



sasol

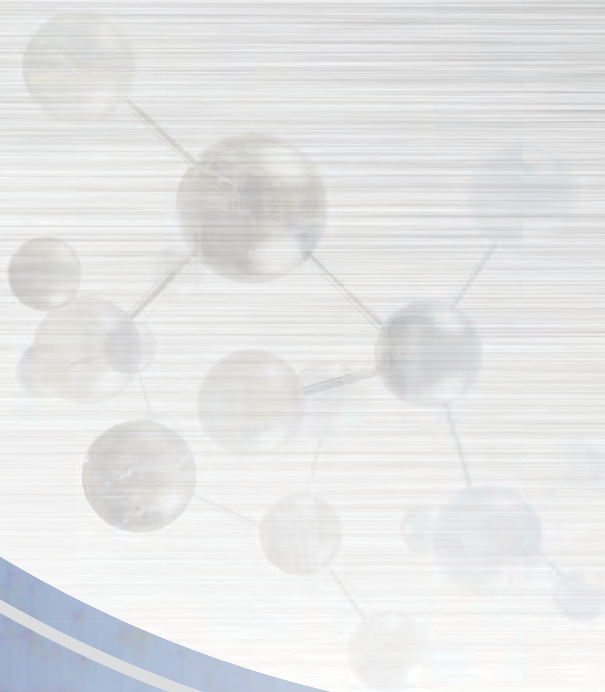


VALUE THROUGH FOCUS AND DISCIPLINE

SASOL LIMITED

Integrated Report

30 June 2018



Sasol creates sustainable
VALUE
for all stakeholders through a
FOCUS
on our strategy and having the
DISCIPLINE
in how we allocate capital.

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 VISION

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

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**

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IR Our Integrated Report provides cross-references to our suite of reporting publications:

20-F Form 20-F
Our annual report issued in accordance with the Securities Exchange Act of 1934.

SR Sustainability Report
Supporting information to the Integrated Report. Prepared in accordance with the GRI, Reporting Standards and confirms alignment with the Task Force on Climate Related Financial Disclosures.

AFS Annual Financial Statements
The financial statements and remuneration report, prepared in accordance with International Financial Reporting Standards, together with the report of the Audit Committee

 These reports are available on our website, www.sasol.com, or on request from Sasol Corporate Affairs. Contact details are on page 90.

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Directors' approval

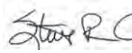
The Sasol Limited Board (the Board) is ultimately responsible to ensure the integrity of Sasol's integrated reporting. We confirm that the 2018 Integrated Report addresses all material issues and matters, and fairly represents the Group's integrated performance. The Audit Committee, authorised by the Board, approved this report and its publication on 27 August 2018.

Signed on behalf of the Board.


MSV Gantsho
Chairman of the Board


C Bégg
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

ABOUT THIS REPORT



Our Integrated Report aims to provide a balanced, accurate and accessible assessment of our strategy, performance and opportunities in relation to material financial, economic, social, environmental and governance value-based issues. This year, we continue to provide a more detailed discussion on the **material matters (see page 44) 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.

Committed to growing the value of Sasol, our Joint Presidents and Chief Executive Officers (CEOs) are accountable for the successful implementation of the Group strategy and the overall management and performance of Sasol.

IR Refer to page 26 – 39 for more on our strategy.

The Group Executive Committee is responsible for developing the strategy and manages the business in an integrated manner, taking into consideration available resources and the interests of all our stakeholders. The Board approves the strategy.

The Board governs the Group's disclosure control processes, including the integrity of Sasol's annual reports. All significant items are reported on a like-for-like basis, with no major or significant restatements. Our disclosure and reporting processes and suite of publications are aligned with the applicable disclosure requirements of the Companies Act 71 of 2008, the Johannesburg Stock Exchange, the New York Stock Exchange, the United States Securities and Exchange Commission and the integrated reporting requirements of the King Code of Governance Principles for South Africa 2016 (King IV™). Our controls and processes in place to comply with section 404 of the Sarbanes-Oxley Act, 2002 are subject to internal and external audit assessment.

In preparing our Integrated Report, we were guided by the International Integrated Reporting Framework, published by the International Integrated Reporting Council in December 2013. Our sustainability report (SR) with supporting information to the Integrated Report, is informed by the GRI Sustainability Reporting Standards to ensure content is aligned with the material matters impacting our ability to create value.

Internal control and combined assurance framework

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 and internal and external assurance providers while fostering a strong ethical climate and mechanisms to ensure compliance. Through the enterprise risk management approach, 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 cover key controls and accounting matters in the course of their audit. Other levels of external assurance are obtained as and when where required. The Board and Audit Committee assessed the effectiveness of controls for the year ended 30 June 2018 as satisfactory, principally through a process of management self-assessment, including formal confirmation from executive management and also considered reports from internal audit, external audit and other assurance providers.



DRIVING VALUE-BASED GROWTH

2018 was a watershed year for Sasol, as we refined our strategy to drive sustainable value creation, sharpened our focus to leverage our core strengths, while embedding increased discipline in how we allocate capital. Our value-based strategy is premised on further enhancing our foundation businesses, leveraging our competitive strengths in specialty chemicals globally, Africa-focused Exploration and Production and growing retail fuels in Southern Africa, underpinned by a robust capital allocation framework. This sets us on a clear path for sustainable growth and accelerated returns benefiting shareholders and stakeholders. Effective stakeholder engagement and delivery of social value is fundamental to delivering our strategy and creating value for all stakeholders.

We are confident that we have a compelling investment case which is rooted in our identity as a chemical and energy company with diversification of earnings and geography and grounded by our aspirational culture. Investing in Sasol provides exposure to our robust foundation business, which leverages feedstock advantaged operations and integrated value chains to produce high value products at a low-oil cash break-even levels. This competitive position will be further enhanced by the Lake Charles Chemicals Projects (LCCP) cash contribution, streamlining the portfolio with our asset review process and delivering further value from our Continuous Improvement drive and digital ambitions.

OUR COMPELLING INVESTMENT CASE

CLEAR AND FOCUSED VALUE-BASED STRATEGY THAT WILL DELIVER SUSTAINABLE GROWTH TO SHAREHOLDERS

Balancing returns through growth and dividends

Focused strategic choices

Committed to a disciplined capital allocation framework

ENABLED BY:

DELIVERING VALUE THROUGH FACTORS WITHIN OUR CONTROL

Safe and sustainable **operations**

Cost **optimisation**
Volume **growth**

Focused financial risk management

ENHANCING EXISTING PORTFOLIO

Increased EBITDA (LCCP) by \$1,3 bn – by 2022 (real)

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

Asset review to improve business performance

ROBUST BUSINESS FOUNDATION

Low cost feedstock

Integrated and diversified **value chain**

Cash **breakeven** under \$35/bbl

COMMITTED TO MINIMISE OUR ENVIRONMENTAL FOOTPRINT

Responding to climate change and energy efficiency challenges

Driving sustainable air quality - already invested >R25 bn over past twelve years

