2013.



SIPHO NKOSI

South African | Born 1954

INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN DESIGNATE

BCom (Economics) (Hons), MBA

Appointed to the Board in 2019

Mr SA Nkosi holds a BCom degree from the University of Zululand, a BCom (Econ) (Hons) degree from the University of South Africa (UNISA) and an MBA from the University of Massachusetts. With over 36 years' experience in the South African resources industry, with his last role prior to retirement as the Chief Executive Officer of Exxaro Resources from 2006 – 2016.

He has extensive experience in the operational, financial, logistics and marketing areas of the resources sector, and more specifically in the energy and coal sectors, both locally and internationally.



STEPHEN CORNELL

American | Born 1956

EXECUTIVE DIRECTOR AND JOINT PRESIDENT AND CHIEF EXECUTIVE OFFICER

BSc Chem. Eng

Appointed to the Board in 2016

Mr SR Cornell became our Joint President and CEO on 1 July 2016. He joined Sasol as Executive Vice President, International Operations on 1 February 2014, and was responsible for all Sasol's operational activities outside Africa.

Prior to that, Stephen held senior positions at BP North America. He was Chief Operating Officer for US Fuels, responsible for production, sales, marketing and logistics of BP fuel products in the US.

In addition to this, Stephen was also BP's Global Head of major downstream projects, providing oversight to all large capital projects in the petrochemicals and fuels businesses. Prior to BP, he was employed with Total, holding various executive positions in petrochemical businesses in Europe, Asia and the US. Stephen began his career with the Exxon Corporation.



COLIN BEGGS

South African | Born 1948

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom (Hons), CA(SA)

Appointed to the Board in 2009

Mr C Beggs was the Chief Executive Officer of PricewaterhouseCoopers until the end of June 2009. He is a former Chairman of the Board of the South African Institute of Chartered Accountants (SAICA). He served as Chairman of the Accounting Practices Committee, was a member of the Accounting Practices Board and is a Director of the Ethics Institute of South Africa.

He is a Director and Audit Committee member of Absa Bank Limited, Absa Group Limited and SAB Zenzele Holdings Limited.



BONGANI NQWABABA

South African | Born 1966

EXECUTIVE DIRECTOR AND JOINT PRESIDENT AND CHIEF EXECUTIVE OFFICER

BAcc (Hons), FCA(Z), MBA

Appointed to the Board in 2013, as an Executive Director in 2015 and as Joint President and Chief Executive Officer in 2016

Mr B Nqwababa became our Joint President and CEO on 1 July 2016. He was previously Group Chief Financial Officer, having been appointed to the Group Executive Committee on 1 March 2015. Before joining Sasol, he was Finance Director at Anglo American Platinum Limited. Bongani is also a previous Finance Director of Eskom Holdings and Chief Financial Officer of Shell Southern Africa, and served as a Non-executive Director of Old Mutual plc and as Chairman of the South African Revenue Service' Audit Committee.

In previous roles, he has worked in many countries across the world including The Netherlands and United Kingdom. From December 2013 to September 2014, he served as an independent Non-executive Director of Sasol.



PAUL VICTOR

South African | Born 1972

EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER

BCompt (Hons), CA(SA), International Tax Law (Hons)

Appointed to the Board in 2016

Mr P Victor became our Chief Financial Officer (CFO) on 1 July 2016. He was previously Senior Vice President: Financial Control Services at Sasol, and served as Acting CFO from 10 September 2013 to 28 February 2015. During this period Paul was instrumental in implementing the cost containment programme.

Paul also provided thought leadership and pro-actively supported the Group Executive Committee in implementing a cash conservation response plan in reaction to the significant drop in the crude oil price.

He gained invaluable experience during his 10 years as Chief Financial Officer of Sasol Synfuels – a position Paul held until 2011, when he was appointed to head up the Group's financial governance and reporting.



JJ NJEKE

South African | Born 1958

INDEPENDENT NON-EXECUTIVE DIRECTOR AND LEAD INDEPENDENT DIRECTOR

BCompt (Hons), CA(SA), HDip Tax Law

Appointed to the Board in 2009 and Lead Independent Director in 2018

Mr MJN Njeke is a past Chairman of the South African Institute of Chartered Accountants. He was the Managing Director of Kagiso Trust Investments from 1994 to 2010. He previously served as a member of the Katz Commission of Inquiry in to Taxation in South Africa, the General Committee of the JSE Limited, the Audit Commission – Supervisory Body of the Office of Auditor General, and the Audit Committee of National Treasury.

He is the Executive Chairman of Silver Unicorn Coal and Minerals (Pty) Limited. He chairs the Board of MMI Group Limited and MMI Holdings Limited. He also serves on the Boards of Datatec Limited and Delta Property Fund.



MPHO NKELI

South African | Born 1964

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc (Environmental Science), MBA

Appointed to the Board in 2017

Ms MEK Nkeli served Vodacom Group Limited as the Chief Human Resource Officer responsible for Health, Safety, Environment and Facilities and was an Executive Director of Vodacom South Africa (Pty) Limited from 2011 to 2014, having previously served as the Group Human Resources Director of Alexander Forbes from 2005 until 2010.

She also served as a Non-executive Director on the Boards of Ellerine Holdings Limited, African Bank Investments Limited and Life Healthcare Group Limited. Ms Nkeli is a member of the Board of Impala Platinum Holdings Limited, and she previously chaired the Commission for Employment Equity.



MURIEL DUBE

South African | Born 1972

INDEPENDENT NON-EXECUTIVE DIRECTOR

BA (Human Sciences), BA (Hons) (Politics), MSc

Appointed to the Board in 2018

With a professional career spanning the public and private sectors, Ms MBN Dube has served in, among others, roles of Director: Atmospheric Protection and Chemicals Management at the then Department of Environmental Affairs and Tourism, Chief Negotiator on behalf of the Government of the Republic of South Africa in climate change negotiations under the auspices of the United Nations Framework Convention on Climate Change, Sustainability Manager at BHP Billiton, Banker at Investec plc, London and Group Commercial Director at Bidvest Group.

Muriel is a Non-executive Director of PG Group, RTT and EnviroServ Holdings. She previously served as Non-executive Director of Vodacom South Africa, Bidvest Group Limited and Fluorin plc.



BEATRIX KENNEALY

South African | Born 1958

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom (Accountancy) (Hons)

Appointed to the Board in 2017

Ms GMB Kennealy served as the Chief Financial Officer of the South African Revenue Service from January 2009 until her retirement in December 2013. Before that she served as the Chief Operating Officer of Absa Corporate and Business Bank from 2006 to 2009. Her previous senior financial management positions were at Absa Bank, BHP Billiton South Africa, Samancor Chrome and Foodcorp.

She also serves on the Board of Standard Bank Group Limited and The Standard Bank of South Africa Limited.



NOMGANDO MATYUMZA

South African | Born 1963

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom, BCompt (Hons), CA(SA), LLB

Appointed to the Board in 2014

Ms NNA Matyumza is a Non-executive Director of Hulamini Limited and a member of its Audit Committee. She is an Independent Non-executive Director of Standard Bank Group Limited and The Standard Bank of South Africa Limited.

She has held senior financial management and executive positions in various organisations, including South African Breweries, Transnet and Eskom. She is an ordained minister and director of the African Methodist Episcopal Church.



STEPHEN WESTWELL

British | Born 1958

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc (Mech Eng), MSc (Management), MBA

Appointed to the Board in 2012

Mr S Westwell is a Director and Chairman of the Audit Committee of Control Risk Limited. He was the Chief Executive Officer of Europena Forecourt Retailers from 2015 to 2016 and of Silver Ridge Power Inc from 2013 to 2014.

He held various management and executive positions for BP in South Africa, the United States, and the United Kingdom between 1988 and 2011. These executive positions included head of BP's retail business in South Africa, Director of BP Southern Africa, Chief Executive Officer for BP Solar, and Chief Executive Officer for BP Alternative Energy. He served as Group Chief of Staff and member of BP Plc's executive management team in the United Kingdom from 2008 to 2011. He has also worked for Eskom Holdings Limited in several operational capacities.



MARTINA FLÖEL

German | Born 1960

INDEPENDENT NON-EXECUTIVE DIRECTOR

MSc (Chemistry), PhD (Chemistry)

Appointed to the Board in 2018

Dr M Flöel holds a MSc in Chemistry from the University of Frankfurt and a PhD in Chemistry from the Technische Universität München (University of Munich). With 30 years' experience in the chemicals industry in roles covering chemical and process research and development, technical innovations, technologies, operations and industrial supply chain, she is a seasoned industrial leader.

She concluded her executive leadership career as Managing Director and Chief Executive Officer of OXEA Holdings.

She serves on the Board of NESTE Corporation and is a member of its Audit Committee. Additionally, she serves on the Board of Carl Bechem GmbH.



MANUEL CUAMBE

Mozambican | Born 1962

INDEPENDENT NON-EXECUTIVE DIRECTOR

B.Eng, Post-graduate Certificate in Management Studies

Appointed to the Board in 2016

Mr MJ Cuambe is the Managing Director of MC Investimentos and Consultoria. He served as the Executive Chairman and Chief Executive Officer of Electricidade de Moçambique (EDM) from November 2005 to March 2012. Manuel was the Chairman of Companhia Electrica do Zambeze, a wholly-owned subsidiary of EDM up to 30 May 2016.

He was a Non-executive Director of Companhia de Transmissao de Mozambique, a joint venture between EDM, the Swaziland Electricity Company and Eskom, from 1998 to 2002 and served as the Chairman of the Executive Committee of the Southern Africa Power Pool from November 2005 to April 2008.



PETER ROBERTSON

American and British | Born 1947

INDEPENDENT NON-EXECUTIVE DIRECTOR

BSc (Mech Eng), MBA

Appointed to the Board in 2012

Mr PJ Robertson held various positions ranging from management to executive leadership for Chevron Corporation in the United Kingdom and the United States between 1973 and 2009. These executive positions included Vice President: Finance, Chevron USA, President: Chevron Exploration and Production Company, and President: Chevron Overseas Petroleum. He served as Executive Vice President and Vice Chairman of the Chevron Corporation Board of Directors from 2002 to 2009.

He has served as the Chairman of the US Energy Association, Chairman of the World Affairs Council of Northern California, Chairman of the US Saudi Arabian Business Council and as a Non-executive Director of Sasol Chevron Holdings Limited. Peter is also a Director Jacobs Engineering Group.



MOSES MKHIZE

South African | Born 1961

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom (Hons), Higher Diploma (Electrical Engineering)

Appointed to the Board in 2011

Mr ZM Mkhize holds a BCom (Hons) degree from UNISA and a Higher Diploma in Electrical Engineering from Durban University of Technology. He is the Executive Director: Manufacturing, Rolled Products of Hulamini Limited and also serves as Director of a number of subsidiaries of Hulamini.



Audit Committee



Capital Investment Committee



Digital Information Management and Hedging Committee



Nomination and Governance Committee



Remuneration Committee



Safety, Social and Ethics Committee

Our Group Executive Committee

Joint Presidents and Chief Executive Officers

Bongani Nqwababa*
and Stephen Cornell*



From left: Jon Harris, Bernard Klingenberg, Fleetwood Grobler and Maurice Radebe

JON HARRIS

British | Born 1966
**EXECUTIVE VICE PRESIDENT:
UPSTREAM**

MEng (Fuels and Energy Engineering)

Appointed to the GEC in 2017

Prior to his current role Mr Harris was most recently involved in a private business venture. Prior to this, he was with BG Group, a British multinational oil and gas company for 25 years, up to 2016. His last position at BG Group was Executive Vice President: BG Technical.

BERNARD KLINGENBERG

South African | Born 1962
**EXECUTIVE VICE PRESIDENT:
OPERATIONS**

MSc Eng (Mech)

Appointed to the GEC in 2009

Since joining the Sasol Group in 1986, he has held various positions in maintenance, technical and general management fields in some of the South African Energy and the global chemical businesses of the Group. Prior to his current role Mr Klingenberg was the Managing Director first of Sasol Nitro and then Sasol Polymers for the period from 2005 to 2009. After his appointment to the GEC in 2009 he was responsible for the Group Human Resources for two years from 2009 to 2011.

FLEETWOOD GROBLER

South African | Born 1961
**EXECUTIVE VICE PRESIDENT:
CHEMICALS BUSINESS**

BEng (Mech)

Appointed to the GEC in 2013

Prior to his appointment to the GEC, he was Managing Director of Sasol Olefins and Surfactants. Mr Grobler joined Sasol in 1984 and has served in most of our South African operating facilities and has extensive experience in Sasol's international businesses.

MAURICE RADEBE

South African | Born 1960
**EXECUTIVE VICE PRESIDENT:
ENERGY BUSINESS AND SAFETY,
HEALTH AND ENVIRONMENT**

BSc (Applied mathematics and physics), MBA

Appointed to the GEC in 2010

Mr Radebe joined Sasol Oil in January 2004, when Sasol Oil purchased Exel Petroleum, where he was Managing Director. He served as Managing Director of Sasol Oil from December 2006 until October 2010. He was Chairman of the South African Petroleum Industry Association from 2015 and 2016. Prior to his current role, Mr Radebe was Sasol's Group Executive responsible for Global Corporate Affairs, Government Relations and Enterprise Development.

Mining
Exploration and Production
Project Mozambique
Alternative Gas Supply Programme

Secunda Synfuels Operations
Secunda Chemicals Operations
Sasolburg Operations
Natref
Satellite Operations
Eurasian Operations
North American Operations
Project and Engineering North America

Base Chemicals
Performance Chemicals
Lake Charles Chemicals Project (LCCP)

Energy
Clean Fuels and Octane Programme
Safety, Health and Environment (SHE)

* Executive Director of Sasol Limited.
** Company Secretary of Sasol Limited.

The Joint Presidents and CEOs are jointly and severally liable and accountable and there is joint oversight in all decision-making. However, to ensure that the business is managed effectively, our leadership model uses dual reporting lines, allocating responsibilities into portfolios which comprise a balance across business, functions and regions.



From left: Charlotte Mokoena, Marius Brand, Vuyo Kahla and Paul Victor

CHARLOTTE MOKOENA

South African | Born 1965

**EXECUTIVE VICE PRESIDENT:
HUMAN RESOURCES AND
CORPORATE AFFAIRS**

BA (Human Resources Development and Social Sciences)

Appointed to the GEC in 2017

Prior to this role, Ms Mokoena was Human Resources Executive at Tongaat Hulett Limited. She held this position from July 2013. Before this, Ms Mokoena spent 11 years at Telkom South Africa Limited, during which time she held several senior positions spanning the human resources (HR), business consulting and customer services disciplines including Chief of HR and Group Executive: Customer experience management.

Human Resources:
Group Human Capital

Human Resources:
Global Operations

Global Rewards, Benefits and
HR Information Systems

Corporate Affairs

MARIUS BRAND

South African | Born 1964

**ACTING EXECUTIVE VICE
PRESIDENT: TECHNOLOGY**

MEng (Mech), MBA

Appointed in an acting role to the GEC in April 2019

Mr Brand is Acting Executive Vice President, Technology. He is responsible for Sasol's Technology function, with specific focus on repositioning Research and Technology, and Projects and Engineering activities to ensure delivery of world-class offerings to support our value-based growth strategy. In addition, he is accountable for advancing the value-add offering of Group Planning and Optimisation as Sasol expands its operations globally and driving Sasol's sustainability agenda.

Project and Engineering

Research and Technology

Planning and Optimisation

Sustainability and Risk
effective 1 July 2019

VUYO KAHLA**

South African | Born 1970

**EXECUTIVE VICE PRESIDENT:
ADVISORY, ASSURANCE AND
SUPPLY CHAIN**

BA, LLB

Appointed to the GEC in 2011

From June 2004 to November 2010, Mr Kahla held executive positions at Transnet SOC Limited, with responsibility for legal services, risk management, compliance, company secretarial services, strategy and business modelling, corporate and public affairs and public policy and regulation. The World Economic Forum recognised him as a Young Global Leader and he is an alumnus of the Prince of Wales University of Cambridge Programme on Sustainability Leadership. Mr Kahla is the Chairman of Sasol South Africa and Chairman of the Council of Rhodes University.

Legal, Intellectual Property and
Regulatory Services

Governance, Compliance
and Ethics

Assurance Services

Corporate Advisory and
Disclosure Enablement

Supply Chain and Real Estate
Services

PAUL VICTOR*

South African | Born 1972

**EXECUTIVE DIRECTOR AND CHIEF
FINANCIAL OFFICER**

BCompt (Hons), CA (SA),
International Tax Law (Hons)

Appointed to the GEC in 2016

Mr Victor became our Chief Financial Officer (CFO) on 1 July 2016. He was previously Senior Vice President: Financial Control Services at Sasol, and served as Acting CFO from 10 September 2013 to 28 February 2015. Prior to this, Mr Victor gained invaluable experience during his 10 years as Chief Financial Officer of Sasol Synfuels – a position he held until 2011.

Financial Control Services

Mergers and Acquisitions

Corporate Finance and
Portfolio Management

Investor Relations

Information
Management

Report of the Safety, Social and Ethics Committee



Muriel Dube Chairman

Dear stakeholders

Sasol's Safety, Social and Ethics Committee (the Committee) was constituted by the Board to oversee the effective management of safety, health and environment (SHE) and sustainability matters of the Sasol Group and to fulfil the duties set out in section 72(4) of the Companies Act (read together with Regulation 43 of the Companies Regulations, 2011) on behalf of all subsidiaries of Sasol.

For more information on the Committee's composition, mandate and meetings refer to our Governance Overview on page 65.