Promoting water stewardship

STRONG GOVERNANCE AND HIGH STANDARDS OF BUSINESS ETHICS AND INTEGRITY

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

33%
women

80%
independent

33%
international

IMPROVING FLEXIBILITY OF BALANCE SHEET

Increased cash flow

Reduced gearing

Managing an optimal capital structure

Prudent Financial Risk management

DELIVERING INCREASED SOCIAL VALUE

Accelerate development of small transformed businesses

Making a meaningful socio-economic impact in countries and communities in which we operate

Zero harm

TRANSLATES TO:

Targets aligned with stakeholder value creation

Competitive dividend payout

Increased cash flow generation through the cycle

Strong stakeholder relationships

Increased delivery of social value

UNDERSTANDING OUR BUSINESS

Sasol is an international integrated chemicals and energy company. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively

OUR VISION

To be a leading integrated 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 STRATEGY

CHEMICALS

- Deliver value by optimising and leveraging existing chemicals assets
- Focusing on growth in high-value specialty chemicals in differentiated markets

UPSTREAM

- Explore, develop and produce gas in Southern Africa to its full potential, together with our partners
- Secure coal and gas feedstock to 2050+
- Progressively grow upstream positions in Mozambique and West Africa

ENERGY

- Deliver quality growth in Southern Africa by increasing margin in liquid fuels marketing
- Maximising value of Southern Africa gas value chain
- Selective gas-to-power opportunities

FOUNDATION BUSINESS

- Leverage competitive advantage for long-term sustainability
- Pursuing world class operations
- Continuously improving value chain performance
- Delivering on focused programmes to respond to a changing environmental and clean fuels landscape
- Driving incremental value growth enabled by Digital

TARGETS TO MEASURE STRATEGIC DELIVERY

Zero harm at all our operations globally

Aspirational culture ensuring engagement and growth of all our employees

ROIC (US\$) >12% through the cycle (CI target >2% uplift of ROIC by 2022 off 2017 base)

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

Dividend returns targeting a dividend payout of **45%** of core HEPS

WHAT DIFFERENTIATES US

Our **HIGHLY SKILLED PEOPLE** with technical, upstream and engineering capabilities

STRONG global **CUSTOMER RELATIONSHIPS**

Our ability to manage complex integrated **VALUE CHAINS AND PRODUCTION FACILITIES**

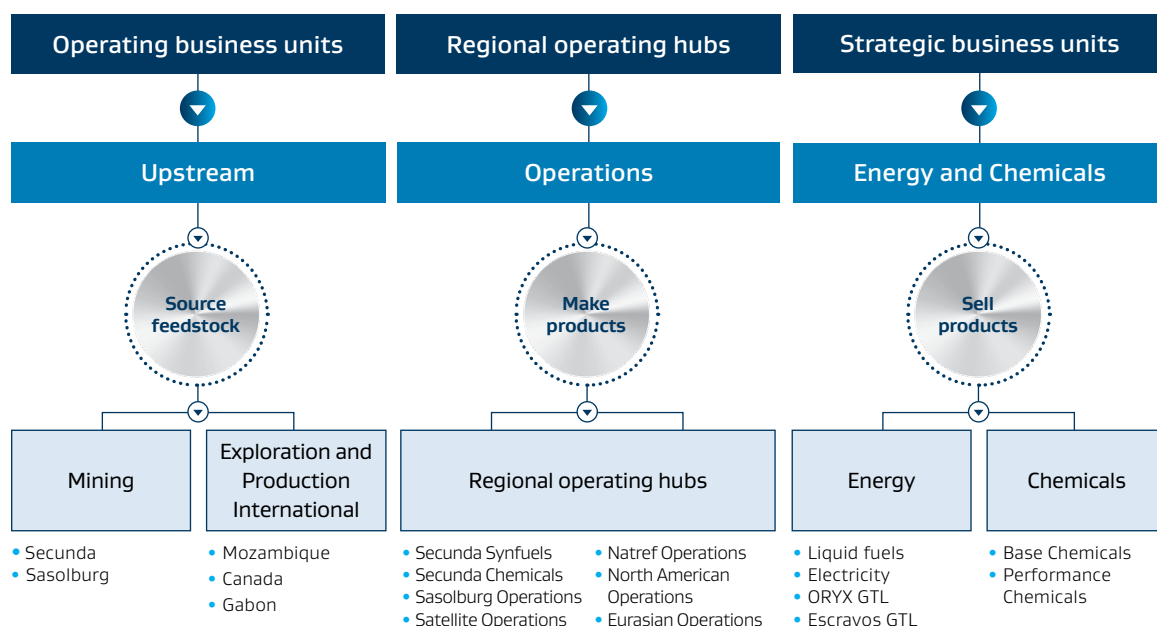
Our highly **CASH GENERATIVE** diverse asset portfolio

STRONG ENERGY BRAND in South Africa

STRONG US AND EU PRESENCE in specialty chemicals

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.



SUPPORTED BY GROUP FUNCTIONS TO ENABLE BUSINESS

MATERIAL MATTERS WHICH IMPACT ON OUR ABILITY TO CREATE VALUE

| SAFETY | MACROECONOMIC ENVIRONMENT | DELIVERING VALUE-BASED GROWTH | HUMAN CAPITAL MANAGEMENT | ENVIRONMENTAL SUSTAINABILITY |
|--|---|---|--|--|
| <p>Safety is our top priority. It is integral to our culture. Our approach to ensuring a safe workplace for Sasol's people and our contractors 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 a singular focus and disciplined teamwork.</p> | <p>Sasol operates in a cyclical environment which is increasingly volatile. Oil prices and foreign exchange rates continue to be influenced by a host of factors that include geopolitics. Disruptive technologies are altering the way businesses operate.</p> | <p>Through our clear strategic choices, we are well positioned to remain competitive and drive sustainable, value-based growth for all. We will deliver this by driving Continuous Improvement, enabled by effective digital technologies, high-performing people, fit-for-purpose processes, developing a diverse portfolio and better engagement with our stakeholders.</p> | <p>Effective human capital management is critical to the execution and delivery of our strategy. By promoting diversity and cultural transformation, attracting, developing and retaining high-performing people, engaging all employees and respecting human rights we are able to operate our facilities safely, reliably and sustainably, and deliver on our growth objectives.</p> | <p>In a context in which industry is increasingly being held accountable for its impact on the environment and is under pressure to deliver greater societal value, Sasol regards its response to environmental challenges not simply as a compliance obligation but rather as a business and social imperative.</p> |

SR Refer to page 4 for further details on material matters.

IR Refer to page 44 for further details on material matters.

OUT TOP PRIORITIES FOR 2019

- Pursue zero harm
- Enhance the competitiveness of our foundation business
- Position us for future quality growth
- Active management of the balance sheet and financial risk
- Realise our organisational culture shift
- Improve our reputation and stakeholder value

IR Refer to page 17 for further details on our top priorities.

SASOL AT A GLANCE

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.

31 270 employees
worldwide in
32 countries

More than **7 million**
tons of chemical products
sold per annum sold to
>8 000 customers
across 130 countries

Number of worldwide patents
2 409

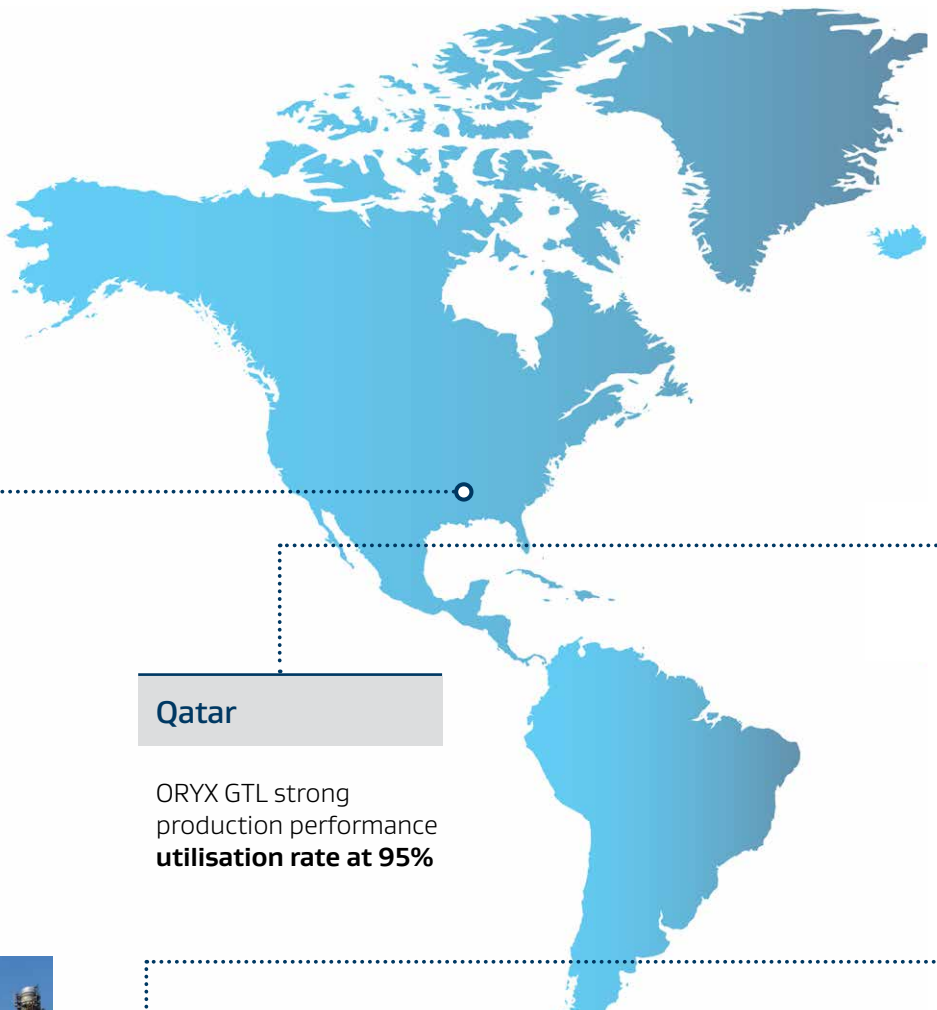
Salient features



North America

Advancing Lake Charles Chemicals Project (LCCP)
88% complete, steam system went into commissioning in July 2018

Our **50% joint venture** High-density polyethylene (HDPE) plant reached beneficial operation in November 2017



Qatar

ORYX GTL strong production performance
utilisation rate at 95%



South Africa

Successfully commissioned the **Fischer Tropsch Wax Expansion Project**

Started the world's largest oxygen production unit with a total production capacity of **5 000 tons** of oxygen per day in Secunda

Secured additional mining rights, ensuring sufficient coal reserves to supply Secunda to 2050

399 Sasol Retail Convenience Centres, opened 12 new sites in 2018

Performance

Sasol Khanyisa, our new B-BBEE ownership transaction implemented

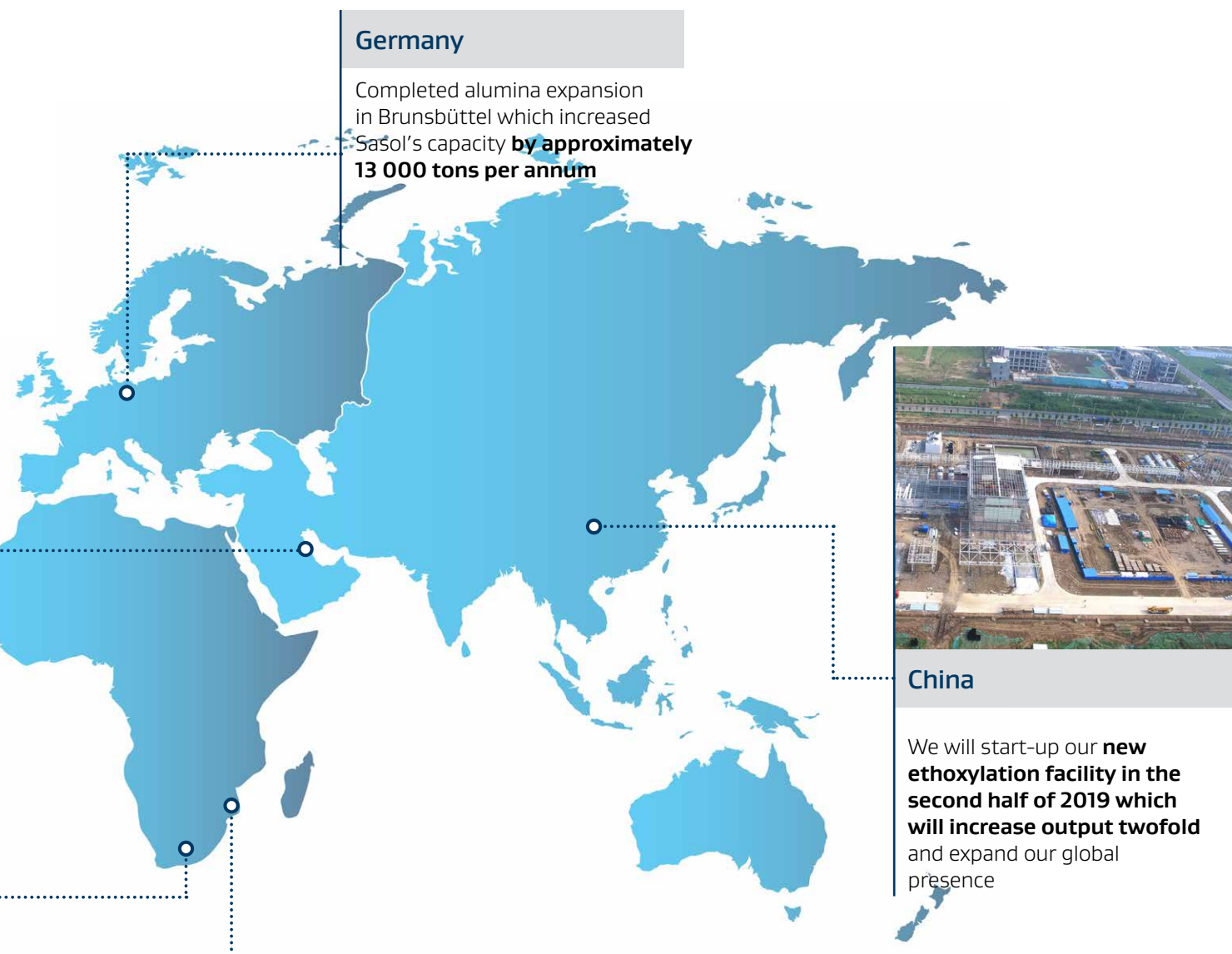
Safety Recordable Case Rate excluding illnesses, improved
0,27 our lowest so far, regrettably four fatalities