I assumed the chairmanship of the Committee, following Mr Moses Mkhize's resignation as Chairman of the Safety, Social and Ethics Committee on 16 May 2019. On behalf of the Committee, I thank Moses for his guidance and leadership during his tenure as Chairman and look forward to building on the foundation that he has laid.

Sustainability

Actions implemented to advance sustainability can be linked to all 17 United Nations Sustainable Development Goals (SDGs). This notwithstanding, we recently prioritised four of the SDGs to focus our strategy on sustainability going forward. This provides a data-backed perspective on our long-term sustainability journey and helps us monitor our performance and delivery on the selected SDGs.

We noted the concerns expressed by shareholders at our 2018 Annual General Meeting about Sasol's environmental impacts and our resilience in a lower-carbon future. We have responded by accelerating resiliency testing of our corporate strategy against internal climate change scenarios, including the Paris Agreement, which we support.

In our expanded Climate Change Report **CCR**, we provide detail on our emission-reduction framework that will be used to develop our roadmap with measurable outcomes, which will be communicated by November 2020. We adopted a structure approach and we are already executing on our emission-reduction ambitions. Our first goal is to reduce, by 2030, the greenhouse gas emissions from our South African operations by at least 10%, off our 2017 baseline.

Climate change is a Group top risk and we have prioritised our focus on this issue however, we continue to progress our efforts on water, waste and air emissions reductions. The Committee received accounts of Sasol's integrated waste management strategy, noting specifically our efforts to advance a plastics sustainability response.

The majority of our atmospheric emissions arise from the use of coal at our operations in South Africa. The Committee noted that Sasol will comply with most atmospheric emissions standards applicable to new plants by 2025.

Safety and health

Safety remains one of our top priorities and is a core value. The Committee received comprehensive quarterly reports on safety and occupational health. While management is focused on ensuring the wellbeing of our employees, it continuously strives to bolster efforts to implement improvements in fulfilment of zero harm.

We are deeply saddened by the three tragic fatalities we experienced during the year: two at our Sasol Mining operations and one at Natref. Our objective is to completely eliminate fatalities. We received reports on the root cause analysis for each of these fatalities and actions taken in response thereto.

We have made progress with the implementation of our high-severity incident (HSI) programme. Key to improving safety performance are the twelve Life Saving Rules and the behaviour transformation programmes. The 12-month rolling Recordable Case Rate (RCR) for employees and service providers, excluding illnesses, is 0,26 at 30 June 2019 as compared to 0,27 at June 2018. Although this is an improvement, we remain vigilant and aware of the need to improve our safety performance.

We reviewed the process safety management (PSM) framework which addresses our understanding of process hazards and risks, process knowledge management and process safety assurance. Over the past year, Sasol has refined and implemented procedures to ensure continuous improvement with respect to PSM.

The occupational disease incident rate (ODIR) deteriorated from 0,031 at June 2018 to 0,070 at 30 June 2019, which is higher than the target of less than 0,035. The overall increase can be ascribed to a variety of factors, including historic management approaches and the latency factor between risk exposure and the onset of disease.

Environment, health and public safety

The Committee also considered Sasol's activities in relation to public safety matters. In this regard, we received a report on the integrity of our tailings dams, comprising fine ash and fine coal dams, and we are satisfied that these pose a low risk to our employees and the community, due to their locality, the levels of effluent stored as well as the nature of the stored liquid.

The Committee noted that the installation of the capping system at Sasol's old tar pits at the Sasol One waste site in Sasolburg had to be postponed due to the need to consolidate additional waste materials from remedial

activities on the old tar footprint. Postponing the capping has not changed the risk profile due to a shallow groundwater cut-off trench which manages any potential groundwater impact.

The Committee noted Sasol's approach to product quality and product stewardship to ensure that all products that are sold in any of the jurisdictions in which we are active, are of a high quality and comply with all product safety legislation.

Good corporate citizenship

The Committee considered Sasol's activities in relation to good corporate citizenship, with an emphasis on Sasol's social investment and global programmes in education, skills development, environment, community development and employee volunteerism. Our social investment programme aims to respond to the priorities of our fenceline communities. Sasol upgraded 90% of the water and waste reticulation system in Secunda and 11 sewerage pump stations in the Sasolburg area.

Labour and employment

We received reports on employment relationships, organised labour as well as confirmation of compliance with employment-related principles of the United Nations Global Compact and the International Labour Organisation Protocols on decent work and working conditions. The Committee also considered Sasol's progress in terms of the South African Employment Equity Act, No 55 of 1998, particularly focusing on gender, diversity and inclusion, women empowerment and Sasol's contribution towards the educational development of employees. Sasol is committed to promoting equal opportunities and fair employment practices, globally, across all its businesses. We have implemented several programmes to ensure the practical application of our commitment to human rights, including worker participation and employment equity, always maintaining our high standards and statutory compliance.

Sasol conducted a quality of life survey in South Africa and Mozambique in 2018, assessing the living standards of our employees and which employee benefits they value most and least. This culminated in the implementation of the Sasol Cares programme in South Africa for all employees below leadership level.

Social and economic development and B-BBEE

We received reports on Sasol's compliance with the goals and purpose of the 10 principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development's recommendations regarding corruption. We are advancing the implementation during 2019 of controls, including training and awareness, to ensure compliance with anti-bribery and anti-corruption laws in all areas where we operate.

The Committee considered Sasol's standing in terms of the South African Broad-Based Black Economic Empowerment Act, No 53 of 2003 and was pleased to note that Sasol improved its B-BBEE status to a level 4 during the year. In the year, Sasol spent R19,2 billion in South Africa with Black-owned businesses and invested R2 billion in skills and socio-economic development.

Ethics

The Committee supports the Board with the governance of ethics. During the year management performed a culture survey, which measures, among other matters, tone at the top and the ethics culture of the Group. We received quarterly reports on ethics risks, ethics transgressions and how the Group responded to these.

Sasol's Code of Conduct, which applies to all our Directors and employees, replaced our Code of Ethics during 2018, and is available in five different languages. The Code of Conduct entrenches the Group's seven values and is a public statement that Sasol is committed to good corporate governance, ethical conduct, and to applying consistent and high standards in all we do.

Human rights

Our commitment to human rights has been enhanced further in our new standalone Human Rights Policy which provides additional detail about Sasol's human rights commitments. The Human Rights Policy is supported by statements on specific human rights issues which we believe require more emphasis.

Sasol published a Slavery and Human Trafficking Statement during the year which sets out our commitment to the abolition of modern slavery. We also have a Suppliers' Code of Conduct which binds all our suppliers and their employees and commits them to act ethically, including an express commitment to respect, protect and enhance human rights within their organisations. Given our history in South Africa, we are also considering the adoption of a statement on racial and gender discrimination.

Stakeholder relations

We consider the legitimate interests and expectations of stakeholders in all our decision-making. We regularly communicate with our stakeholders, including presenting the Group's strategy and performance to investors, and met with a significant number of investors and non-governmental organisations on topical issues, including the Lake Charles Chemicals Project and other matters within the Environmental, Social and Governance (ESG) remit, in particular climate change, during the year.

The Committee also approved a customer commitment statement to reflect our absolute commitment to our customers.

The Board, assisted by the Nomination and Governance Committee, monitors litigation in which the company is involved in and ensures that disputes with Sasol's stakeholders are resolved as effectively, efficiently and expeditiously as possible.



Muriel Dube
Chairman

28 October 2019

Report of the Remuneration Committee



Mpho Nkeli Chairman

KEY MESSAGES

- Engagement with our shareholders on the **outcome of the 2018 non-binding advisory votes** of the remuneration policy and Implementation Report
- Reviewing the impact of **business performance on remuneration outcomes**
- Remuneration **trends and future focus areas**

Dear stakeholder

On behalf of the Committee, I present the 2019 remuneration report. This report highlights the Sasol remuneration policy's key components, which are aligned with the Group's strategic priorities. It also illustrates how this policy translated into reward outcomes over the past year. The Committee is tasked by the Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of the Group's key strategic objectives and grow stakeholder value sustainably. Our remuneration policy is reviewed annually to ensure that it remains relevant and continuously enables the attraction, motivation and retention of skilled resources while maintaining a strong balance with shareholder interests.



Secunda Chemicals Operations, South Africa

Non-binding advisory votes on the remuneration policy and Implementation Report

At our 2018 Annual General Meeting (AGM), 78,53% (2017: 92,96%) of votes cast were in favour of the remuneration policy and 75,81% (2017: 89,84%) supported the Implementation Report. This was a significant reduction from the 2017 AGM. While we were not required to engage with shareholders on these results, we felt it appropriate to reach out to them. With 448 million of the 508 million shares voted through the Central Securities Depository Participants (CSDP), it is very difficult to assess which investors voted against the policy and the report.

In January 2019, we distributed a questionnaire to our largest institutional investors who represented 65% of the shareholding, requesting these investors to respond with information on whether they voted for or against the policy and the report, reasons supporting their votes and whether they wanted to engage with me, on behalf of the Committee, to discuss their concerns. I am grateful for the shareholder engagements.

Shareholders were largely complimentary and supportive of the approach taken by Sasol over the past few years both in terms of the engagement with shareholders and the structure and disclosure of remuneration. However, there were a number of key themes that were raised during these meetings which, together with our responses, are summarised in the following table:

Key themes	Sasol's response
<p>Incentive targets and weightings</p> <ul style="list-style-type: none"> The 30% weighting attached to core headline earnings is considered too high given that macroeconomic conditions have a major influence on this target. The percentage allocated to project delivery is too low. The targets linked to environmental factors required a review. 	<ul style="list-style-type: none"> One of the most difficult decisions for the Committee is to ensure that the incentive scorecard is balanced and encourages appropriate behaviour that will enable the achievement of strategic priorities. The Committee has for the past five years maintained that a minimum weighting of 30% should be attached to headline or core headline earnings, to ensure that a material portion of the incentive is directly aligned with shareholders' experience. We have in light of this feedback, reconsidered our views and have agreed to reduce this weighting for 2020 to 25% in order to increase the weighting that is attached to the project delivery target to 15%. Even though the weighting linked to the project delivery target appears to be low on the Group STI scorecard, the execution of the Lake Charles Chemicals Project (LCCP) also directly influences the following targets in our short-term incentive (STI) and our long-term incentive (LTI) plans: <ul style="list-style-type: none"> Production volumes; Core headline earnings; and Return on invested capital (ROIC). <p>The Sasol share price is also a key determinant for the value to be derived under the LTI plan. In addition, the individual performance factor (IPF), which is an outcome of the personal incentive scorecard and which is a multiplier in the STI calculation, includes targets on the LCCP cost, schedule and quality, which were included in the personal incentive scorecards of all Prescribed Officers, the project management team, the US Operations team as well as supporting employees globally.</p> <ul style="list-style-type: none"> In response to the schedule and budget overruns associated with LCCP, the committee has exercised its discretion, to apply an additional penalty on the final incentive which resulted in a zero STI for the GEC and senior members of the LCCP project team, as well as a reduction in the STI calculation for senior leaders who supported the project. Lastly, the Group has an increased focus on the environment, climate change and our commitment towards long-term sustainability. This commitment will result in new environmental/climate change targets being applied in the 2021 variable pay plans that will support the sustainability strategy that will be communicated over the first half of 2020.
<p>Lack of sufficient detail in our disclosures</p> <ul style="list-style-type: none"> The disclosure of cost and volume targets and the achievement thereof require more supporting information to assist shareholders to reconcile the incentive outcomes. The enforcement of the Clawback policy is not clearly stated in the disclosures. 	<ul style="list-style-type: none"> We have agreed to provide more detail in this year's report on the outcome of the cost and volume targets as well as the Clawback policy. The Committee has again reviewed the Clawback policy and made some enhancements that will result in the policy being applied in a variety of situations. The Clawback policy has been extended to result in broader application to our Leadership role category (it was previously only applicable to our Group Executives and Senior Vice Presidents) and we included a malus clause. The Committee is satisfied that the policy aligns with the proposed Section 10D of the US Securities Exchange Act as well as the recommended practices in Principle 14 of King IV™.
<p>Achievement of minimum shareholding requirements</p> <ul style="list-style-type: none"> From the previous remuneration report it appeared that the Executive Directors were not working aggressively enough towards the achievement of the minimum shareholding requirement. 	<ul style="list-style-type: none"> Three years after the appointment of our Joint Presidents and CEOs, and the CFO, progress was made towards the attainment of the five-year minimum shareholding requirement targets. Progress has however been hampered by the low level of achievement against the corporate performance targets. Details are included in the Implementation Report.

The impact of business performance on remuneration decisions

Sasol's performance over the past year has been overshadowed by the budget and schedule overruns on the LCCP. Sasol is a complex, global organisation and in all other parts of our business we have performed well, but the delays on the LCCP, which is a major investment for Sasol, have led to some difficult decisions for the Committee.

Our policies and practices aim to support the achievement of our strategic objectives. The Board is committed to ensuring that there is alignment between performance and the commensurate rewards approved for not only our executive management but for all employees.

The following table sets out the outcomes of the Group factors in relation to the STI and LTI over the past four years:

STI Group Performance (for GEC)	2016	2017	2018	2019
Final score against targets	81,99%	72,97%	63,01%	65,7%

LTI Corporate Performance (for GEC)	2016	2017	2018	2019
Final score against targets	93%	90%	69%	47%

For the past three years, the non-achievement of the headline earnings target had the biggest negative impact (30%) on the Group Executive Committee's (GEC) Group STI score.

As far as the STI is concerned, the final incentive outcome mirrors the Sasol financial results for 2019. Production volumes were impacted by an extended shutdown at our Secunda Synfuels Operations as well as the slippage of the LCCP. We are grateful for a much improved safety performance, however, the three fatalities remain a serious concern and led to an additional penalty being applied. An additional LCCP penalty of between 20% and 100% was applied to executives who were either directly accountable for, involved with, or supported the LCCP.

To protect our cash flows and to prudently manage our costs, the Committee decided against declaring STI payments for senior management, and only 50% of the calculated STI amount was paid to middle management. The rest of employees received their full STI amount.

Not paying STIs in a year in which a number of other objectives have been achieved, was a very difficult decision and the Committee therefore, in order to ensure the retention of key employees, approved a special retention LTI award with a three-year vesting period. The GEC and senior project team members on the LCCP did not qualify for the special retention award.

The LTI corporate performance target achievement for 2019, which will impact the vesting of incentives in 2020, is 47% for the GEC members, a historic low. The Committee has considered this outcome and as the schedule and cost

overruns on the LCCP are the major contributing factors to this low score, it concluded that the result is appropriate in the circumstances and has therefore, as in the past, agreed to not apply its discretion in changing the outcome of the formulaic incentive calculations.

The non-payment of short-term incentives to middle management and higher and the additional safety and LCCP penalties on the STI were the exceptions made to the policy over the past year.

Remuneration trends and future focus areas

In respect of executive remuneration, we have seen a move toward simplification of reporting on remuneration. This has signalled an environment in which transparency features strongly via reporting mechanisms such as single-figure disclosure, clawback and malus provisions, more focus on minimum shareholding requirements as well as a noticeable growth in shareholder activism (requiring increased shareholder engagement from organisations) and an enhanced focus on environmental issues.

As part of our mandate to direct the Board on remuneration matters, we will keep abreast of these trends and adjust our policies in line with our strategic objectives where appropriate.

Use of consultants

The Committee again appointed Aon as its independent external advisors. Aon is a United Kingdom-based firm that is a signatory to the UK Remuneration Consultants' Code of Conduct. The Committee utilises Aon to provide independent input into remuneration policy, trends, proposals and submissions.

Our focus areas over the next financial year will be:

- Review of the design of our incentive plans to ensure ongoing relevance and competitiveness.
- Inclusion of enhanced environmental targets into our incentive plans.
- Continued shareholder engagement.

In closing

We are committed to ensuring that Sasol's remuneration policy and practices are fair and responsible, supporting the achievement of key strategic priorities.

We thank all our shareholders for their ongoing support and we welcome the opportunity to discuss the policy and its outcomes with you.



Mpho Nkeli
Chairman of the Remuneration Committee

17 October 2019

Key definitions

For clarity, the following terms are used for reporting purposes:

Role	Joint Presidents and CEOs*	Group Executive Committee (GEC) (Prescribed Officers & CFO)*	Senior Vice President (SVP) – Group Leadership*	Vice President (VP) – Leadership	Senior management
Description	Enterprise-wide accountability for the Group, reporting to the Board.	The GEC has the ultimate authority within the organisation to set the strategy and direction for the Group.	SVPs have global or end-to-end responsibility for an Operating Model Entity or Group function. Positions an Operating Model Entity or function within the broadly defined business direction. Sets Group policy and frameworks. Contributes to the formulation of organisation-wide strategies.	VPs have regional or sector-specific responsibility for a portion of an operating model entity or Group function. Contributes to strategy formulation and then translates this into tactical plans, policies and processes.	Experienced professionals, specialists and experienced tactical leaders. Drives the achievement of objectives through specialisation or management of resources.
Number of permanent employees	2	8	36	191	968

*Top management includes the Joint CEOs, GEC and Senior Vice Presidents.

Remuneration policy

In the policy, we strive to offer all our employees a balanced mix of remuneration programmes that are benchmarked to the market median and strongly linked to performance-based outcomes and applied competence. The mix and flexibility of our remuneration options depend on the type of positions in our organisational structure as well as practices distinct to each geography in which we operate. No form of discrimination is tolerated and salary differentials are substantiated through defensible principles included in our remuneration policy.