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

Capital investments
R53,4 bn,
35% invested in South Africa

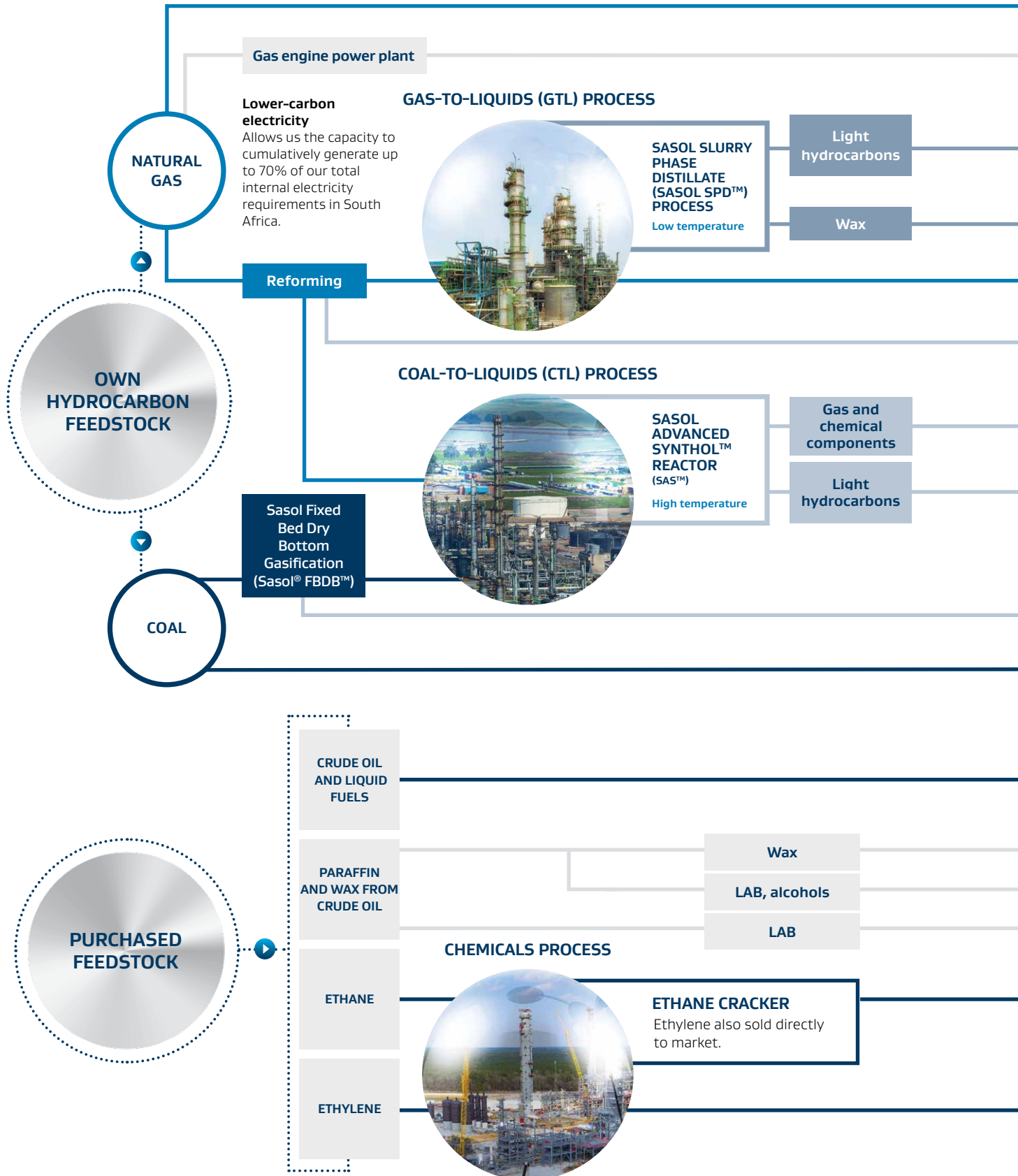
Invested
R2 bn in skills and socio-economic development

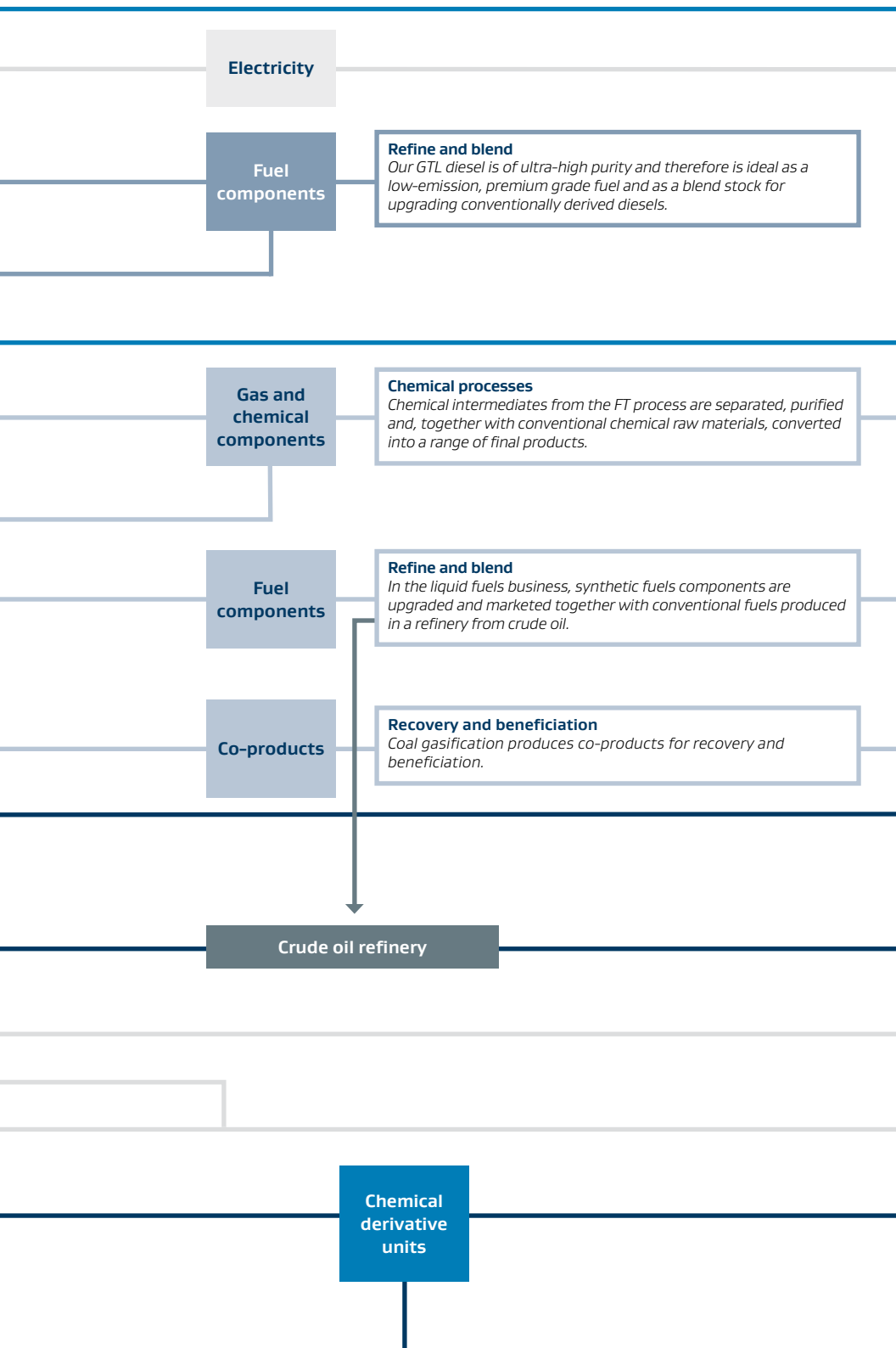
R8 bn
dividends paid or 36% payout ratio based on Core HEPS



OUR INTEGRATED VALUE CHAIN

Our integrated value chain, centered on our gas-to-liquids, coal-to-liquids and chemical processes, is 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 chain as well as improve our processes in ways that ensure safe, reliable and efficient operations with reduced environmental impacts.





MARKETING AND SELLING OF PRODUCTS

LOWER-CARBON ELECTRICITY

Gas-to-power



LIQUID FUELS

Vehicle fuel



Jet fuel



METHANE-RICH AND NATURAL GAS

Energy for factories/homes



CHEMICALS (COMMODITY)

Polymers



Wax



Surfactants



CHEMICALS (HIGH-VALUE)

Alumina



Alcohols



Ethoxylates



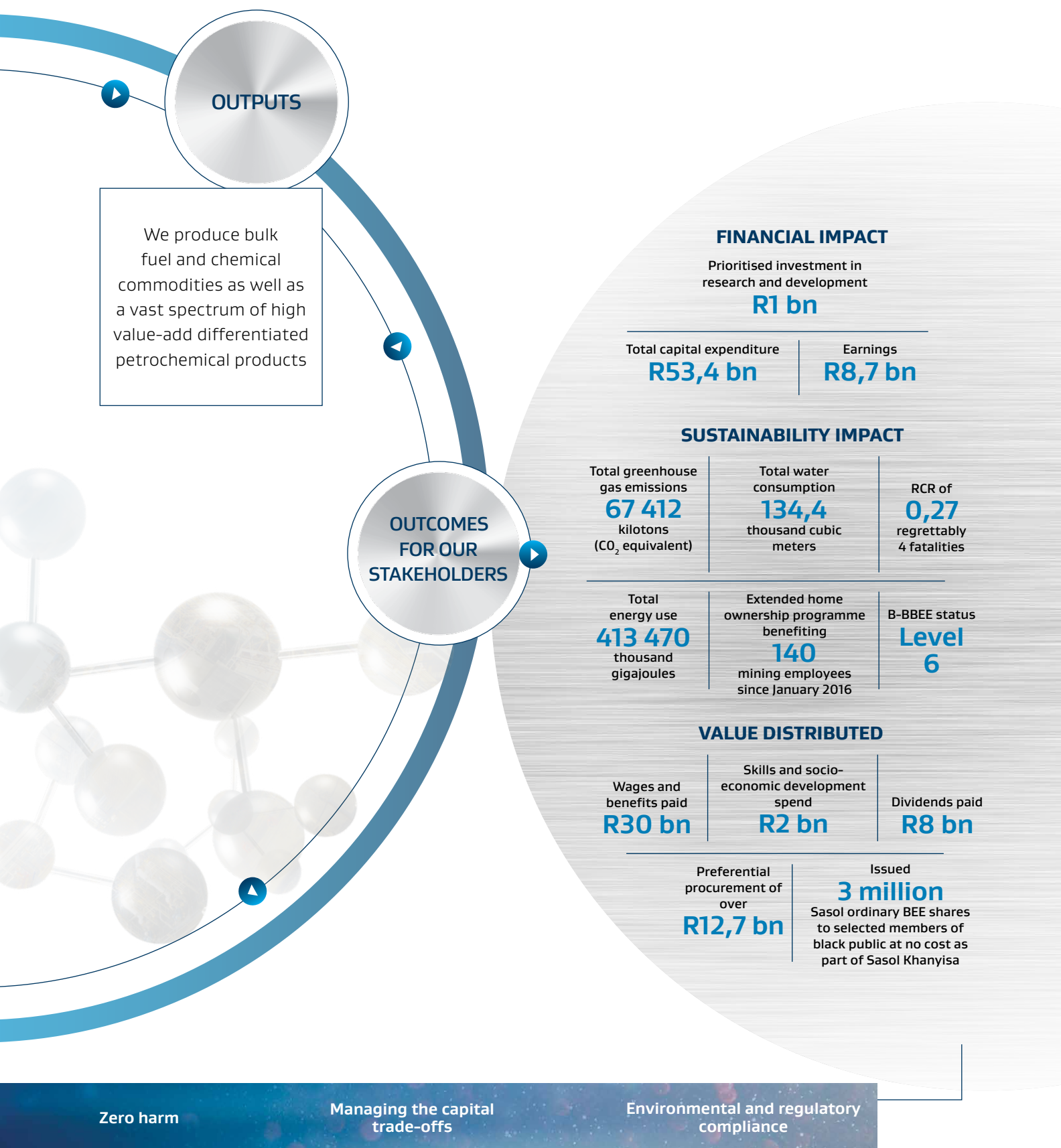
USING THE SIX CAPITALS TO CREATE VALUE

We create value for our stakeholders by developing and commercialising technologies and building and operating facilities to convert mostly low-cost hydrocarbon feedstock into a range of high-value product streams. 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.



We have a combination of assets, skills and relationships that place us in a strong position to deliver value-based growth. When making decisions on how to manage our business, we take these, as well as other resources and relationships that are critical to our ability to create value sustainably, into account.

We refer to these as the six capitals. Inputs of each are needed for the effective production and delivery of Sasol goods and services, thereby generating value for all our stakeholders. In so doing, we contribute towards advancing several of the UN Sustainable Development Goals (SDGs).