Policy design principles

- Positioning Sasol as a preferred employer through an attractive and holistic employee value proposition.
- Fair and responsible remuneration practices, in the context of overall remuneration for all employees including a fair minimum wage.
- Providing a strong relationship between pay and performance in terms of economic, social and environmental measures that promote an ethical culture and responsible corporate citizenship:
 - Setting a balanced mix of performance targets at Group, Operating Model Entity (OME) and individual levels that drive performance without placing the organisation under undue risk.
 - Using appropriate benchmarks to inform policy decisions and remuneration mix thus ensuring alignment with the industry on a per country basis.
- Recognising equal pay for work of equal value within the ambit of this policy.
- Managing overall employment cost.
- Enabling global employee mobility through a balanced and market-related expatriation policy.



Remuneration philosophy


Sasol's remuneration philosophy is to use internally equitable and externally competitive salary, benefits and incentive structures as a means to attract, retain and motivate qualified, skilled and engaged employees to work towards achieving our strategic objectives in a values-driven manner and create stakeholder value responsibly and sustainably.

Remuneration governance and fair pay practices

Sasol complies with the relevant remuneration governance codes and statutes that apply in the various jurisdictions within which it operates. Recommended practices stated under Principle 14 of the King IV Code™ are applied and explained throughout this report.

The Sasol remuneration policy is designed to support fair pay practices.

Risk management





Risk management


Remuneration risk is reviewed in accordance with the terms of reference of the Committee. In the normal course of business, Sasol aligns remuneration decisions with strategic business objectives.


- The Remuneration Committee **ensures effective risk management oversight** in relation to material risks within the Committee’s scope and will exercise its discretion within the Group’s overall risk framework.
- The remuneration **policy is transparent** to all stakeholders.
- All incentive plans and the remuneration mix are **reviewed** annually.
- Executives do not **approve their own** benefits or remuneration.
- All **exceptions** are approved by the Committee and by the Board in the case of Executive Directors.
- We have a **Clawback and malus policy** in place.
- Our LTI plan design ensures that top management’s awards are subject to **split vesting** of 50% after 3 years and the balance after 5 years.
- **Maximum earnings** exist through the design of our STI and LTI plans.

Key remuneration elements

These are the key components of Sasol’s remuneration policy:

COMPONENT	POLICY	APPLICATION
 Total guaranteed package or base salary	<p>TGP = Total guaranteed package = Base salary + cost of all employer contributions.</p> <p>Broad pay bands set with reference to location and sector-specific median benchmark points.</p> <p>The total cost of annual increases is approved by the Committee and set in accordance with market movement, affordability and forecast inflation.</p> <p>The Group’s expatriate remuneration policy enables global mobility of key management and specialists.</p>	<p>Employees in countries other than South Africa and employees in the South African collective bargaining sectors are paid a base salary rather than a TGP.</p> <p>Salaries are paid monthly to all employees except for employees in the United States and Canada who receive salary payments on a bi-weekly basis in line with local market practice. Employees who are promoted are considered for adjustments if justified.</p> <p>Performance-based increases are not applied to the bargaining sector as across-the-board increases are applied with effect from 1 July. For other employees, the effective date is 1 October.</p> <p>Expatriate salaries are adjusted for cost-of-living and location differences and tax equalisation is mostly applied.</p>
 Benefits and allowances	<p>Benefits include, but are not limited to, membership of a retirement plan, health insurance and risk cover to which contributions are made by both the company and the employee.</p> <p>Allowances are paid in terms of statutory compliance or as is applicable in a sector/ jurisdiction.</p> <p>A number of special allowances including, inter alia, housing, cost of living, home leave and child education are included in the Group’s expatriate policy.</p>	<p>Benefits are offered on retirement, for reasons of sickness, disability or death.</p> <p>The beneficiaries of employees who pass away while in service receive additional insurance cover of which the quantum depends on the retirement plan of which they were a member during service.</p> <p>Allowances are linked to roles within specific locations and are paid together with salaries.</p> <p>There are no allowances paid to positions in senior management and higher, except for expatriates.</p>

COMPONENT	POLICY	APPLICATION	WEIGHTING (GEC)	WEIGHTING (BELOW GEC)
 STI	<p>A single STI structure is applied globally and paid annually in September after Committee approval. Most mining employees earn a production bonus which is paid monthly.</p> <p>Target incentives align with median benchmarks.</p> <p>The STI structure consists of Group, entity and individual performance targets set in advance of every financial year.</p> <p>Group, entity and individual performance targets are reviewed annually to ensure relevance, Continuous Improvement and alignment with the Group's strategic objectives, which includes safe, sustainable operations.</p> <p>The Committee can exercise its discretion to pay incentives as deemed appropriate, and based on affordability.</p>	Growth in core headline earnings	30%	30%
		Growth in production volumes	20%	30%
		Cost efficiency to support Continuous Improvement	20%	30%
		Project delivery	5%	10%
		Energy efficiency	5%	–
		B-BBEE targets (for South African entities in respect of preferential procurement (5%) and employment equity (5%))	10%	–
		Safety and sustainability targets		
		Fatalities, high-severity injuries (5%), fires, explosions and releases (FERS) (5%)	10%	–
		Total	100%	100%*
		<small>*OME incentive targets are set in line with business plans approved by the responsible EVP. These include safety and energy efficiency targets set at the OME level and for South African OMEs, B-BBEE targets.</small>		
<p>Sustainability is a key performance objective and measured at Group and OME levels. In addition to the Group targets, the following objectives are included in operational STI scorecards, as applicable: safe transportation of hazardous chemicals, occupational health measures, greenhouse gas emissions and leaks or spills of hazardous materials. These measures balance safety, environmental sustainability and operational performance criteria. Individual targets are included in the performance agreement. These also include major project milestones where relevant.</p> <p>The Board has discretion to impose additional penalties for fatalities.</p> <p>Individual targets are agreed in the annual individual performance contract, and performance against objectives is assessed bi-annually.</p>				

COMPONENT	POLICY	APPLICATION	GEC	OTHER PARTICIPANTS
 LTI	<p>Equity-settled awards linked to the market value of a Sasol ordinary share (or American Depository Receipts (ADR) for international employees), subject to vesting conditions.</p> <p>The Committee governs LTI awards and considers these in respect of:</p> <ul style="list-style-type: none"> Internal promotions to qualifying roles and external appointments; Annual awards to eligible employees; and Discretionary awards for purposes of retention. <p>Awards are linked to the role and individual performance, and vesting is subject to service and performance targets. The vesting period is three years for participants in leadership and senior management. A split vesting period of three and five years applies to participants in top management.</p>	Growth in production volumes per head (25%)	✓	✓
		Return on invested capital (excluding AUC) (25%)	✓	✓
		TSR vs MSCI World Energy Index (25%)	✓	✓
		TSR vs MSCI Chemicals Index (25%)	✓	✓
		Retention shares	0%	40%
		Performance shares	100%	60%
		Vesting	50%	100%
			after 3 years	after 3 years except SVPs that have the same vesting periods as members of the GEC
			50%	–
			after 5 years	–

More detail on the remuneration policy is on pages 24 to 37 of the Annual Financial Statements [AFS](#)

Implementation Report

Aligning remuneration to enable our strategy

To drive our top priorities, which are aligned with the delivery of our strategy, our executives' remuneration is linked to key performance indicators marking progress on these priorities.

Strategic targets

ROIC

(US\$) >12% through-the-cycle >2% uplift by 2022

EBIT growth

(US\$ real) >5% CAGR through-the-cycle

Dividend returns

stepping up payout to 40% of core HEPS (2,5x cover) by 2022 thereafter moving payout towards 45% (2,2x cover)

Zero harm

at all our operations globally

Aspirational Culture

ensuring engagement and growth of all our employees

Our top priorities

Our Group top priorities are determined annually by our Joint CEOs in response to the external and internal environments in which we operate and focus the organisation on those key deliverables that will bring us closer to realising our strategy.

Our top priorities for 2019 were:

- pursue zero harm;
- enhance and nurture our foundation business;
- deliver sustainable growth and future investments;
- build a resilient organisation; and
- drive stakeholder relations, operational and capital excellence.

Short-term incentives (STI)

ESG measures

Long-term incentives (LTI)

2019 Group STI performance targets

Cost efficiency to support Continuous Improvement – 2018 cash fixed cost (CFC) + 5%¹

Year-on-year growth in core headline earnings – 2018 core HEPS +2%

2% year-on-year growth in production volumes – 2018 volumes +2%²

Project delivery – 80% of project scores according to end of job (EOJ) as estimated at the start of 2019

Preferential procurement (PP) – Score of 17,38 out of 25 on the B-BBEE scorecard

Employment equity – African and Coloured appointments into senior positions 70% of all opportunities utilised

17 fires, explosions and releases (FERs)

Energy efficiency improvement – 0,5% in South African operations

High-severity injuries (HSIs) and fatalities below six³

Fatalities

GEC STI score

LTI Corporate performance targets (CPT)

Growth in production volumes/head

Growth in attributable earnings

Return on invested capital (excluding assets under construction (AUC))

TSR vs MSCI World Chemical Index

TSR vs JSE Resi 10 Index

TSR vs MSCI World Energy Index

GEC CPT score for LTI

Link to value creation	Weighting %	2019 achievement	Weighted score	2018	2017
Enhancing our foundation business to remain relevant and competitive by improving our gross margin, reducing our cost base and optimising our balance sheet	20%	CFC 1,6% below target	0%	Above target 18,22% working capital and gross margin 4% below target 3,66%	On target 19,37% working capital and gross margin 8,8% below target 4,1%
We are committed to returning value to our shareholders and stakeholders before committing to further large growth projects	30%	Core headline earnings increased by 5,6%	45%	Below threshold 0%	Below threshold 0%
Improving production volumes in our foundation businesses and ramp-up production from our new facilities in Lake Charles Chemicals Complex to increase earnings	20%	0,8% below 2018	0%	0,9% growth 13,5%	1,8% growth 28%
Delivering projects within estimated time and budget to improve capital investments and project practices to increase business value	5%	6 milestones missed	0%	On target 5%	N/A
The aim of the PP scorecard is to encourage the usage of Black-owned professional services and entrepreneurs as suppliers while inherently encouraging measured entities to empower themselves on the principles of B-BBEE	5%	20,79 out of 25	7,5%	Exceed stretch target 7,5%	Exceed stretch target 7,5%
Integral to our Aspirational Culture is that we value and promote diversity and inclusion while growing the company	5%	53% of opportunities utilised	0,7%	49% of opportunities utilised 0%	53% of opportunities utilised 3,77%
The decrease in the number of significant fires, explosions and releases (FERs) is important to us as it ensures safe and reliable operations and improves energy efficiency	5%	19 FERs	0%	RCR: 5% 15 FERs 7,5%	RCR: 0% Achieved stretch target 4,95%
We have a long-standing commitment towards promoting energy efficiency (EE) as a key business driver. We strive to continuously improve the EE of all our manufacturing operations in support of asset integrity, and we are committed to the global Energy Productivity 100 initiative	5%	3% improvement	7,5%	0,4% energy efficiency improvement 2,6%	1,67% improvement 5,10%
Given our commitment and approach to safety we believe zero harm is possible	5%	2 high-severity injuries and 3 fatalities ³	5%	6 injuries and 4 fatalities 0%	N/A
	-	3	-	4	5
	100%		65,7%	63,01%	72,79%

Link to value creation	Weighting %	2019 Achievement	Weighted Score	2018	2017
Through production improvements and an efficient workforce we increase earnings for our shareholders	25%	1,45% improvement on base	36,2%	Achieved stretch target 50%	Achieved stretch target 50%
Growth in earnings creates value for shareholders and stakeholders	25%	N/A	N/A	Below threshold 0%	Below threshold 0%
ROIC reflects on earnings return measure in respect of capital investments, effective capital allocation and driving timely project completion	25%	Three year average ROIC (excl. AUC) at 9,14%	0%	N/A	N/A
Total shareholder return (TSR) is a measure of the performance of the Group's share price over time, and combines both share price appreciation and dividends paid to indicate the total value created to shareholders	50%	6 th percentile of the index	0%	Below threshold 0%	N/A
		N/A	N/A	N/A	6 th in group 7%
		41 st percentile of the index	10,8%	Above threshold 19%	47 th percentile 33%
			47%	69%	90%

1. The cost of STIs not paid, added back to ensure a consistent baseline against 2020.

2. Volumes normalised for planned shutdown periods and factors caused outside of management's control e.g. force majeure declared by service providers in Eurasia and Eskom electricity outages in South Africa.

3. Additional penalty applied for fatalities, to reduce the scoring from "stretch" to "on target".

Report of the Remuneration Committee (continued)

This section provides a view on how our remuneration policy was implemented, and also sets out the relationship between company performance and Executive Directors' and Prescribed Officers' remuneration outcomes against incentive plan targets as well as minimum shareholding requirements. The tables contained in this section provide information on all amounts received/receivable by members of the GEC (including the Presidents and JCEOs). As indicated in the remuneration policy, Sasol operates a STI and LTI plan, and any value derived from these is tied to value creation in different forms.

The following section provides information on how the reward outcomes were determined for the Executive Directors.

Executive Directors:

a. Factors considered in the final calculation of the annual STI amount

The Group's performance as well as the individual's performance are considered.

The final individual performance factors (IPFs) are disclosed in a range.

Although an STI amount could have been paid in terms of the meeting of the different targets, the Board made a decision to not make any payment of STIs to Executive Directors, Prescribed Officers and senior members of the LCCP projects management team. This penalty was considered in terms of the performance in 2019, as well as the factors that were considered in the respective performance factors in 2018.

Executive Directors	TGP/Base salary as at 30 June 2019 A	Target % B	Group factor % C	Individual performance factor % range ² D	2019 calculated STI value (Not paid) E = AxBxCxD
SR Cornell ¹	\$990 000	115%	65,70%	<90%	\$355 297
B Nqwababa	R10 963 220	115%	65,70%	<90%	R4 141 630
P Victor	R7 700 741	90%	65,70%	90% – 100%	R4 553 448

1. Gross US dollar salary.

2. Actual score determined by performance against individual scorecard, in range of 0-150% (IPF).

b. Remuneration and benefits approved and paid in respect of 2019 for Executive Directors

Amounts are stated in ZAR even though Mr Stephen Cornell, as a US citizen on an expatriate assignment in South Africa, earns his monthly salary in US dollars.

Mr Cornell received an annual salary increase on 1 October 2018 of 4,76% to increase his annual salary from US\$945 000 to US\$990 000. Any other increase in costs is as a result of the depreciating ZAR against the USD.

Executive Directors	SR Cornell ^{3, 4, 5} (JCEO and President)		B Nqwababa ⁶ (JCEO and President)		P Victor (CFO)	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Total salary and benefits	28 163	26 431	11 237	10 341	7 548	6 948
Annual short-term incentive ¹	–	10 882	–	7 798	–	4 407
Long-term incentive gains ^{2, 7}	8 972	8 956	9 173	7 754	6 880	2 744
Total annual remuneration	37 135	46 269	20 410	25 893	14 428	14 099

1. No STI payment was approved for 2019.

2. Long-term incentives for 2019 represent the award made on 26 September 2016. The amount is calculated in terms of the number of LTIs x corporate performance target achieved (47%) x closing share price on 17 October 2019. The actual vesting date for the annual awards made on 26 September 2016 is 30 October 2019 which is subject to the company being in an open period. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTIs vest. 50% of the vested LTIs and accrued dividends will be released on 30 October 2019 and the balance in September 2021, subject to the rules of the LTI plan. As there are no further performance conditions attached to the balance of 50%, the full amount is disclosed in the single figure table.

3. The balance of the increase in salaries and benefits stated in ZAR is due to the depreciating ZAR against the USD as Mr Cornell receives his salary in USD. Other benefits include accommodation (R1 494 731), school fees (R275 611), tax consulting fees (R14 871), home leave allowance (R520 000), the third tranche of the staggered sign on payment offered when he joined Sasol and which became due in March 2019 (R1 440 214) and tax on expatriate allowances and benefits (R3 752 962). Salary now includes the cost of tax equalisation.

4. Mr Cornell's 2018 'salary' was restated to include the expatriate tax on salary (R3 200 644) which was previously disclosed under 'other benefits'. The total salary and benefits remain unchanged. Salary now includes the cost of tax equalisation.

5. Mr Cornell participates in an individual Senior Executive Retirement Plan (SERP) in order to adjust for differences between the benefits that would have been payable under his previous employer's Defined Benefit retirement fund and the benefits payable under the retirement programmes of Sasol (USA) Corporation. The SERP benefit is payable to Mr Cornell following his death, disability or termination of employment for any reason other than cause.

6. Other benefits include private accommodation and meals (R27 150).

7. LTIs to vest in 2020 will be taken in shares towards meeting the minimum shareholding requirements.

c. Progress against minimum shareholding requirement (MSR):

The following table indicates progress against MSR three years after the appointment of the Executive Directors.

Beneficial Shareholding	Minimum Shareholding Requirement (MSR) to be achieved by 2022	Beneficial shareholding 30 June 2019 ³	Post-tax vesting 30 October 2019 (47%) ⁵	Beneficial shareholding value (including 30 October 2019 post tax Vesting)	% MSR Achieved	Number of shares to vest		Total number of vested shares subject only to continued employment	Pre-tax value of vested shares subject only to continued employment ⁵
						21 September 2020	26 September 2021		
SR Cornell ¹	\$2 700 000	–	\$324 458	\$336 584	12%	7 935	14 100	22 035	\$419 326
B Nqwababa ²	R19 740 000	R8 944 939	R2 783 347	R11 781 563	60%	6 900	14 100	21 000	R5 980 380
P Victor ²	R8 680 000	R851 950	R2 087 510	R2 979 418	34%	2 442	10 575	13 017	R3 706 981

Vested shares subject to continued employment only until 2020/2021⁴ (excluding accrued dividend equivalents)

- Mr Cornell has committed to paying in the tax liability on the shares to vest on 30 October 2019. He will thus take ownership of all the shares that vest.
- Messrs Nqwababa and Victor have committed to take ownership of the vested shares that remain after sufficient shares have been sold to offset the tax liability.
- Beneficial shareholding balance as at 30 June 2018 valued at R502,86, the holdings acquired during 2019 is valued at the higher of the acquisition price or the closing price on 17 October 2019.
- Corporate performance conditions have already been applied, the shares are subject to continued employment. This table excludes LTIs to vest in 2021 and 2022 that are subject to CPTs.
- Valued at closing price of 17 October 2019.