SCOREBOARD OF OUR SIX CAPITALS

KEY INPUTS

CREATING VALUE FOR OUR STAKEHOLDERS



HUMAN CAPITAL

- A safe, healthy, engaged and productive workforce of **31 270** people with relevant skills, knowledge and experience
- A **strong leadership team**, driving a culture of high performance
- More than **24 000** service providers, delivering to agreed terms

| | 2018 | 2017 |
|---|-----------------|----------|
| Wages and benefits | R30 bn | R26,9 bn |
| Number of work-related employee and service provider fatalities | 4 | 5 |
| Recordable Case Rate | 0,27 | 0,28 |
| Investment in employee learning | R1 128 m | R970 m |
| Artisans trained | 1 204 | 1 160 |
| Fatal-injury frequency rate | 0,004 | 0,006 |
| New cases of occupational disease | 29 | 39 |



SOCIAL AND RELATIONSHIP CAPITAL

- An **aspirational culture** that encourages greater engagement with employees and recognised trade unions
- Renewed confidence** of investors and shareholders
- Effective **partnerships** with customers, suppliers, business peers as well as sector and research bodies
- Engagement** with our fenceline communities, governments and stakeholders

| | 2018 | 2017 |
|--|-----------------|----------|
| Taxes (direct and indirect) paid to South African government | R39,5 bn | R35,6 bn |
| Spending on skills and socio-economic development | R2 bn | R1,6 bn |
| Taxes (direct and indirect) paid to Mozambican government | R960 m | R920 m |
| Broad-Based Black Economic Empowerment status | Level 6 | Level 8 |
| Person-days production lost to strike action | 0 | 63 119 |



NATURAL CAPITAL

- Coal to process (dry ash-free basis) (kilotons): **17 474**
- Crude oil processed (mm bbl): **29**
- Natural gas to process (bscf): **97**
- Total water used (thousand cubic meters): **134 445**
- Total energy usage (thousand GJ): **413 470**

| | 2018 | 2017 |
|---|---------------|--------|
| Total greenhouse gas emissions (CO ₂ equivalent) (kilotons) | 67 412 | 67 632 |
| Greenhouse gas (GHG) emissions intensity (CO ₂ equivalent/ton product) | 3,78 | 3,66 |
| Nitrogen oxides (NO _x) (kilotons) | 147 | 152 |
| Sulphur oxides (SO _x) (kilotons) | 189 | 202 |
| Particulates (fly ash) (kilotons) | 10,2 | 10 |



FINANCIAL CAPITAL

- Market capitalisation: **R313 bn**
- Debt raised to execute capital investments: **R27 bn**
- Finance income: **R1,7 bn**
- Funding facilities **R165 bn**, of which **R110 bn** has been utilised

OUTCOMES

| | 2018 | 2017 |
|--|-----------------|----------|
| Earning before interest and tax (EBIT) | R17,7 bn | R31,7 bn |
| Cash generated by operating activities | R42,9 bn | R44,1 bn |
| Net debt to EBITDA (ratio) | 1,84 | 1,19 |
| Net borrowings to shareholders' equity (gearing) | 43,2% | 26,7% |
| Headline earnings per share | R27,44 | R35,15 |
| Earnings attributable to shareholders | R8,7 bn | R20,4 bn |



MANUFACTURED CAPITAL

- Property, plant and equipment **R167 bn** (carrying value)
- Assets under construction **R165 bn**
- Exploration, development, production, marketing and sales operations in **32 countries**

OUTCOMES AND OUTPUTS

| | 2018 | 2017 |
|--|-----------------|----------|
| Capital expenditure (including capital accruals) | R53,4 bn | R60,3 bn |
| Capital expenditure in South Africa | 35% | 28% |
| Sustenance capital expenditure | R19,7 bn | R17,2 bn |
| Depreciation and amortisation | R16,4 bn | R16,2 bn |
| Net impairment of assets | R8,8 bn | R1,3 bn |
| Saleable chemical production (kilotons) | 6 646 | 6 592 |



INTELLECTUAL CAPITAL

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

OUTCOMES

| | 2018 | 2017 |
|--|-----------------|----------|
| Number of new patents issued | 148 | 190 |
| Total worldwide patents held | 2 409 | 2 216 |
| Investment in research and development | R1 027 m | R1 077 m |
| Investment in bursary scheme | R51 m | R53 m |
| Number of bursaries | 462 | 473 |
| Number of mentoring coaches | 588 | 429 |

TRADE-OFFS

ACTIONS TO ENHANCE OUTCOMES

- Convened a special Group Executive Committee (GEC) Safety Committee, identified four focus areas to improve employee safety
- Developed leadership capability and capacity and desired leadership style; focused on enabling transformation of culture
- Continued building critical skills, sourced talent and furthered succession planning
- Redefined our empowerment landscape through Sasol Khanyisa; drove improved workforce diversity including empowerment of women
- Contributed to SDG 8* by creating opportunities for sustainable employment including our youth employment strategy and our progress on gender equity

HUMAN CAPITAL

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

ACTIONS TO ENHANCE OUTCOMES

- Continue our leadership's engagement with all major stakeholders
- Commit to B-BBEE ownership transformation in South Africa through Sasol Khanyisa
- Focus on transformation through inclusive business practices, facilitating local supply chains and enabling local economies
- Intensified our efforts to better understand the needs of our stakeholders, including assurance and disclosure requirements
- Focusing on local economic development and job creation in our fenceline communities
- Good corporate citizenship through our social investment approach which pinpoints:
 - Education and skills development to facilitate economic growth – SDG 4* and 8*
 - Small business development
 - Promoting environment protection
 - Employee volunteerism
 - Community development
- Strengthened our environmental disclosures including through the adoption of TCFD*

SOCIAL AND RELATIONSHIP CAPITAL

Social investment in our fenceline communities reduces our **financial capital** in the short term, but in the longer term enables growth in this capital stock. By supporting enterprise development, we boost **manufactured, intellectual and financial capital**. Our impact on natural capital has influenced our relationships with some of our stakeholders. Through our environmental awareness campaigns, we are able to improve both **natural and social and relationship capital**.

ACTIONS TO ENHANCE OUTPUTS

- Strengthened governance on our material matters through a dedicated Climate Change and Environmental Policy Committee and an Environmental Compliance Implementation Committee
- Advanced our road maps to achieve a sustainable improvement in ambient air quality in South Africa
- Completed South African volatile organic compound emissions abatement project; progressed coal tar filtration project
- Improved on-site waste disposal practices
- Contributed to SDG 6* and SDG 13* by optimising environmental compliance and recognising our responsibility related to our impact

NATURAL CAPITAL

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

ACTIONS TO ENHANCE OUTCOMES

- Progressed work to deleverage our balance sheet to 30% by 2022
- Delivered further value from existing assets through our Continuous Improvement drive
- Contributed to SDG 8 by competitively positioning Sasol for sustainable growth with higher levels of economic productivity through technological upgrading and innovation

FINANCIAL CAPITAL

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

ACTIONS TO ENHANCE OUTPUTS

- Progressed construction on the LCCP, overall the project is 88% complete
- Commenced process to dispose of Canadian shale gas assets
- Contributed to SDG 12* by efficiently converting hydrocarbon resources into high-value product streams, striking a balance between economic, social and environmental needs, this includes our environmental sound management of chemicals and wastes throughout their life cycle

MANUFACTURED CAPITAL

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

ACTIONS TO ENHANCE OUTCOMES

- Invested in research and development and partnerships to reduce our environmental impact and develop new technologies
- Provided training and skills development for Sasol artisans and engineers
- Promoted excellence in science, technology, engineering and mathematics education

INTELLECTUAL CAPITAL

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

* Refer to Inside back cover to details of Sustainable Development Goals (SDG)

** Task Force on Climate Related Financial Disclosures (TCFD)

CHAIRMAN'S STATEMENT



Dr Mandla SV Gantsho
Chairman

Dear stakeholder

During 2018 global economic growth strengthened, with key market indicators, particularly in the world's developed and rapidly growing economies remaining positive. The global economy, however, continued to be characterised by ongoing volatility and uncertainty, fuelled largely by geopolitical developments, regional conflicts and potential disruption to the global trade regime.

As a participant in the global marketplace, this context had multiple implications for the Sasol Group, presenting both head- and tailwinds. The Group benefited from higher global crude oil prices, which led to improved prices and margins for the products we produce; however, a stronger average rand/US dollar exchange rate offset this advantage somewhat.

Against this backdrop, the Group delivered a solid performance for the 2018 financial year, which enabled Sasol to maintain an annual dividend of R12,90 per share to our shareholders.

Implementing a robust strategy

The Group has remained resilient despite sustained periods of depressed commodity prices, and during these challenging times, we have tailored our business strategies to be agile and adaptable to volatile global markets. An extensive review of the strategy was conducted during

KEY MESSAGES

Implementing a **robust strategy**

Fulfilling our **safety covenant**

Creating broad-based **stakeholder value**

Maintaining **sound governance**

the year, bolstering our confidence that the Group is well-positioned to benefit from the current upward trend in commodity prices, but also sufficiently resilient to adapt to extended periods of depressed prices. Looking to the future, we are also focused on ensuring that the Sasol Group remains relevant, competitive and geared to return superior value to our shareholders.

The sectors we operate in are increasingly being impacted by rapid technological developments, transforming ways of working and offering opportunities for greater efficiencies and returns. Pressure continues to mount for companies to do business differently, with stricter regulations requiring an improved environmental footprint and stakeholders demanding more transparency.

Taking cognisance of the megatrends influencing our sectors, we are confident our strategy does not only preserve, but enhances the value of Sasol and, in so doing, is responsive to the changing world around us.

Fulfilling our safety covenant

The safety and well-being of all who are involved in or impacted by the Group's operations remain an overriding priority, and an integral component of our business ethos and practice. It is deeply regrettable that four fatalities occurred in work-related incidents this past year. In my own name, and on behalf of the Board and Sasol people around the world, I convey our sincerest condolences to the families, friends and colleagues of those who tragically passed away. While these tragic losses occurred against a backdrop of Sasol's lowest recordable case rate on record of 0,27, it remains unacceptable that a single life is lost in the course of our business. The Board called for focused interventions to further embed safety principles and practices within all facets of our operations such that our employees return home alive and unharmed each and every working day. Management has responded positively to this call and there is already demonstrable evidence that, going forward, this covenant with the families of our employees will likely be honoured.

Creating broad-based stakeholder value

Integral to the Group's business philosophy is the conviction that Sasol should contribute towards building better lives and sustainable communities. An important component is to create opportunities that enable previously disadvantaged groups to benefit from the wealth created through our operations.

In 2008, Sasol established the Sasol Inzalo scheme, a Broad-Based Black Economic Empowerment (B-BBEE) ownership structure in South Africa, to provide a broad base of black South Africans with an opportunity to own a portion of Sasol. In the 10-year life of the scheme,

participants, including employees, received a total of R1,7 billion in dividends. Regrettably, the outcomes since inception did not meet initial expectations and it was decided to replace the scheme during 2018.

Drawing on lessons learnt from Sasol Inzalo, Sasol Khanyisa was implemented at a Sasol South Africa Limited (SSA) level. 18,4% direct black ownership in SSA now exists, which, together with black ownership at the Sasol Limited level, translates into at least 25% black ownership credentials in SSA. The performance of the scheme will be monitored on an ongoing basis to ensure that it meets its objectives.

The Group's supply chain activities offer significant potential for Sasol to contribute towards entrepreneurial development and empowerment of communities. The Group proactively seeks opportunities to contribute towards creating opportunities for emerging and small suppliers through its procurement policies and practices. During the year, we increased our expenditure with black-owned suppliers to R12,7 billion from R7,5 billion in 2017, with preferential procurement expenditure in the Sasolburg and Secunda regions up from R2,6 billion in 2017 to R4,7 billion. The loan book of our small, medium and microenterprise funding entity, the Sasol Siyakha Enterprise and Supplier Development Trust, grew to R301,7 million during the year.

Maintaining sound governance

From a governance standpoint, diversity and inclusion at all levels of the business are essential to the sustainability of Sasol. Last year, the Board set a target of 30% representation of women directors by 30 June 2019. During the reporting period, we achieved 33% with five women serving on the Board, three of whom are Black.

We are delighted to welcome Dr Martina Flöel and Ms Muriel Dube as Independent Non-executive Directors. The Board and the Company are already benefiting from their contributions in the areas of chemical and process research and development, technical innovations and industry supply chain, as well as in environmental sustainability, public policy and corporate finance.

During the year we bid farewell to two long-serving Non-executive Directors. Ms Imogen Mkhize retired from the Board and as chairman of the Safety, Social and Ethics Committee on 17 November 2017 and Mr Henk Dijkgraaf retired from the Board and as Lead Independent Director (LID) and as chairman of the Remuneration Committee on 30 April 2018. My fellow directors join me in thanking them for their valuable contributions and dedication to Sasol over many years and in wishing them well for the future. Mr JJ Njeke succeeded Mr Dijkgraaf as LID, Ms Mpho Nkeli became chairman of the Remuneration Committee and Mr Moses Mkhize became chairman of the Safety, Social and Ethics Committee.

Diversity and experience of the Board is vital to support the delivery of our strategy and create stakeholder value. We are proud to have a mix of South African and international business, energy and chemicals experience represented.

Furthermore, Sasol values the robust engagements we had this year with our shareholders, investors and other stakeholders that positively contributed to shaping how we manage, govern and disclose our material matters.



"In 2018, Sasol worked to ensure that it is innovative, focused and fit for the future: building on our robust foundation, moving towards lower-carbon energy alternatives, accelerating growth in specialty chemicals and creating a more sustainable business that delivers value to all stakeholders, on whose trust and support we rely."

Mandla Gantsho

Conclusion and outlook

The 2018 financial year was one of significant progress on many fronts for Sasol. With the scheduled start-up of the first units of the world-scale Lake Charles Chemicals Project (LCCP) in the United States of America (USA) by the end of the 2018 calendar year, we look forward to even greater progress in the year ahead.

The LCCP will transform the Group's earnings profile and production slate. It will triple our chemical production capacity in the USA, enabling Sasol to strengthen its position in the growing global chemicals market and contribute up to 20% of group earnings before interest, taxation, depreciation and amortisation by 2022.

The LCCP is part of our work to enhance Sasol's robust foundation. This, along with our focus of driving growth through clear strategic choices and our work to ensure disciplined capital allocation will set Sasol on a path to greater sustainable value creation. This will be to the benefit of all our stakeholders, whose support and confidence we appreciate, and whose trust in us we regard as sacrosanct.

I would like to take the opportunity to thank my Board colleagues for their support and wise counsel over the past year. Our management team, ably led by Messrs Steve Cornell and Bongani Nqwababa, have demonstrated commitment and ingenuity in giving effect to the Group strategy and are to be commended.