The following section provides information on how the reward outcomes were determined for the Prescribed Officers:

Prescribed Officers

a. Factors considered in the final calculation of the annual STI award.

The Group's performance as well as the individual's performance are considered.

The final individual performance factors (IPFs) are disclosed in a range.

The Committee applied its discretion and imposed a 100% penalty on these incentives due to the LCCP cost and schedule overruns.

Prescribed Officers	TGP/Base salary as at 30 June 2019	Pro rata %	Target %	Group factor %	Individual performance factor range ³	2019 calculated STI value (Not paid)
	A					
HC Brand ²	R5 030 670	24,93%	75%	65,70%	90% – 110%	R618 018
FR Grobler ¹	R6 400 000	100%	75%	65,70%	90% – 110%	R3 468 960
JR Harris ¹	£360 500	100%	75%	65,70%	90% – 110%	£186 518
VD Kahla	R6 871 572	100%	75%	65,70%	90% – 110%	R3 555 265
BE Klingenberg	R8 163 664	100%	75%	65,70%	90% – 110%	R3 620 381
CK Mokoena	R5 644 500	100%	75%	65,70%	90% – 110%	R2 642 261
M Radebe	R5 927 536	100%	75%	65,70%	90% – 110%	R2 774 754
SJ Schoeman ¹	R6 410 001	100%	75%	65,70%	40% – 50%	R1 579 264

- Calculation shown for illustrative purposes only. According to the Expatriate policy, the STI payable would be calculated on the Net Indicative Assignment Salary.
- Mr Brand is acting as EVP effective 1 April 2019 - pro rata calculation applied. Acting allowance of R750 000 per annum added to his TGP for purposes of calculations.
- Actual score determined by performance against individual scorecard, in range of 0 - 150%.

Report of the Remuneration Committee (continued)

b. Remuneration and benefits approved and paid in respect of 2019 for Prescribed Officers

Amounts are stated in ZAR even though Messrs Stephan Schoeman and Fleetwood Grobler were on expatriate assignments to the US and Germany respectively and earned their salaries in US dollars and euros. Mr Jon Harris is on an expatriate assignment from the UK to South Africa and earns his salary in British pounds.

Messrs Schoeman, Grobler and Harris received annual increases of 6%, 7,5% and 3% respectively. Any other increase in costs is as a result of the depreciating ZAR against the US dollar, euro and British pound. The salary lines include the cost of tax equalisation.

Prescribed Officers	HC Brand ⁴		FR Grobler ^{3,5}		JR Harris ^{3,6,10}		VD Kahla	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Total salary and benefits	1 260	–	11 680	10 567	12 563	11 287	7 263	6 804
Annual short-term incentive ¹	–	–	–	4 486	–	2 844	–	3 202
Long-term incentive gains ²	3 028	–	2 752	5 234	–	–	2 752	6 203
Total annual remuneration	4 288	–	14 432	20 287	12 563	14 131	10 015	16 209

Prescribed Officers	BE Klingenberg		CK Mokoena ⁷		M Radebe		SJ Schoeman ^{3,8,9}	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Total salary and benefits	8 417	8 002	5 677	9 339	5 854	5 627	14 774	11 463
Annual short-term incentive ¹	–	3 640	–	2 391	–	2 518	–	3 774
Long-term incentive gains ²	3 363	7 173	2 229	–	2 752	5 428	2 752	9 072
Total annual remuneration	11 780	18 815	7 906	11 730	8 606	13 573	17 526	24 309

- No STI payment was approved for 2019.
- Long-term incentives for 2019 represent the award made on 26 September 2016. The amount is calculated in terms of the number of LTIs x corporate performance target achieved (47% for Executive Vice Presidents and 68,2% for Mr Brand relating to this tenure as a Senior Vice President) x closing share price on 17 October 2019. The actual vesting date for the annual awards made on 26 September 2016 is 30 October 2019 which is subject to the company being in an open period. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTIs vest. 50% of the vested LTIs and accrued dividends will be released in October 2019 and the balance in September 2021, subject to the rules of the LTI plan. As there are no further performance conditions attached to the balance of 50%, the full amount is disclosed in the single figure table. Ms Mokoena did not receive an annual award but an on-appointment award partially compensating for shares forfeited when she resigned from her previous employer.
- The 2018 'salary' was restated to include the expatriate tax on salary (Grobler: R3 161 594, Harris: R1 154 354, Schoeman: R2 420 030) previously disclosed under 'other benefits' which has been reduced by the corresponding value. The total salary and benefits remain unchanged.
- Mr Brand was appointed to the GEC as Acting EVP: Group Technology with effect from 1 April 2019. Pro rata earnings disclosed. Other benefits comprise an acting allowance (R187 500) paid over the pro rata period. Long-term incentive gains include a special LTI award.
- Other benefits include a housing allowance (R582 953), home leave allowance (R176 576), relocation services (R60 432), social security (R35 246), spousal allowance (R28 134), utilities (R38 864), transport allowance (R3 886), private accommodation (R37 135) and tax on expatriate allowances and benefits (R1 073 487).
- Other benefits include home leave allowance (R118 410), utilities allowance (R36 210), accommodation (R775 290) and tax on expatriate allowance and benefits (R1 250 179). Mr Harris' expatriate assignment commenced in March 2018.
- 50% of the on-appointment LTI award made in February 2017 due to vest in February 2020; balance in February 2022, subject to the rules of the LTI plan.
- Other benefits include accommodation (R1 079 715), home leave allowance (R368 239), tax consulting fees (R176 024), social security taxes (R227 590), medicare taxes (R660 988) and tax on expatriate benefits and allowances (R1 590 168).
- Mr Schoeman has been relieved of all his duties to work and is on extended leave. There is an ongoing employment dispute.
- Mr Harris' 2018 salary includes a UK tax gross up on salary (R1 849 945) which is subject to recovery from the UK tax authorities. No UK tax gross up is included for 2019, only SA tax gross up.

Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2019 of the Directors of the company and the Prescribed Officers and their associates (none of whom have a holding greater than 1%) in the issued ordinary share capital of the company are detailed in the following tables:

Beneficial shareholding	2019 ^{1, 2}	2018 ¹		
	Total beneficial shareholding	Direct beneficial shareholding	Indirect beneficial shareholding ²	Total beneficial shareholding
Executive Directors				
B Nqwababa	17 378	13 003	–	13 003
P Victor	1 549	–	–	–
Non-executive Directors				
MBN Dube ³	24	24	233	257
NNA Matyumza ³	6	6	56	62
IN Mkhize ⁴	–	1 844	18 435	20 279
ZM Mkhize ³	181	181	330	511
Total	19 138	15 058	19 054	34 112

1. Unvested long-term incentives for Executive Directors not included.
2. The Sasol Inzalo Public (RF) Limited portion of the Sasol Inzalo transaction reached its maturity on 7 September 2018.
3. Direct beneficial shareholding comprises of Sasol BEE ordinary shares.
4. Resigned with effect from 17 November 2017.

Beneficial shareholding	2019 ^{1, 2}	2018 ¹		
	Total beneficial shareholding	Direct beneficial shareholding	Indirect beneficial shareholding ²	Total beneficial shareholding
Prescribed Officers				
HC Brand ³	17 700	–	–	–
FR Grobler	13 500	13 500	–	13 500
M Radebe	15 762	5 299	2 850	8 149
CF Rademan ⁴	–	1 300	–	1 300
Total	46 962	20 099	2 850	22 949

1. Unvested long-term incentives not included.
2. The Sasol Inzalo Public (RF) Limited portion of the Sasol Inzalo transaction reached its maturity on 7 September 2018.
3. Appointed Acting EVP with effect from 1 April 2019.
4. Retired with effect from 31 October 2017.

Finance overview



"Our financial focus has been on protecting and strengthening Sasol's balance sheet and improving cash generation."

Paul Victor Chief Financial Officer

KEY MESSAGES

- **Resilient results** from foundation business
- 2019 final dividend passed to **protect and strengthen the balance sheet**
- **LCCP debt refinancing improves** mix and maturity profile
- **Actively managing liquidity headroom**
- Renewed focus to ensure a strong and robust **financial control environment**

Our foundation business delivered resilient results with a strong volume, cash fixed cost and working capital performance against the backdrop of a challenging macroeconomic climate. Our business was impacted by market and geopolitical risks including subdued global GDP growth. Our gross margin percentage decreased by 2% compared to the prior year driven by the increased supply of chemicals in the US and China resulting in lower chemicals prices. Our Energy Business benefitted from higher crude oil prices and higher diesel differentials. These benefits were partly offset by weaker petrol differentials driven by negative supply-demand fundamentals.

Oil prices improved to US\$69 per barrel on average in 2019, compared to US\$64 per barrel in the prior year, with prices forecast to trend between US\$50 and US\$70 per barrel in 2020. Oil markets remain exposed to shifts in geopolitical risks as well as supply and demand movements.

The chemicals industry has moved into a down cycle during the year based on reduced demand due to the ongoing US-China trade dispute and an increase in supply of commodity chemicals as new Chinese chemical complexes are starting up sooner than expected. We view this as temporary as the market will recover over the next 18 to 24 months.

During 2019, the rand/US dollar exchange rate averaged R14,20 compared to R12,85 for the prior year. The weaker average rand/US dollar exchange rate significantly impacted the results of our Chemicals businesses as a significant portion of the business is exposed to foreign currency sales and capital expenditure. We remain cautious with regards to the impact of a volatile rand/US dollar exchange rate on our business going forward.

To mitigate these risks, we are of the view that our hedging programme is a key component of our financial risk management framework to provide certainty as we manage peak gearing and ensure sufficient liquidity for the company. We intend continuing with a prudent hedging strategy to ensure effective balance sheet management and protect cash flows needed to execute on our value-based strategy. We are pleased that approximately 55% of our hedging programme relating to rand/US dollar cover for 2020 is now complete. We have already hedged 47% of our ethane price exposure out of a target of 50%-70%.

Unfortunately during the year under review, we significantly increased our capital project forecast for LCCP and hence it resulted in a sizeable impairment of the assets as well as limiting our balance sheet flexibility. Several control deficiencies have been identified by management since the increased LCCP capital announcement. Remedial actions have been initiated since February 2019 to address project and financial controls and reporting deficiencies.

As we are in the process of starting-up the LCCP and ramping-up our volumes, it is evident in 2019 that the revenue generated do not fully cover the operating costs. We anticipate with all units being online in 2020 that the revenue will surpass costs and the LCCP is forecast to generate EBITDA of US\$100 million to US\$200 million.

Key drivers impacting our results

Sasol's risk management process has enabled us to remain resilient in the volatile macroeconomic environment. We closely monitor the progress of our strategic objectives by considering and planning for various likely financial scenarios in determining whether the risk is within the limits of our risk tolerance and risk appetite as well as testing the robustness of our mitigation actions. In order to assess the impact of the operating environment on our business, it is important to understand those factors that affect the delivery of our results.

Risk	Impact on value creation	Response
Executing on capital projects	<ul style="list-style-type: none"> One of the most significant challenges is capital excellence – delivery of projects within cost and schedule. Failure to achieve this negates our return on invested capital and could result in impairments. During the year deficiencies relating to the LCCP forecasting process were identified, which resulted in a revised cost estimate. 	<ul style="list-style-type: none"> Our capital allocation principles are used to guide how we systematically invest capital. We have also taken actions to document the lessons learnt from past projects including the LCCP and will apply them in future projects. Control deficiencies have been identified and are being remediated.
Credit market risk and its impact on our debt profile	<ul style="list-style-type: none"> Despite the volatility in global markets, liquidity has remained available to quality borrowers. Market uncertainty has a more pronounced impact on the availability of liquidity. 	<ul style="list-style-type: none"> We monitor our funding requirements continuously as part of our enterprise risk management activities to ensure that we maintain appropriate levels of liquidity to minimise any adverse impact on our investment ratings.
Volatile markets and exchange rates	<ul style="list-style-type: none"> A large portion of our turnover and capital investments are significantly impacted by the rand/US dollar exchange rate. This is also a significant variable in the basic fuel price (BFP). Our chemical products are mostly commodity products the prices of which are based largely on global prices quoted in US dollars. 	<ul style="list-style-type: none"> We hedge both our capital investments and foreign currency-denominated imports by way of forward exchange contracts. We entered into zero-cost collars for approximately US\$4,3 billion and US\$4,7 billion for 2019 and 2020, respectively. This equates to approximately 70% of our exposure. This hedging strategy enables us to better predict cash flows and thus manage our working capital and debt more effectively.
Crude oil	<ul style="list-style-type: none"> Our Energy Business is exposed to the volatility associated with the selling price of fuel. The BFP forms part of the final selling price which is regulated by the South African government. The key factors influencing the BFP include the crude oil price, rand/US dollar exchange rate and refining margins. 	<ul style="list-style-type: none"> To protect the Group against adverse effects of short-term oil price volatility and rand/US dollar exchange rate fluctuations, we use a combination of forward exchange contracts and crude oil futures. We entered into hedges against the downside risk in the crude oil price covering approximately 80% of the Group's liquid fuel sales for 2019.
Chemical prices	<ul style="list-style-type: none"> Our chemical products follow a typical demand cycle. Higher demand results in higher margins until new production capacity is introduced, at which point margins decrease. Over the longer term, most commodity chemical prices tend to track crude oil-based feedstock prices. 	<ul style="list-style-type: none"> The approach for our commodity Chemicals Business is to have a diverse portfolio of assets and, wherever possible, to invest in the value chain from raw materials to final products. We expand our footprint in differentiated markets. This is aimed at ensuring resilience under a number of different oil price scenarios and industry cycles.
Gas prices	<ul style="list-style-type: none"> Natural gas is a key feedstock in our GTL businesses. A higher gas price would reduce our profitability and earnings generation. In Mozambique some of our revenue is derived from the natural gas price. Lower gas prices would result in reduced cash flows and profitability. If gas selling prices are reduced by NERSA it will negatively impact our business. 	<ul style="list-style-type: none"> In times of lower demand for gas, we utilise the gas available from Mozambique internally in our integrated value chain. In July 2019 the Constitutional Court overturned the 2013 NERSA maximum price decisions and ordered NERSA to revise its decisions. We are waiting for the outcome.
Our cost base	<ul style="list-style-type: none"> The risk of inflationary increases in the countries in which we operate could place further pressure on our cost base. Generally, the rate of inflation in most major countries has been relatively low. The inflation rate for South Africa remains volatile and has moved from 4,7% in 2018 to 5,9% at 30 June 2019. 	<ul style="list-style-type: none"> We maintain a strict focus on cost and are targeting an inflation rate of 6%. We are further evaluating opportunities to reduce cost through our Continuous Improvement programme. We have several digitalisation initiatives aimed at increasing the effectiveness and efficiency of operations which will significantly contribute to our Continuous Improvement target of a 2% Return on Invested Capital (ROIC) uplift by 2022.

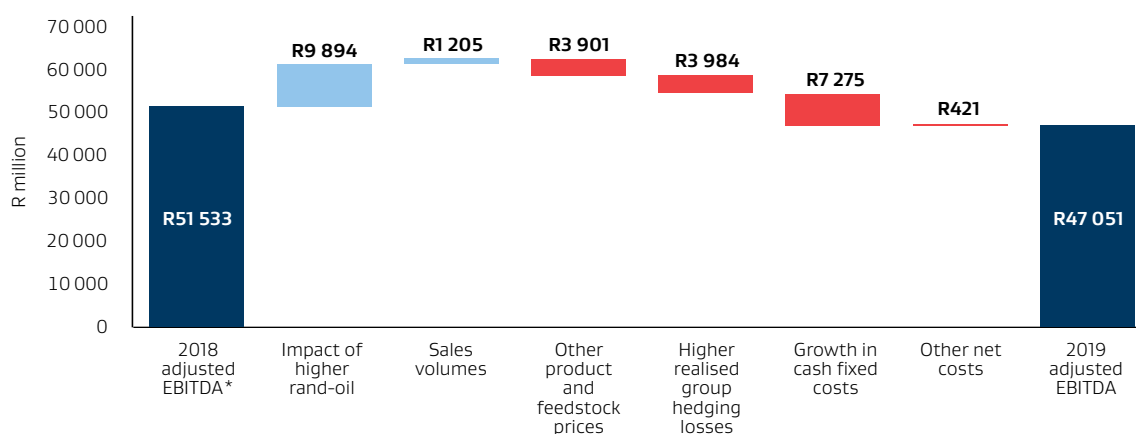
Overview of financial performance

Adjusted earnings before interest, tax, depreciation and amortisation (Adjusted EBITDA) decreased 9% compared to the prior year due to lower chemical product prices and higher LCCP operating costs with no corresponding revenue as yet.

Earnings before interest and tax (EBIT) decreased 45% to R9,7 billion, largely due to significant remeasurement items of R18,6 billion recorded in the current year resulting mainly from softer chemical prices as well as the higher than anticipated capital spend on the LCCP.

Core headline earnings per share (CHEPS) increased 5% to R38,13 on the back of a 19% higher rand per barrel oil price compared to the prior year. Headline earnings per share (HEPS) increased 12% to R30,72 compared to the prior year. Even though we were unable to convert the full rand oil benefit into earnings due to softer commodity chemical prices and higher feedstock prices in Europe and the US, the increase in core earnings still supports our cash flow generating ability from our foundation businesses.

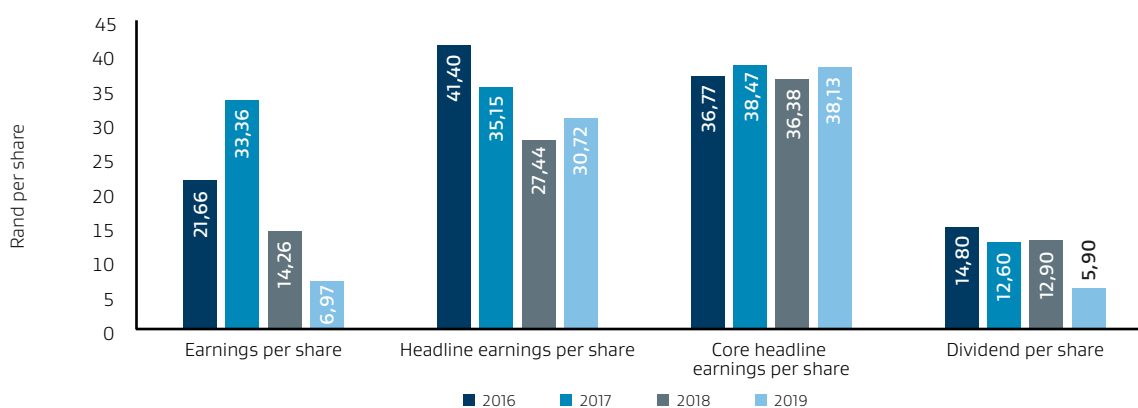
Adjusted EBITDA*



*Adjusted EBITDA has been restated to include unrealised translation losses and change in the discount rate for the rehabilitation provisions.

The Sasol Limited Board (the Board) considers core headline earnings as an appropriate indicator of the sustainable operating performance of the Group. The graph below summarises earnings performance for the past four years.

Earnings performance



Our operational performance saw the positive impact of management interventions resulting in improved performances at Secunda Synfuels Operations, achieving an annualised run-rate of 7,8 mt after the full shutdown, Natref achieving a production run-rate of 637m³/h which is the highest performance in the past eight years and productivity at Mining increasing by 3%. Our final production results were, however, constrained by a longer-than-expected shutdown at Secunda Synfuels Operations and external feedstock supply challenges in Germany. ORYX GTL achieved an 81% utilisation rate due to unplanned maintenance shutdowns during the year. The high-density polyethylene plant (HDPE) in the US produced volumes at the upper end of its design capacity.

Liquid fuel sales volumes increased by 2% compared to the prior year from higher volumes placed in wholesale and commercial channels and as a result of a strong performance by Natref. Base Chemicals' sales volumes increased by 4% from the prior year due to the contributions from the HDPE and linear low-density polyethylene (LLDPE) plants in the US, however the positive impact thereof was offset by softer commodity chemical prices. Performance Chemicals' sales volumes decreased by 3% compared to the prior year resulting from external supply constraints experienced during the first half of the year and a softer macroeconomic environment in Europe and Asia during the second half of the year.

+Refer to inside back cover (IBC) for definition of adjusted EBITDA.

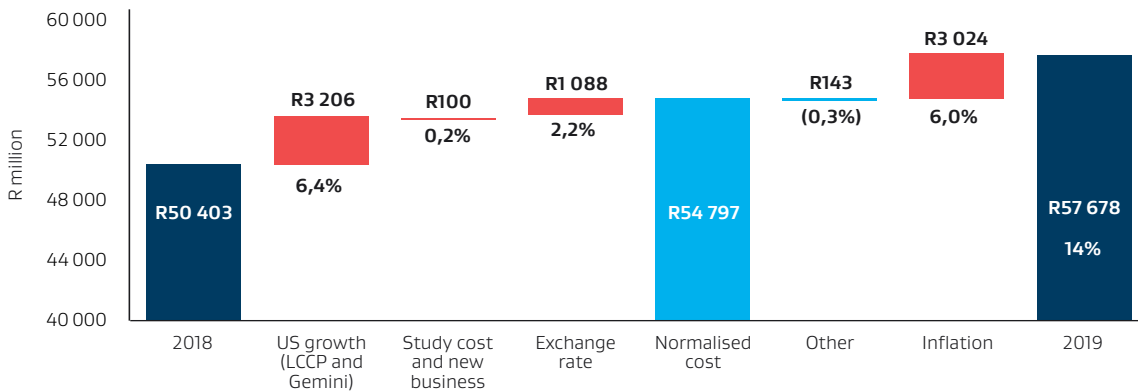
Our attributable earnings was significantly impacted by remeasurement items of R18,6 billion. Once-off items include impairments of R7,4 billion (US\$526 million) and R5,5 billion (US\$388 million) recognised in relation to the Tetramerisation and EO/EG cash generating units, respectively. The impairments were mostly as a result of softer forecast US ethylene and global non-ethylene glycol prices and an increase in capital cost for the LCCP. Softer international ammonia sales prices and higher feedstock prices impacted our ammonia value chain in Southern Africa, with an impairment of R3,3 billion recognised. Our shale gas assets in Canada were impaired by a further R1,9 billion (CAD181 million) as at 30 June 2019 to a carrying value of R22 million (CAD2 million) based on the fair value

less cost to sell as we have made significant progress on this divestment as part of our strategic portfolio optimisation.

Maintaining our cost advantage

Cash fixed cost increased by 14% from the prior year, mainly as a result of growth costs associated with the LCCP (R3,2 billion), higher study and new business cost expenditure (R0,1 billion) and the impact of a weaker exchange rate (R1,1 billion). Normalised for these effects, cash fixed cost increased by 5,7%, which is in line with Sasol's global cost inflation target of 6%. We are of the view that our cost management processes remain robust to protect and improve our cost competitive position.

Cost performance

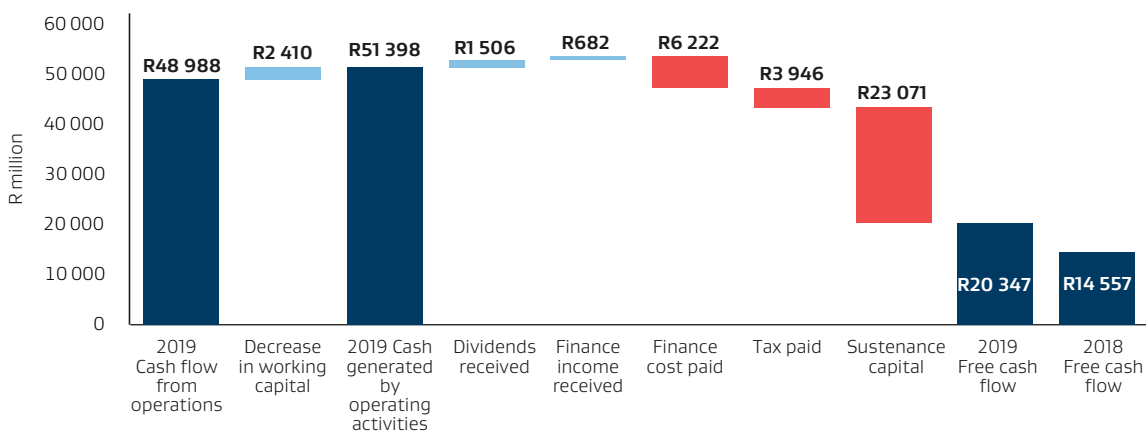


Managing cash and capital

Free cash flow generation is one of the most important drivers of sustaining and increasing shareholder value. Free cash flow before growth capital of R20,3 billion

increased by 40% from the prior year as a result of higher cash flow from operations and a decrease in working capital.

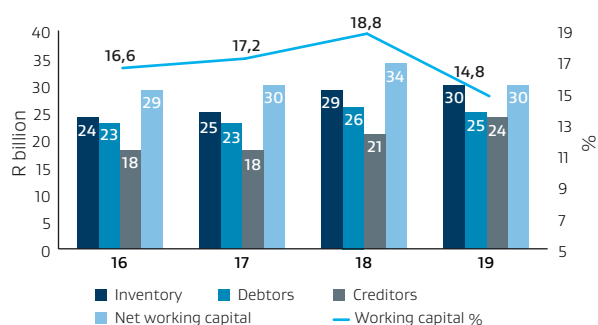
Free cash flow



Cash generated by operating activities

Cash generated by operating activities increased 20% to R51,4 billion compared with R42,9 billion in the prior year. This is largely attributable to favourable Brent crude oil prices and exchange rate, together with our strong working capital performance where working capital decreased by R2,4 billion resulting from cash conservation initiatives implemented by management. This was partly offset by softer chemical prices and operating losses attributable to the LCCP incurring costs without corresponding returns while in the ramp-up phase.

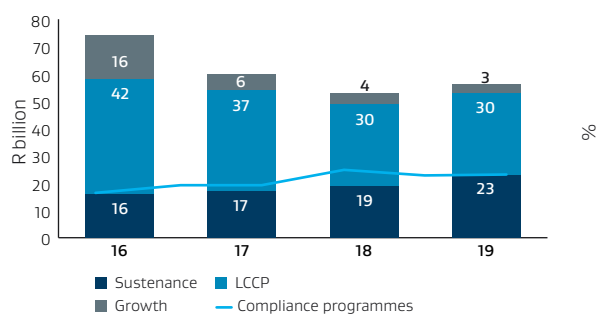
Working capital



Capital investments

Over the past three years, we have made capital investments of R169 billion, of which R55,8 billion was invested in 2019. We focused our investment mainly in projects in South Africa, Mozambique and the United States, with some investments in Germany and China. As illustrated in the graph below, in 2019, R33 billion of capital expenditure related to growth capital, including R30 billion (US\$2,1 billion) on the LCCP, and R23 billion related to sustenance capital to ensure safe and reliable operations.

Capital investments



We invested R20 billion in South Africa - 36% of the total capital investment for the year. We target to prudently manage the sustenance capital basket for the foundation business by leveraging on digitalisation and reviewing our asset management strategies. Further details of additions to our non-current assets is provided in notes 17 and 18 of our Annual Financial Statements [AFS](#).

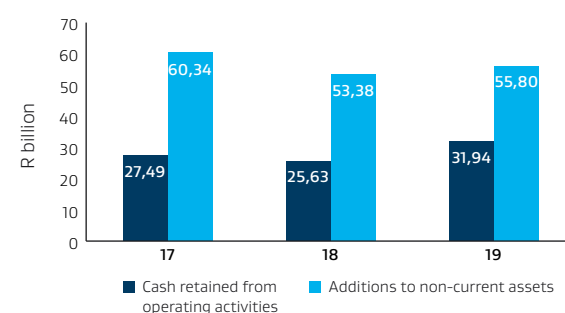
Capital portfolio optimisation

We have made progress with a value-driven review aimed at optimising our asset portfolio and have identified a number of disposals with a net asset value of approximately US\$2 billion. We have already agreed a number of transactions of approximately 20% of the divestment target and are currently reviewing and assessing the potential of other disposals.

Cash utilisation

In 2019, the cash outflow of our capital investment programme exceeded the cash retained from operating activities by R24 billion. The following graph illustrates our cash utilisation for the last three financial years.

Cash utilisation



Going forward we will invest in the sustainment of current assets through deployment of capital of US\$1,5 billion per annum, with completion of the LCCP and as the facility continues to ramp-up, we expect cash retained from operating activities to exceed cash outflows from our capital investment programme.

Managing our funding plan, debt profile and credit rating

Debt profile

Our long-term capital expansion projects are financed by a combination of floating and fixed-rate long-term debt, as well as internally generated funds. We endeavour to match debt to the currency of the underlying revenue generation. Further details of how we manage our capital structure is included on page 34. Net debt increased by R28,9 billion in 2019 to R125 billion mainly due to the funding of the LCCP and the higher valuation of US dollar debt funding at year-end.

Our debt profile:

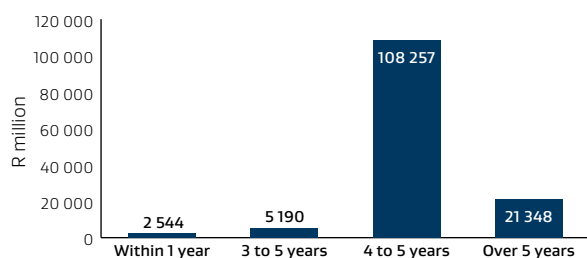
	2019 Rm	2018 Rm	2017 Rm
Long-term debt	134 795	96 691	74 312
Short-term debt*	3 783	14 709	9 718
Bank overdraft	58	89	123
Total debt	138 636	111 489	84 153
Less: Cash (excluding cash restricted for use)	(13 397)	(15 148)	(27 643)
Net debt/(cash)	125 239	96 341	56 510

* Include short-term portion on long-term debt of R2 544 million

We are actively managing our balance sheet, taking advantage of debt opportunities to ensure that we have a continued robust liquidity position with funding from a range of sources and a balanced maturity profile.

During the year we refinanced the US\$4 billion LCCP asset-based facility in two phases, initially by the issue of US\$2,25 billion of US dollar denominated bonds (US\$1,5 billion 5,5-year bond and US\$0,75 billion 10-year bond) and thereafter by a US\$1,8 billion 5 year bank loan financing. This refinancing enabled Sasol to optimise its mix of funding instruments between bank loans and bond market, while at the same time extending the maturity of the debt profile from 2021 to as far out as 2028.

Long-term debt maturity profile

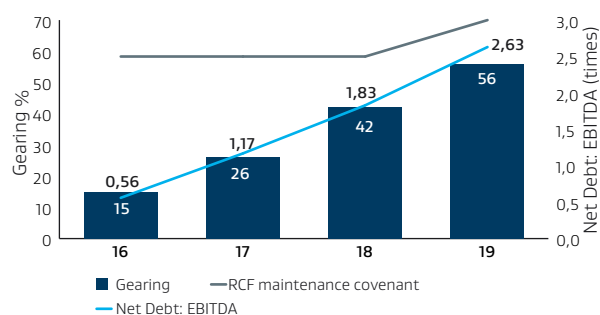


Our debt profile analysed by currency:

	2019		2018		2017	
	Rm	%	Rm	%	Rm	%
Rand	9 724	7	19 044	17	20 922	25
US dollar	128 468	93	91 131	81	59 391	71
Other	444	—	1 314	2	3 840	4
Total	138 636		111 489		84 153	

Due to the funding of the LCCP, 93% of our debt is now US dollar denominated. Given the significantly weaker closing exchange rate of R14,08 and the related translation loss arising on the valuation of the balance sheet at year-end, the impairments recognised during the year and the higher-than-planned capital expenditure on the LCCP, our gearing increased to 56,3%. As part of our debt refinancing strategy we have agreed with our financiers to amend the net debt: EBITDA covenant from 2,5 times to 3,0 times under the US\$3,9 billion Revolving Credit Facility (RCF) entered into during 2017. The covenant amendment provides us with financial flexibility during the peak gearing period over the next 12 – 24 months. The graph below illustrates our gearing and net debt: EBITDA ratio as at 30 June 2019.

Gearing and net debt: EBITDA ratio



Looking forward, we expect a significant cash contribution from the LCCP and our balance sheet to deleverage by the latest 2022. However, to fund our future growth

ambitions, we aim to have a gearing ratio of at least 30%. This will mean having to source the appropriate funding mix at the most attractive rates in the market. We have implemented a dynamic funding plan which is based on our latest assumptions and capital requirements. We review the plan on an ongoing basis and report on it to the Audit Committee and Sasol Limited Board to ensure that we have sufficient liquidity and headroom on the balance sheet in the foreseeable future.

Solvency and liquidity

The Group meets its financing requirements through a mixture of cash generated from its operations and short- and long-term borrowings. We maintain adequate banking facilities and reserve borrowing capacities. Sasol is in compliance with all of the financial covenants of its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. We believe that cash on hand and funds from operations, together with our existing borrowing facilities, will be sufficient to cover our working capital and debt service requirements in the year ahead.

Credit ratings

Our credit ratings are influenced by some of our more significant risks. These include crude oil price volatility, movements in the sovereign credit rating of South Africa, our investments in developing countries and their particular associated economic risks, the potential for significant debt increase and the execution challenges associated with a number of our planned growth projects if they materialise simultaneously, as well as the risks arising from potential increases in capital costs associated with these projects. In December 2018, Standard & Poor's (S&P) Global Ratings affirmed Sasol's credit rating at a BBB-/A-3 with a stable outlook. This is two notches above the South African sovereign credit rating and is at investment grade. In May 2019 Moody's affirmed Sasol's global scale long-term issuer ratings at Baa3, however changing the outlook from stable to negative. Sasol's national scale long-term rating was changed from Aaa.za to Aa1.za.

Analysing our shareholding and returns to shareholders

Shareholding

Sasol's shareholder base consists primarily of large institutional shareholders, with varying investment styles, concentrated in South Africa. With the LCCP coming online, our international portfolio is becoming more significant. As a result, our aim is to achieve a broad correlation between the distribution of our shareholder base and the sources of cash-generation for Group. This means that we will specifically target a larger number of US-based investors in future.

Total shareholder return

We return value to our shareholders by way of both dividends and share price appreciation. Total shareholder return (TSR) is a measure of the performance of the Group's shares over time, and combines both share price appreciation and dividends paid to indicate the total return to a shareholder over the period. Sasol's TSR for the five-year period ending 30 June 2019 was negative 34% in rand terms and negative 51% in US dollar terms, which is in the bottom range of our peers.

Finance overview (continued)

The factors that influenced the performance of the share price included the market's reaction to the increased LCCP cost estimate, challenging global markets with ongoing macro uncertainty and our operational efficiency and cost containment initiatives. The volatility of the crude oil price, coupled with the rand/US dollar exchange rate, further contributed to the lower share price performance. To maximise TSR, the Group has put measures in place to:

- improve project execution by implementing lessons learnt from the LCCP and previous projects;
- actively manage the balance sheet to address external volatility;
- update our strategy to reflect sustainability as a key measure of resilience;
- execute per our disciplined capital allocation framework for improving shareholder returns;
- focus on Continuous Improvement to improve the efficiency of our operations; and
- work with government and other stakeholders to manage the impact of regulations on Sasol's South African business.

Dividend

Our dividend policy is to pay dividends within a dividend cover range based on core HEPS. After careful consideration of our current leverage and the volatility in the macroeconomic environment, the Board made a very tough decision to pass the final dividend for 2019. This helps to protect and strengthen our balance sheet while also ensuring we deliver the key elements of our strategy, particularly the final completion of the LCCP. We expect the balance sheet to regain enough flexibility to support future dividend distributions to shareholders after 2020. The Board may consider to pass the interim dividend for 2020 based on the health of the balance sheet metrics at that stage. During February 2019 a gross interim dividend was declared of R5,90 per ordinary share and Sasol BEE ordinary share.

New accounting standard

The Group will transition to the new accounting standard IFRS 16, *Leases*, effective 1 July 2019, applying the modified retrospective approach given the significance of the impact. The additional lease liabilities are expected to add approximately 5% on gearing.

Refer to the Annual Financial Statements **AFS** for detail disclosure of the impact.

Governance

Unfortunately during the year under review, we significantly increased our capital project forecast for the LCCP which resulted in a sizeable impairment of our assets and limiting our balance sheet flexibility. Several control deficiencies were identified by management since the increased LCCP capital announcement. Refer to the Governance overview on page 60 for more details.

We have initiated several remedial actions since February 2019 to address project and financial controls and reporting deficiencies.

Outlook for 2020

The economic climate continues to remain highly volatile and uncertain. While oil price and foreign exchange movements are outside our control and may impact our results, our focus remains firmly on managing factors within our control, including volume growth, cost optimisation, effective capital allocation, focused financial risk management and maintaining an investment grade credit rating.

We expect an overall strong operational performance for 2020, with:

- Secunda Synfuels Operations volumes of 7,7 – 7,8 million tons (impacted by a phase shutdown in 2020);
- Liquid fuels sales of approximately 57 – 58 million barrels;
- Base Chemicals' overall sales volumes to be 15% – 20% higher than the prior year. Excluding LCCP-produced products, sales volumes to be 1% – 2% higher than prior year;
- Performance Chemicals' overall sales volumes to be 7% – 10% higher. Excluding LCCP-produced products, sales volumes to be 1% – 2% higher than prior year;
- All LCCP units online in 2020 with an EBITDA contribution of US\$100 – US\$200 million;
- Gas production volumes from the Petroleum Production Agreement in Mozambique to be 114 – 118 bscf;
- An average utilisation rate of 55% – 60% at ORYX GTL in Qatar;
- Normalised cash fixed costs to remain in line with our inflation assumption of 6%;
- Capital expenditure of R38 billion for 2020 and R30 billion for 2021 as we progress with the execution of our growth plan and strategy. Capital estimates may change as a result of exchange rate volatility and other factors; and
- Our balance sheet gearing to range between 55% – 65% which includes the impact of adopting IFRS 16; Net debt: EBITDA 2,6 times – 3,0 times.

Our guidance is based on the following assumptions:

- Rand/US dollar exchange rate to range between R13,80 and R15,30; and
- Average Brent crude oil prices to remain between US\$50/bbl and US\$70/bbl.

Acknowledgement

2019 has been a challenging year in many respects and I would like to thank the Board and Group Executive Committee for their support and leadership. I also would like to acknowledge the dedication and hard work of our finance team who are supporting the business in the dual challenge of delivering value to shareholders and managing our balance sheet. Finally, I am looking forward to the year ahead as we unlock value from the LCCP for our shareholders.



Paul Victor
Chief Financial Officer

28 October 2019

Statement of financial position analysis

at 30 June

	2019 Rm	2018 Rm	2017 Rm
Assets			
Property, plant and equipment	233 549	167 457	158 773
Assets under construction	127 764	165 361	130 734
Goodwill and other intangible assets	3 357	2 687	2 361
Equity accounted investments	9 866	10 991	11 813
Post-retirement benefit assets	1 274	1 498	622
Deferred tax assets	8 563	4 096	3 082
Other long-term assets	7 580	5 888	3 600
Non-current assets	391 953	357 978	310 985
Assets in disposal groups held for sale	2 554	113	216
Short-term investments	–	85	–
Inventories	29 646	29 364	25 374
Trade and other receivables	29 308	33 031	30 179
Short-term financial assets	630	1 536	2 739
Cash and cash equivalents	15 877	17 128	27 643
Current assets	78 015	81 257	87 954
Total assets	469 968	439 235	398 939
Equity and liabilities			
Shareholders' equity	219 910	222 985	211 711
Non-controlling interests	5 885	5 623	5 523
Total equity	225 795	228 608	217 234
Long-term debt	127 350	89 411	72 560
Finance leases	7 445	7 280	1 752
Long-term provisions	17 622	15 160	16 648
Post-retirement benefit obligations	12 708	11 900	11 069
Long-term deferred income	924	879	910
Long-term financial liabilities	1 440	133	733
Deferred tax liabilities	27 586	25 908	25 860
Non-current liabilities	195 075	150 671	129 532
Liabilities in disposal groups held for sale	488	36	–
Short-term debt	3 783	14 709	9 718
Trade and other payables	40 505	39 468	38 303
Short-term financial liabilities	765	1 926	740
Other current liabilities	3 499	3 728	3 289
Bank overdraft	58	89	123
Current liabilities	49 098	59 956	52 173
Total equity and liabilities	469 968	439 235	398 939

Commentary

Property, plant and equipment and assets under construction

Additions to non-current assets amounted to R56,7 billion, this includes R30,3 billion (US\$2,1 billion) relating to the LCCP. Depreciation and amortisation for the year was R18 billion. Projects capitalised that moved from assets under construction to property, plant and equipment amounted to R96 billion, this included the EO/EG unit that reached beneficial operation in May 2019.

Impairment of assets

In 2019, softer chemical margins and higher feedstock costs triggered a number of impairments tests to determine whether the carrying value of our assets are recoverable:

- The EO/EG and Tetramerisation cash generating units (CGU) were impaired by R5,5 billion (US\$388 million) and R7,4 billion (US\$526 million) respectively.
- The Ammonia CGU in the Southern African value chain was impaired by R3,3 billion.
- We reversed an impairment amounting to R949 million on our integrated ethylene assets in Sasolburg due to the useful life extension from 2034 to 2050.
- Based on the fair value less cost to sell, a further impairment of R1,9 billion (CAD181 million) was raised on our Canadian shale gas asset, which represents a substantial write-down of the asset's book value as at 30 June 2019.

Assets in disposal group held for sale

We targeted assets for divestment in 2020 including our investment in Sasol Huntsman GmbH & co KG and the Base Chemicals explosive business.

Working capital

Working capital at 15% of revenue benefitting from focused management initiatives.

Equity

Shareholders' equity was negatively impacted by the decrease in earnings for the year.

Debt

Debt increased by R27 billion, this was mainly to finance the higher LCCP capital cash flows partly offset by the R7 billion external debt that was settled relating to the Inzalo Public B-BBEE transaction. Higher capital cash flows and significant impairments recorded increased our gearing to 56,3%, which is above our previous market guidance of 44 – 49%.

Non-current assets

**R392
billion**

Current assets

**R78
billion**

Total assets

**R470
billion**

Income statement analysis

for the year ended 30 June

	2019 Rm	2018 Rm	2017 Rm
Turnover	203 576	181 461	172 407
Materials, energy and consumables used	(90 589)	(76 606)	(71 436)
Selling and distribution costs	(7 836)	(7 060)	(6 405)
Maintenance expenditure	(10 227)	(9 163)	(8 654)
Employee-related expenditure	(29 928)	(27 468)	(24 417)
Exploration expenditure and feasibility costs	(663)	(352)	(491)
Depreciation and amortisation	(17 968)	(16 425)	(16 204)
Other expenses and income	(19 097)	(15 316)	(12 550)
Translation gains/(losses)	604	(11)	(1 201)
Other operating expenses and income	(19 701)	(15 305)	(11 349)
Equity accounted profits, net of tax	1 074	1 443	1 071
Operating profit before remeasurement items and Sasol Khanyisa share-based payment	28 342	30 514	33 321
Remeasurement items	(18 645)	(9 901)	(1 616)
Sasol Khanyisa shared-based payment	-	(2 866)	-
Earnings before interest and tax (EBIT)	9 697	17 747	31 705
Finance income	787	1 716	1 568
Finance costs	(1 253)	(3 759)	(3 265)
Earnings before tax	9 231	15 704	30 008
Taxation	(3 157)	(5 558)	(8 495)
Earnings for the year	6 074	10 146	21 513
Attributable to			
Owners of Sasol Limited	4 298	8 729	20 374
Non-controlling interests in subsidiaries	1 776	1 417	1 139
	6 074	10 146	21 513
Per share information	Rand	Rand	Rand
Basic earnings per share	6,97	14,26	33,36
Diluted earnings per share	6,93	14,18	33,27

Commentary

Turnover

Turnover increased by 12% mainly due to:

- Higher sales volumes by Energy enabled by higher production at Natref, alongside favourable rand oil prices and diesel differentials;
- 3% lower sales volumes in Performance Chemicals compared to the prior year, mainly due to external feedstock supply constraints in Europe in the first half of 2019; and
- 4% higher sales in Base Chemicals largely due to a full year contribution from the high-density polyethylene (HDPE) plant and the linear low-density polyethylene (LLDPE) plant achieving beneficial operation in February.

Materials, energy and consumables used

Increase of 18% mainly due to higher sales volumes in Energy and Base Chemicals and higher feedstock costs.

Employee-related expenditure

Excluding the impact of the share-based payment, our employee costs increased by 8% compared to 2018, mainly due to normal salary increases and employee movements.

During the year:

- 504 employees were employed by Sasol mainly in the US and the conversion of hired employees to permanent employees;
- 119 vacancies were not filled; and
- 226 Group Technology (GT) employees left Sasol after the GT repositioning.

Other operating expenses and income

Increase in other operating expenses of R4,4 billion mainly relates to the costs associated with relevant LCCP units that are expensed and no longer capitalised as LCCP progresses through the sequential beneficial operation schedule.

Remeasurement items

For remeasurement items analysis refer to property plant and equipment and assets under construction.

Taxation

Our effective corporate tax rate decreased from 35,4% to 34,2% largely as a result of higher energy efficiency allowances, and the successful outcome of the Sasol Oil tax litigation matter resulting in the reversal of the provision. The adjusted effective tax rate, excluding equity accounted investments, remeasurements and once-off items, is 29,6% compared to 27,3% in the prior year.

Earnings attributable to shareholders

Earnings attributable to shareholders decreased by 51%. The negative impact of remeasurement items largely driven by softer chemical margins and higher feedstock costs and the negative EBITDA contribution from the LCCP resulted in a much lower profit and earnings per share for the year.

Earnings before interest and tax

R9,7 billion

Earnings before tax

R9,2 billion

Earnings per share

R6,97

Statement of cash flows

for the year ended 30 June

	2019 Rm	2018 Rm	2017 Rm
Cash receipts from customers	203 613	178 672	172 061
Cash paid to suppliers and employees	(152 215)	(135 795)	(127 992)
Cash generated by operating activities	51 398	42 877	44 069
Dividends received from equity accounted investments	1 506	1 702	1 539
Finance income received	682	1 565	1 464
Finance costs paid	(6 222)	(4 797)	(3 612)
Tax paid	(3 946)	(7 041)	(6 352)
Cash available from operating activities	43 418	34 306	37 108
Dividends paid	(9 952)	(7 952)	(8 628)
Dividends paid to non-controlling shareholders in subsidiaries	(1 523)	(725)	(989)
Cash retained from operating activities	31 943	25 629	27 491
Total additions to non-current assets ¹	(56 734)	(55 891)	(56 812)
Additions to non-current assets	(55 800)	(53 384)	(60 343)
(Decrease)/increase in capital project-related payables	(934)	(2 507)	3 531
Net cash movements in equity-accounted investments	66	(164)	(444)
Proceeds on disposals and scrappings	567	2 316	788
Net cash disposed of on disposal of businesses	–	(36)	–
Purchase of investments	(222)	(124)	(96)
Proceeds from sale of investments	142	114	28
Increase in long-term receivables	(231)	(194)	(141)
Cash used in investing activities	(56 412)	(53 979)	(56 677)
Proceeds from long-term debt	93 884	24 961	9 277
Repayments of long-term debt	(70 000)	(9 199)	(2 364)
Proceeds from short-term debt	977	1 957	4 033
Repayments of short-term debt	(1 730)	(2 607)	(1 410)
Cash generated by financing activities	23 131	15 112	9 536
Translation effects on cash and cash equivalents	162	954	(3 207)
Decrease in cash and cash equivalents	(1 176)	(12 284)	(22 857)
Cash and cash equivalents at beginning of year	17 039	29 323	52 180
Reclassification to held for sale	(44)	–	–
Cash and cash equivalents at end of year	15 819	17 039	29 323

Refer to our Annual Financial Statements **AFS** for detailed notes and disclosures.

Commentary

Cash generated by operating activities

Cash generated by operating activities increased to R51 billion compared to R43 billion in the prior year. This was largely attributable to favourable Brent crude oil prices and the exchange rate, together with our strong working capital performance. This was offset by softer chemical prices and operating losses attributable to the LCCP incurring costs without corresponding returns while in the ramp-up phase.

Additions to non-current assets

Capital expenditure, including accruals, amounted to R55,8 billion. This includes R30,3 billion (US\$2,1 billion) relating to the LCCP.

Proceeds from debt



During 2019, we refinanced the US\$4 billion LCCP asset-based facility in two phases, initially by the issue of US\$2,25 billion of US dollar denominated bonds and thereafter by a US\$1,8 billion five-year bank loan financing. The issuance comprised a US\$1,5 billion 5,5-year bond and a US\$0,75 billion 10-year bond.

Cash and cash equivalents

Our net cash on hand position decreased, with R15,8 billion as at 30 June 2019 compared to R17,0 billion in the prior year.



Operational performance summary

Mining		Performance	2019	2018
	Turnover (Rm)		3 222	3 446
	Earnings before Interest and Tax (EBIT) (Rm)		4 701	5 244
	Normalised Earnings before Interest and Tax (EBIT)* (Rm)		4 765	5 296
	Total assets (Rm)		28 294	27 744
	Number of employees		7 402	7 471
	Safety (Recordable Case Rate)		0,43	0,47
	GHG emissions (CO ₂ equivalents) (kilotons)		822	797
	Water use (1 000m ³)		1 520	1 495
Exploration and Production International		Performance	2019	2018
	Turnover (Rm)		1 815	1 610
	Earnings before Interest and Tax (EBIT) (Rm)		(889)	(3 683)
	Normalised Earnings before Interest and Tax (EBIT)* (Rm)		1 166	269
	Total assets (Rm)		16 017	16 556
	Number of employees		419	430
	Safety (Recordable Case Rate)		0,12	0,18
	GHG emissions (CO ₂ equivalents) (kilotons)		261	258
	Water use (1 000m ³)		85	86
Operations		Performance	2019	2018
	Safety (Recordable Case Rate)		0,27	0,26
	GHG emissions (CO ₂ equivalents) (kilotons)		65 440	66 327
	Water use (1 000m ³)		132 572	132 558
Performance Chemicals		Performance	2019	2018
	Turnover (Rm)		67 389	63 986
	Earnings before Interest and Tax (EBIT) (Rm)		(7 040)	7 853
	Normalised Earnings before Interest and Tax (EBIT)* (Rm)		7 940	7 933
	Total assets (Rm)		151 956	143 280
	Number of employees		5 667	5 600
	Safety (Recordable Case Rate)		0,12	0,22
	GHG emissions (CO ₂ equivalents) (kilotons)		-	-
Water use (1 000m ³)		-	-	
Base Chemicals		Performance	2019	2018
	Turnover (Rm)		48 113	43 269
	Earnings before Interest and Tax (EBIT) (Rm)		(1 431)	918
	Normalised Earnings before Interest and Tax (EBIT)* (Rm)		3 832	5 741
	Total assets (Rm)		160 638	140 540
	Number of employees		8 090	7 724
	Safety (Recordable Case Rate)		0,40	0,31
	GHG emissions (CO ₂ equivalents) (kilotons)		6	6
	Water use (1 000m ³)		1	1
Energy		Performance	2019	2018
	Turnover (Rm)		82 977	69 110
	Earnings before Interest and Tax (EBIT) (Rm)		16 566	14 081
	Normalised Earnings before Interest and Tax (EBIT)* (Rm)		17 116	15 131
	Total assets (Rm)		87 052	85 183
	Number of employees		5 118	5 069
	Safety (Recordable Case Rate)		0,10	0,23
	GHG emissions (CO ₂ equivalents) (kilotons)		6	13
	Water use (1 000m ³)		1	2

* Normalised EBIT represents reported EBIT adjusted for remeasurement items and the closing rate translation effects. For our Base Chemicals and Performance Chemicals segments we have further adjusted for operating losses (attributable to the LCCP incurring depreciation and cash fixed cost without corresponding gross margin realised while in ramp-up phase) of R1,9 billion and R1,8 billion respectively. The other segments are not impacted by these adjustments.

Operational and strategic overviews

How our Upstream Business will deliver on strategy



Jon Harris Executive Vice President: Upstream Business

Overview

Mining

Cost and safety leadership position in South Africa

Sustainable feedstock to South African value chain

Continuous Improvement mindset delivering value

R14 bn mine replacement programme completed below budget and without supply disruption

Successful B-BBEE partnership in place with Ixia Coal

Exploration and Production (E&PI)

Continue as a **strategic partner in Mozambique**

Focus on maintaining gas production and optimising resources in **Southern Mozambique**

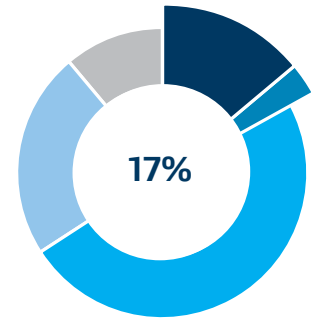
Progressively **grow our oil and gas portfolio** in West and Southern Africa

Strengthen our value-based partnership in Gabon

Actively **manage and optimise our portfolio**; divest Canadian shale assets

Upstream Business contribution

Normalised EBIT*



*Normalised EBIT represent reported EBIT adjusted for remeasurement items and the closing rate translation effects.

Advancing our strategy in phases

Strategic objective

Explore and produce gas in Southern Africa

Safely produce coal feedstock **to 2050**

Progressively **grow value-adding oil and gas portfolio** in West and Southern Africa

ESG focus areas

Mining – Safe working environment, proactive promotion of diversity, transformation and social upliftment

E&PI – Proactive promotion of diversity, transformation and social upliftment, social contribution in Mozambique, maintain highest levels of governance

Near term 2020+

- Continue to develop Southern Mozambique to its full potential together with our partners
- Maximise the value from our existing assets in Mozambique through additional compression and in-field development
- Explore and evaluate partnerships to fully develop the gas business in Southern Africa together with Energy
- Deliver full potential of our Gabon asset
- Continue to develop a risk balanced portfolio of growth options to execute in line with balance sheet flexibility
- Safely produce coal feedstock to 2050

Medium term 2022+

- Continue to invest in the early part of exploration life cycle and farm down for value
- Acquire producing assets and development-ready opportunities in line with our risk appetite
- Active management of portfolio to deliver long-term absolute EBIT growth while remaining within the remit of Group ROIC through-the-cycle

Mining

Mining is responsible for producing coal feedstock for our Southern Africa integrated value chain to convert coal into higher-value products.



Salient features

Safety performance marred by two tragic work-related fatalities

Transformation programme yields 3% productivity improvement as we worked towards more integrated operations

Rolling out pilot project to **enable wireless connectivity** underground

Completed R14 billion mine replacement programme, officially opened last two mines

Extended home ownership programme to benefit a further 63 employees

supporting safe and reliable operations. We continued to prioritise our community relationships, assisting municipalities with various infrastructure projects. We also extended home ownership among employees, handing over another 63 houses in the year.

To further improve the efficiency of our mines and increase productivity, we implemented Siyenza, a programme that is aimed at mitigating the greater complexity of mining geology as well as the increasing regulatory expectations. The programme entails creating integrated operations, fundamentally changing our operating system and organisational culture to improve safety, increase productivity and reducing our cost base as well as the more active sharing of practices, people and other resources.

Safety update

Our operations were affected by two tragic work-related fatalities in the year. Safety remains our top priority and following these incidents we implemented various corrective actions.

Delivering on our strategic objectives

Because of the high emissions associated with burning coal, it is referred to globally as a dirty resource. However in South Africa, we are heavily dependent on coal as a feedstock and as such have to ensure that we can sustainably source and deliver coal to our operations at the lowest cost.

We successfully completed our 11-year, R14 billion mine replacement programme by inaugurating our new Shondoni and Impumelelo collieries in July 2018 and April 2019 respectively, these mines sustain some 4 000 jobs and secure coal supply to our Secunda Operations. As the existing mines reached the end of their useful lives, we continued work to decommission, close and rehabilitate shafts and associated infrastructure.

At Shondoni, as part of our digitalisation efforts, we are rolling out a pilot project to enable wireless connectivity underground. Here, we installed Wi-Fi and enabled smart devices for mobile communication and data capturing. This facilitates integrated mining operations that allow for more accurate and timeous monitoring of machines and people,

Performance summary

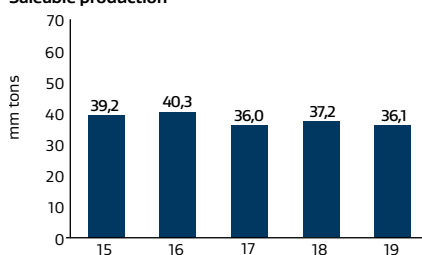
Productivity improved by 3% in the year as we continued to focus on improving our operational efficiency while striving to achieve zero harm. Supply to our internal value chain remained sufficient and we reduced our stockpile levels as part of our working capital management initiative. We reduced our external coal purchases to acceptable levels.

Normalised EBIT* decreased by 10% to R4,8 billion compared to the prior year, mainly as a result of lower sales volumes in line with internal customer demand. We also paid higher royalty taxes compared to the previous year, as we fell into a different royalty tax bracket. Normalised unit cost of production increased above inflation mainly due to lower overall production levels.

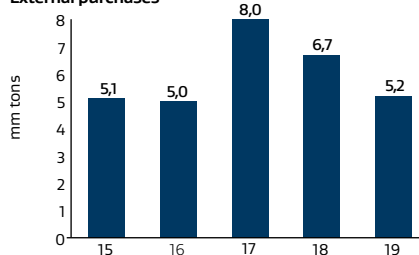
Looking ahead

Achieving safe operations remains our **top priority**. We are working to ensure our **long-term sustainability** by securing our **compliance with Broad-Based Black Economic Empowerment ownership requirements** and are engaging the authorities in this regard. We remain **focused on strengthening our relationships** with recognised trade unions, government and our fence-line communities. Ahead of the expiry of our **multi-year wage agreement in June 2020**, we will **engage in negotiations** with all our participating trade unions.

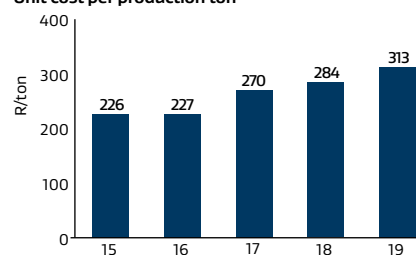
Saleable production



External purchases



Unit cost per production ton



*Normalised EBIT represent reported EBIT adjusted for remeasurement items and the closing rate translation effects.

Exploration and Production International

Exploration and Production International (E&PI) develops and manages the Group's upstream interests in oil and gas exploration and production. We have assets in South Africa, Mozambique, Gabon and Canada.



Salient features

Further **improved our safety performance** as a top priority

Heightened focus on sustainably sourcing gas feedstock to the Southern Africa value chain

Spent R88,1 million on social investment in Mozambique; jointly developed a local-content plan with the government to increase our goods and services purchases from Mozambican companies

Secured **10-year extension of Etame Marin Permit** in Gabon

Normalised EBIT* of **R1,2 billion**

Delivering on our strategic objectives

Working with our partners, we continued to prioritise gas-based growth in Southern Africa and oil-based growth in West Africa.

In Mozambique, we continued to produce safely and reliably from our Petroleum Production Agreement (PPA) licence area facilities. We executed several projects to maintain the supply of gas feedstock to our Southern Africa value chain as well as support Sasol's lower-carbon agenda. These projects included low-pressure compression at our plant and the drilling of an additional well. More projects of a similar nature have been sanctioned and are progressing towards execution in coming months.

The Production Sharing Agreement (PSA) reservoirs have proved to be more complex than anticipated resulting in reduced expected recoverable oil volumes but with confirmed recoverable gas volumes. Work continues on the integrated oil, gas and LPG feasibility study. We have also made progress in our plans to supply gas to enable the 400MW Central Termica de Temane (CTT) power station formerly known as the Mozambique gas-to-power project (MGtP). This new facility, along with the Central Termica de Ressano Garcia's 175MW plant, will supply approximately 40% of Mozambique's electricity.

During 2019, we signed exploration and production concession contracts on two new blocks in Mozambique; PT5-C which is adjacent to our existing producing licence and A5-A which is an

offshore concession located centrally in the country. We are in the process of acquiring seismic data on PT5-C and planning for our first well on A5-A together with our partners.

In exploring new avenues to import gas into South Africa, we established a dedicated team to engage parties involved in the development of the substantial natural gas fields of the offshore Rovuma Basin.

Mozambique remains at the core of our strategy and we aim to maximise shared value with the government of Mozambique. To this end, we agreed a five-year plan for local content development that incorporates procurement spend, capacity building, employment, training and research. Among other initiatives, we committed to spend approximately US\$17 million over two years on various social projects.

In Gabon, we maintained oil production from our joint venture Etame Marin Permit asset and secured a licence extension for another 10 years with two further five-year renewal periods. In other parts of West Africa, we made good progress identifying opportunities to participate in low entry cost exploration acreage and built relationships with key stakeholders.

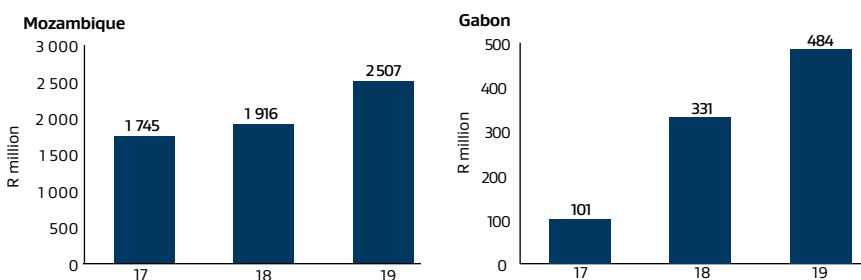
Performance summary

Higher gas and crude oil sales prices benefitted our earnings in our Mozambique operations and in Gabon, supporting normalised EBIT* of R1,2 billion, an increase of more than 100% compared to 2018. Despite our positive cash profit, earnings before interest and tax were lower due to the impairment of our Canadian shale gas operations of R1,9 billion aligned with the anticipated fair value.

Looking ahead

Driven to deliver on Sasol's sustainability agenda and emission-reduction roadmap, we are **committed to sourcing more sustainable gas supply** alternatives. We are continuing with numerous **low-pressure compression interventions** as well as the **drilling of more wells in the PPA licence area**. This will **maintain gas supply** at current levels. We plan to **increase the recovery of gas** from the reservoir capital projects currently in assess phase. We also **continue to explore in PT5-C and A5-A**. In Gabon, we are **preparing to drill additional wells** in the Etame Marin Permit area.

Normalised earnings



*Normalised EBIT represent reported EBIT adjusted for remeasurement items and the closing rate translation effects and was restated for prior years.

How our Chemicals Business will deliver on strategy



Fleetwood Grobler Executive Vice President: Chemicals Business

Overview

Performance Chemicals

Produces and markets commodity and specialty chemical products which include **organics, advanced materials and wax** as key value chains

Sales of more than **2,6 million tons per annum in over 50 diversified markets**

Long-term global customer relationships

Base Chemicals

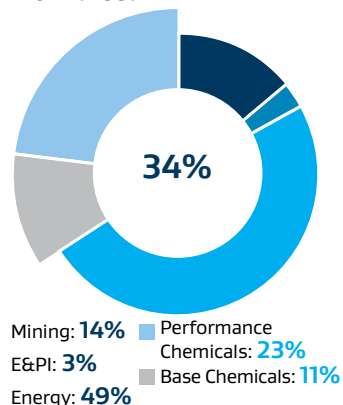
Produces and markets commodity chemicals from integrated **South African and North American value chains**

Global **sales of 4 million tons per annum**

Proven experience with a variety of **polyethylene and polypropylene licensed technologies**

Chemicals Business contribution

Normalised EBIT*



* Normalised EBIT represents reported EBIT adjusted for remeasurement items and the closing rate translation effects. For our Base Chemicals and Performance Chemicals segments we have further adjusted for operating losses (attributable to the LCCP incurring depreciation and cash fixed cost without corresponding gross margin realised while in ramp-up phase) of R1,9 billion and R1,8 billion respectively. The other segments are not impacted by these adjustments.

Advancing our strategy in phases

Strategic objective

Optimise existing assets

Grow specialty chemicals in differentiated markets

ESG focus areas

Guide plastics waste management, educate consumers on use of plastics, and collect it to reduce, recycle and re-use

Near term 2020+

- Deliver value from LCCP
- Invest in capacity optimisation and differentiation across full chemicals portfolio
- Maximise position from existing operations and technology platforms

Medium term 2022+

- Progressively grow specialty chemicals through internal growth and acquisitions levers
- Debottleneck LCCP and capitalise on associated infrastructure to support chemicals growth
- Continued capacity optimisation across chemicals portfolio

Chemicals Business

We are a truly global business supplied from operations in Europe, the United States, South Africa and China. Base Chemicals markets commodity chemicals from our upstream Fischer-Tropsch (FT), ethylene and propylene value chains. Performance Chemicals markets commodity and differentiated chemicals including organics, advanced materials and wax value chains.

Salient features

Base Chemicals sales volumes **increased by 4%**

Performance Chemicals sales volumes **decreased by 3%**

New linear low-density polyethylene and ethylene oxide/ethylene glycol (EO/EG) **units add to our earnings growth**

HDPE joint venture facility in the US adds first full year of earnings

New ethoxylation unit in China reached beneficial operation 26 months after the investment decision was made, within the approved budget

EO/EG and Tetramerisation cash-generating units (CGU) in the US **impaired by R5,5 billion** (US\$388 million) and **R7,4 billion** (US\$526 million) respectively

Ammonia CGU in the Southern African value chain **impaired by R3,3 billion**

Driving a focused programme on **plastics sustainability**

Improving customer experience by accelerating **roll-out of digital tools and platforms**

Fostering a growth and innovation mindset in Performance Chemicals

5 000 fewer trucks transporting our products on the roads every year, supporting our safety efforts.

We advanced our programme to transform the customer experience using digital platforms, recording improvements in our piloted net promoter index through our new portal for easy ordering and improved order tracking as well as our revitalised internet product catalogue. We also made greater use of data analytics for enhanced process efficiency and applied statistical methods to improve the quality of planning. A customer relationship management tool was rolled-out in North America with further roll-outs planned in South Africa and Eurasia in the coming year.

We made good progress in our work to advance the sustainability of plastics and became a founding member and the only company in Africa of the Alliance to End Plastic Waste. We developed plans to address the global plastic waste issue and will be ready to act on these in 2020. We are reviewing our asset portfolio to ensure that it is focused and remains core to our strategic objectives. Our recent announcement of our plans with Enaex S.A, a subsidiary of the Sigdo Koppers Group, to grow our explosive business through a possible partnership is evidence of this.

Delivering on our strategic objectives

2019 was a important year for us as we started-up two of the LCCP units, the polymer unit and the EO/EG unit. The start-up of these units will diversify our earnings base and provide additional returns to our shareholders.

Similarly, we expanded our operations in China a new ethoxylation unit reached beneficial operation 26 months after the investment decision was made, within the approved budget. Most pleasing of all is that the project was completed without any recordable injuries, which is testament to a high safety awareness and commitment from Sasol and our contractors. This project is Sasol's largest expansion project in the region. The new plant has a capacity of approximately 150 kilotons per annum, with the option of using either branched or linear alcohols to meet differentiated customer requirements in applications such as personal care, textiles and leather, metal working and lubrication. With China's economy forecast to represent about 40% of the world's chemical demand by 2025, it is an important growth market for Sasol. The new production unit will more than double Sasol's production capacity in the region and allow us to meet both the growth as well as the increasingly sophisticated quality requirements of an exciting market. Furthermore, it will strengthen our position as a reliable solution supplier with strong R&D support for customers.

With the opening of a new wax warehouse in Sasolburg, we improved the overall supply chain cost as well as the quality and service to our export wax customers. The new warehouse, and the introduction of new rail tank cars, will result in

Lake Charles
Chemicals
Complex,
United States



Performance summary

2019 was a challenging year for the Chemicals Business, marked by supply interruptions in South Africa and Europe and the impact of heightened international trade tensions on sales.

Performance Chemicals' sales volumes were 3% lower compared to the prior year mainly due to external feedstock supply constraints in Europe during the first half of 2019. We realised strong margins in the specialty organics and advanced materials portfolios, offset by a softer macro environment in Europe and Asia in the second half of 2019 impacting the remainder of the portfolio.

Normalised EBIT⁺, remained flat at R7,9 billion compared to the prior year. This excludes R1,8 billion of operating losses attributable to the LCCP incurring depreciation and cash fixed costs without corresponding gross margin realised while in the ramp-up phase.

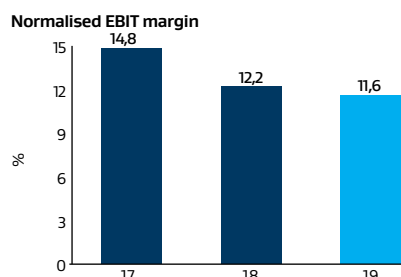
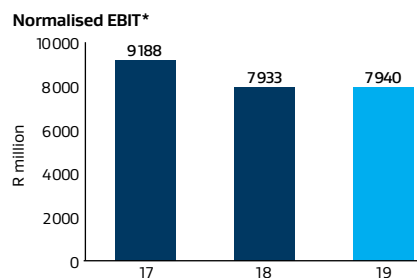
The EO/EG and Tetramerisation cash-generating units (CGU) were impaired by R5,5 billion (US\$388 million) and R7,4 billion (US\$526 million) respectively. The impairments were mostly as a result of softer forecast US ethylene over ethane margins and global mono-ethylene glycol prices and an increase in the capital cost for the LCCP.

Base Chemicals' business benefitted from 4% higher sales volumes largely from US polymers with our high-density polyethylene (HDPE) plant contributing for the full year and our linear low-density polyethylene (LLDPE) plant achieving beneficial operation in February 2019. The Base Chemicals' foundation business sales volumes were largely in line with 2018.

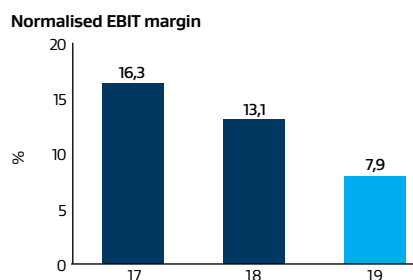
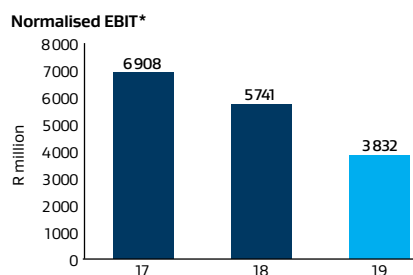
Normalised EBIT⁺, decreased 33% to R3,8 billion compared to the prior year. This excludes R1,9 billion operating losses attributable to the LCCP incurring depreciation and cash fixed cost without corresponding gross margin realised returns while in ramp-up phase.

The Ammonia CGU in the Southern African value chain was impaired by R3,3 billion, mainly attributable to the outlook of softer international ammonia sales prices and higher feedstock costs. We reversed an impairment amounting to R949 million on our integrated ethylene assets in Sasolburg due to the useful life extension from 2034 to 2050. This is in line with the detailed study undertaken that proved the viability of non-gas-dependent operations beyond 2034 as feedstock is supplied from Secunda which has an approved useful life up to 2050.

Performance Chemicals⁺



Base Chemicals⁺



*Normalised EBIT represents reported EBIT adjusted for remeasurement items and the closing rate translation effects. For our Base Chemicals and Performance Chemicals segments we have further adjusted for operating losses (attributable to the LCCP incurring depreciation and cash fixed cost without corresponding gross margin realised while in ramp-up phase) of R1,9 billion and R1,8 billion respectively. The other segments are not impacted by these adjustments.

*In line with Sasol's updated strategy, we have reorganised the Chemical portfolio to support our value-based growth strategy. Consequently, we have transferred the Phenolics, Ammonia and Specialty Gases (PASG) results from Performance Chemicals to Base Chemicals, effective 1 July 2018. Ammonia and Specialty Gases are managed by Energy. The metrics have been restated for the transfer.

Looking ahead

International trade tensions, should they continue, will continue to place pressure on chemical prices. In addition, **new expansions in China are driving commodity chemical markets** into oversupply and margins could be lower in the short term. Market fundamentals however **remain robust and macro-trends such as a growing population, mobility and urbanisation** are expected to continue to **support mid-term growth in chemical markets**.

We continue to **drive growth and innovation, focusing on markets** where Performance Chemicals has proprietary technologies, **competitive feedstocks and develop products for new applications in collaboration with customers**. In the near term, **we will work to deliver value from the LCCP, as well as invest in incremental growth** and capacity optimisation and differentiation across the chemical portfolio, building on existing technology platforms. **We continue to develop the market for the new FT wax streams**.

With the start-up of the **LCCP's second polyethylene plant in the second half of the 2019 calendar year, Base Chemicals' polymers capacity in the region will exceed one million tons**. We also see **opportunities for incremental growth in our foundation businesses** through debottlenecking, as well as supply chain optimisation and increased sales in West Africa.



Bernard Klingenberg Executive Vice President Operations

Operations

In Southern Africa, our operations include Secunda Synfuels, Secunda Chemicals, Sasolburg, Satellite and Natref Operations. Internationally, we have facilities in the US, Europe and Asia. The value proposition of these operating hubs lies in our ability to integrate and operate complex technologies at scale, with world-class product quality and cost advantages.

Salient features

Improved safety performance but one tragic fatality at Natref

Started-up first units of the LCCP, while **maintaining stable existing Lake Charles operations**

Lower overall production volumes due to extended Secunda shutdown and external supply constraints in Europe, despite new US production and greater Natref volumes

Commissioned various environmental compliance projects in South Africa

Safety performance

Driven to secure our long-term sustainability, Sasol operations focused on optimising processes and ensuring safe, stable and environmentally compliant facilities. While the overall safety performance improved, operations were affected by a tragic work-related fatality at Natref. We continue to prioritise safety.

Performance overview

We recorded slightly lower-than-expected production volumes in the first half of the year largely due to an extended total shutdown at the west plant in Secunda in September 2018 and an Eskom power supply interruption in July 2018. However, in the second half of the year, we had an excellent performance and almost made up the lost volumes with many plants achieving record throughput rates. Secunda Synfuels reported an annualised run-rate of 7,8 million tons after making good progress on asset renewals, as well as carrying out maintenance work on piping and pipelines.

Natref significantly improved performance and achieved a production volume increase of 20%, through improved plant reliability, availability and utilisation.

In the US, after more than six years of planning and construction, we started to commission the first units of the defining Lake Charles Chemicals Project (LCCP) and integrated them smoothly into existing operations. At times, we had more than 7 500 people at any one time on site, constructing or commissioning new facilities or operating existing facilities. We updated our business processes to accommodate the changes brought about by the LCCP, testing them following the start-up of the first steam unit in August 2018, the new

linear low-density polyethylene unit in February 2019 and the ethylene oxide/ethylene glycol unit in May 2019. We are however, disappointed with the increase in cost to bring the LCCP units online and will work relentlessly to ensure that we have reflected and acted upon the lessons learnt and deliver the full earnings potential from this mega asset.

In Europe, ethylene feedstock supply interruptions and a planned shutdown of the ethylene oxide unit at Marl contributed significantly to a 8% decline in Eurasian operations' production volumes for the year. In China, our new ethoxylation facility reached beneficial operation in April within approved budget and are ramping up to increase our output more than twofold, when compared to the existing facility.

We made progress in executing our compliance roadmaps to meet South African environmental requirements, including commissioning Secunda's first phase of the sixth fine ash dam and the new nitro effluent handling plant. Together with Group Technology, we have insulated 3 305 houses in the past two years as part of an offset project. We continued to support numerous social investment projects in our fenceline communities and ensured that an increasing number of the approximately 20 000 contractors on site during our Secunda shutdown came from these areas.

Looking ahead

2020 will be a watershed year for Sasol's operations in the United States, as we bring **online our 1,5 million ton per year ethane cracker** as well as other **LCCP facilities, representing a materialisation of the Group's value-based growth strategy**. While the **LCCP will lower Sasol's emissions intensity**, we continue to investigate solutions to meet South Africa's new plant standards for air quality as well as new waste legislation. **Secunda Synfuels has some 41 environmental and 31 safety projects in progress** planned for the next two years. We are also proceeding with **projects to deliver clean fuels from Secunda Synfuels** and are considering our options in this regard at Natref. Natref's air quality improvement projects are in execution, with the first project reaching beneficial operation in the new financial year. Across our operations, **we continue to work on various digitalisation options**, including **systems to manage the health of our equipment digitally**.

ESG focus areas

Reduction of greenhouse gas emissions with particular focus on Secunda, proactive promotion of diversity, transformation and social upliftment; fenceline community supplier strategy to accelerate achievement of small business enterprises and preferential procurement targets, energy efficiency improvement.

How our Energy Business will deliver on strategy



Maurice Radebe Executive Vice President: Energy Business and Safety, Health and Environment (SHE)

Overview

Energy

Major market presence

Sales and marketing of **58 mm/bbl – 60 mm/bbl of liquid fuels per annum in South Africa**

Markets **150 mmscf/day of natural and methane-rich gas**

Global GTL businesses with partners in **Qatar and Nigeria**

Strong brand of Retail Convenience Centres (RCCs) in **South Africa**

410 RCCs, Sasol's estimated retail market share nationally is 10% – 11%*

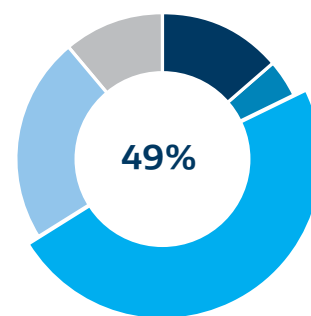
Sustainable position with strong cash flow

Electricity: 71% capacity of our own needs in South Africa
19% of Mozambican supply through our Central Termica de Ressano Garcia (CTRG) partnership

*Source: Sasol analysis of Slate data

Energy Business contribution

Normalised EBIT*



■ Mining: **14%** ■ Performance Chemicals: **23%**
 ■ E&PI: **3%** ■ Base Chemicals: **11%**
 ■ Energy: **49%**

*Normalised EBIT represent reported EBIT adjusted for remeasurement items and the closing rate translation effects.

Advancing our strategy in phases

Strategic objectives

Increase liquid fuels marketing margins

Maximise value of Southern Africa gas

Pursue select **gas-to-power** opportunities

Respond to changing environmental and clean fuels landscape

ESG focus area

Contribute to economic growth

Near term 2020+

- Increased value through volume shift to higher yielding products and markets
- Organic growth continues with 10 new RCCs sites planned for 2020 which will include greenfield developments as well as other oil company conversions
- Grow through organic and inorganic opportunities

Medium term 2022+

- Gas market development anchored by Secunda and Sasolburg Operations
- Investigating all sustainable gas monetisation options in Mozambique, targeting gas-to-power
- Longer-term gas-to-power will play an important role in the Southern African energy mix
- Ramp-up mega and minor inorganic growth
- Deliver an optimal clean fuels solution

Energy Business

In Southern Africa, the Energy Business markets and sells liquid fuels, pipeline gas and electricity. Internationally, we manage Sasol's gas-to-liquids (GTL) investments.



Salient features

Improved our safety performance as our top priority Pursuing our retail growth strategy, **completed 15 new RCCs**

Normalised earnings* **increased by 13%** to R17,1 billion

Higher Natref production and run-rates supported increased liquid fuel sales

Launched cost-effective solution to **meet new clean fuels requirements**

Sasol Oil **achieved a level 2 B-BBEE score**, up from level 3 in 2018

ORYX GTL capacity utilisation declined to 81% after extended shutdown

SARS and Sasol Oil came to a mutual agreement resulting in the dispute **between the parties being resolved** for all the open years of assessment

Constitutional Court **overturned the 2013 NERSA maximum price decisions** and **ordered NERSA to revise its decisions; new maximum gas price** to be approved for Sasol by NERSA will **apply retrospectively** from 26 March 2014

Performance summary

Normalised EBIT* increased by 13% to R17,1 billion compared to the prior year mainly due to higher sales volumes enabled by higher production at Natref, alongside favourable rand oil prices and diesel differentials. Notwithstanding these factors, the operating margin remained flat due to weaker petrol differentials.

Total liquid fuel sales volumes increased by 2% due to higher production from Natref and natural gas sales increased by 5% due to higher market demand. ORYX GTL benefitted from higher Brent crude oil prices and a weaker exchange rate, contributing R1,1 billion to EBIT. This was 3% lower than the prior year due to 16% lower production volumes related to unplanned shutdowns.

NERSA matter

Following the decision by the Constitutional Court overturning the 2013 NERSA maximum price decision and ordering NERSA to revise its decision, Sasol will submit a new maximum gas price application to NERSA. The actual gas prices as agreed in the current contracts with customers remain in place. However, the future implementation of a new NERSA approved maximum gas price could have an adverse effect on our business.

Tax litigation

We reached an agreement with the South African Revenue Services (SARS) for the withdrawal of all issued and pending assessments for the crude oil procurement matter relating to Sasol Oil for the financial years 1999 to 2016. As a result we are no longer exposed to the contingent liability of R13,4 billion.

Delivering on our strategic objectives

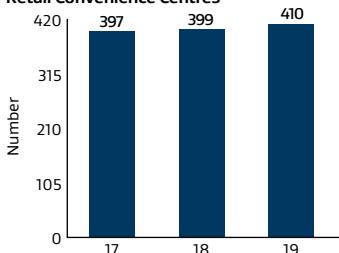
With the completion of 15 new Centres (RCCs) in South Africa during the year, we made good progress in extracting more value from our brand-leading retail assets. This is despite challenging market conditions due to increasing prices and reduced petrol demand. We are piloting a number of new initiatives in our retail sites to deliver on an enhanced store experience. We divested from four sites as part of our strategic site management process. Sasol remains one of the strongest brands in South Africa, supported by the launch of our new fuels advertising campaign This is GlugGlug®. We marketed a third of Sasol fuels' production through our own retail outlets and commercial channels, benefitting from the wider associated margins.

We made significant progress in developing a cost-effective solution to meet new market and regulatory requirements for cleaner fuels from Secunda Synfuels Operations and started work on the first of numerous projects. Through the work of a focused team that was put together to solve this challenge, we are confident that we will be ready for the cleaner fuel specifications at a cost that is acceptable to all of our shareholders. At Natref, we understand what is required to enable compliance with new clean fuels specifications and are considering our options.

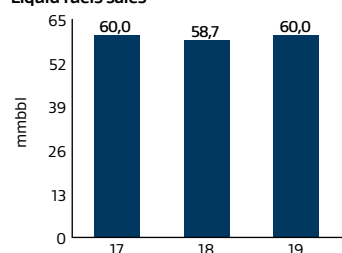
Looking ahead

We continue with the **expansion of our Southern Africa retail marketing channel through organic growth** as well as possible acquisitions. **We continue to explore opportunities to better tailor our retail offering** to various market segments as well as enhance our value proposition to customers at the forecourt, including by **introducing new loyalty scheme partners and by making greater use of digital technologies**. We are embedding our **Continuous Improvement initiative in terms of new ways of work, building our marketing skills and further reducing costs**. In advancing Sasol's sustainability, **we are working on providing cleaner fuels to ensure that we remain both relevant and competitive** in a rapidly changing environment. In Qatar, we expect **utilisation rates of 55% – 60% while maintaining our excellent safety record**. In Nigeria, we continue to **support the increased utilisation of EGTL**.

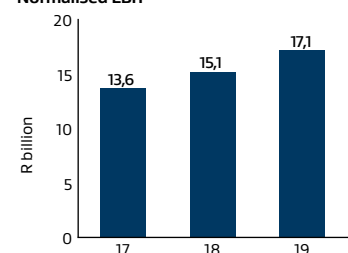
Retail Convenience Centres



Liquid fuels sales



Normalised EBIT*



* Normalised EBIT represent reported EBIT adjusted for remeasurement items and the closing rate translation effects.

Contact details and shareholders' diary

Contact information

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Assistance with AGM queries and proxy forms

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J.P. Morgan Depository Receipts
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United States of America

Direct purchase plan

J.P. Morgan offers a convenient way for you to buy ADRs through the GID Program ("Program"). If you wish to participate or review the Program brochure, please visit adr.com/shareholder. At the bottom of the page click on View All Plans and select Sasol Limited to request an enrolment kit or you can call 1-800-990-1135 or 1-651-453-2128.

With the Program, you can:

- Purchase ADSs without a personal broker
- Increase your ADS ownership by automatically reinvesting your cash dividends
- Purchase additional ADSs at any time or on a regular basis through optional cash investments
- Own and transfer your ADSs without holding or delivering paper certificates

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Mendota Heights MN 55120-4100

Shareholders' diary

Annual General Meeting

Wednesday, 27 November 2019

Dividend

Interim dividend

SA rand per ordinary share
– paid

R5,90
18 March 2019

Final dividend

– passed

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Company registration number

1979/003231/06

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Disclaimer – Forward-looking statements

Sasol may, in this document, 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, expectations, 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, executing our growth projects (including LCCP), oil and gas reserves, cost reductions, our Continuous Improvement (CI) initiative, our climate change strategy and business performance outlook. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour”, “target”, “forecast” 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 and others are discussed more fully in our most recent annual report on Form 20-F filed on or about 28 October 2019 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.

Abbreviations

Adjusted Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

Adjusted EBITDA is calculated by adjusting operating profit for depreciation, amortisation, share-based payments, remeasurement items, change in discount rates of rehabilitation provisions, unrealised translation gains and losses, and unrealised gains and losses on hedging activities. We believe EBITDA is a useful measure of the group’s underlying cash flow performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

Earnings of the Lake Charles Chemicals Project (LCCP)

Any reference to earnings relating to the LCCP is based on Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA).

Core headline earnings per share (CHEPS)

Core headline earnings per share (CHEPS) is calculated by adjusting headline earnings with once-off items, period close adjustments and depreciation and amortisation of capital projects (exceeding R4 billion) which have reached beneficial operation and are still ramping up, and share-based payments on implementation of B-BBEE transactions. Period close adjustments in relation to the valuation of derivatives at period end are to remove volatility from earnings as these instruments are valued using forward curves and other market factors at the reporting date and could vary from period to period. We believe core headline earnings is a useful measure of the group’s sustainable operating performance. However, this is not a defined term under IFRS, should not be viewed as a substitute for earnings for the year or earnings per share and may not be comparable with similarly titled measures reported by other companies. The aforementioned adjustments are the responsibility of the Directors of Sasol. The adjustments have been prepared for illustrative purposes only and due to their nature, core headline earnings may not fairly present or necessarily be indicative of Sasol’s financial position, changes in equity, results of operations or cash flows.

Please note

A billion is defined as a thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is articulated as such.



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