I remain confident that the Group is well positioned and resourced to continue delivering value to all its stakeholders, and contributing to the broader vision of prosperity and well-being in the diverse geographies within which it operates.

Dr Mandla SV Gantsho
Chairman

27 August 2018

STATEMENT OF THE JOINT PRESIDENTS AND CHIEF EXECUTIVE OFFICERS



**Stephen
Cornell**
Joint CEO

**Bongani
Nqwababa**
Joint CEO

Dear stakeholder,

This past year, the strategic priorities we drove were underscored by value, focus and discipline: we refined our strategy to drive sustainable value creation, sharpened our focus to leverage our core strengths, while embedding increased discipline in how we allocate capital.

In summary, our value-driven strategy is premised on further enhancing our foundation businesses; leveraging our competitive strengths in specialty chemicals globally, Africa-focused exploration and production and growing retail fuels in Southern Africa; underpinned by a robust capital allocation framework.

This, we strongly believe sets us on a clear path for sustainable growth and accelerated shareholder returns.

In 2018, we delivered a resilient set of results through our sustained focus on factors within our control, while recording steady progress against our confirmed strategic priorities.

Progressing our value-based strategy

In a complex and uncertain world, our strategic choices are informed by megatrends pointing towards global population growth and further urbanisation, shifts to even greater efficiency and performance, in all aspects of business, supported by digitalisation and sustained volatility in both crude oil prices and exchange rates.

KEY MESSAGES

Intensifying our **focus on safety**

Progressing our **value-based strategy**

Rebalancing **our portfolio**

Enhancing our **robust foundation**

Driving **economic, environmental and social value**

By our assessment, supported by in-depth expert analysis, it is evident that megatrends influential to our business will result in greater demand for chemicals and energy products in key markets we serve.

Intensifying our focus on safety

For the reporting period, our safety recordable case rate was 0,27, our lowest to date. This reflects overall improvement in our safety performance on most of the indicators we measure.

Regrettably, our safety performance was marred by four tragic employee fatalities. This past year we mourned the loss of Mr Nelson Vilanculo, Mr Dumisani Sibanyoni, Mr Mandla Mahlangu and Mr Nefthali Sepeame.

We are deeply disheartened and utterly disappointed by these losses and have redoubled our efforts to proactively eliminate fatalities and high severity injuries in our operations.

For the year we recorded notable progress in delivering on our strategic priorities, by further advancing opportunities in our Energy and Chemicals businesses and progressing our large capital projects in North America and Southern Africa.

In the US, we made good progress on our Lake Charles Chemicals Project (LCCP) with indications that the costs will remain within the previous market guidance of US\$11,13 billion. As at end June 2018, engineering, equipment fabrication and procurement were complete and construction progress reached 68% completion. Overall, the project is 88% complete with capital expenditure amounting to US\$9,8 billion.

The steam utility system, a critical component and enabler for the start-up of other units, achieved first steam production in July 2018. The project remains on track the linear low-density polyethylene facility is expected to reach beneficial operation (BO) in the second half of calendar year 2018. It will be followed by the start-up the first ethane cracker and ethylene oxide/ethylene glycol units reaching BO shortly thereafter. The expected start-up date of the remaining manufacturing units are still within schedule for calendar year 2019.

Our marketing and distribution channels have been negotiated for effective product placement. This, bolstered by global market demand that is poised for long-term growth, allow us to deliver a differentiated product mix through LCCP. Furthermore, we have sales contracts with existing and new customers, reinforcing our competitive position in the market.

Looking at Southern African, crucial for the sustainability of our integrated value chain is long term security of gas feedstock, since coal feedstock is already secured to at least 2050 given the near-finalisation of our R14 billion mine replacement programme. We commissioned the R13,6 billion FT Wax Expansion Project (FTWEP), phase 2 which began beneficial operation in March 2017.

Mozambique remains central to our gas strategy where we are stepping up efforts to secure long-term gas feedstock, while delivering on our stakeholder commitments. Here, gas from the Production Sharing Agreement (PSA) field development plan is prioritised for the development of a gas-to-power plant in Mozambique. While the optimal size and capital investment is being determined, surplus gas monetisation options will be jointly developed with our partners.

Rebalancing our portfolio

As part of our refined strategy, we made tough calls to rebalance our portfolio and bring focus to our growth aspirations, which required that we de-emphasise certain aspects of our business.

First, we have taken the decision not to invest in further greenfields gas-to-liquids (GTL) projects. While our current GTL and coal-to-liquids (CTL) assets are generating good returns and cash flows, the external environment, continued volatility and our view of mega-trends will simply not support more green-field investment in these technologies.

We will continue to work on opportunities to optimise and improve our existing facilities in regard to catalyst performance, product yields and energy efficiency. We see further opportunities to high-grade the value from our GTL molecules through base oil extraction. We will also continue to license and support our Fischer Tropsch technology and utilise our 50+ years of know-how in partnerships with others.

Second, we have looked at our business portfolio and made the call not to invest in any additional new crude refining capacity. This decision was informed by the large investments that will be required to meet changing fuel specifications in South Africa and a lack of any clear competitive advantage for Sasol outside our existing positions in the country.

Similarly, we have made an important call on commodity chemicals. Although we have a solid foundation business in commodity chemicals and a world-scale facility under construction in Lake Charles, the risk/reward profile for such projects is larger than we wish to take on in future.

Strategic investments in feedstock-advantaged locations may still be considered, but mega-scale commodity biased investment will only be considered in partnerships that lower our risk exposure.

We will certainly be investing in extracting further value from our Lake Charles and Secunda Operations in either commodity or specialty chemicals, but pursuing further commodity chemicals investments will primarily take place where this can support specialty chemicals growth.

Driving economic, environmental and social value

As a company proudly rooted in our South African heritage, we are firm in our commitment to redressing the inequalities of this country's past. Here, we believe that transformation in the form of share ownership, in Sasol South Africa Limited (SSA), by previously disadvantaged groups is an important business, social and moral imperative.

On 1 June 2018, Sasol Khanyisa, our new innovative R21 billion Broad-Based Black Economic Empowerment (B-BBEE) ownership structure was implemented, as one of the key focus areas of Sasol's broader transformation programme.



"Our value-driven strategy is premised on further enhancing our foundation businesses, leveraging our competitive strengths in specialty chemicals globally, Africa-focused Exploration and Production and growing retail fuels in Southern Africa."

Stephen Cornell



"We strongly believe our strategy sets us on a clear path for sustainable growth and accelerated shareholder returns."

Bongani Nqwababa

Enhancing our robust foundation

Key to enhancing our foundation businesses, is accelerating efforts to embed continuous improvement.

In this regard, we are actively and continuously managing our portfolio of assets. We will retain or fix those assets that will increase our returns, while exiting those that are not in line with our strategy and have lower than desired returns.

Approximately 75% of our assets review has been completed with the majority of assets to be retained and with some earmarked for growth.

Assets worth more than US\$1 billion in net asset value have been identified for divestment. These include our shareholding in our Malaysian assets which we sold to PETRONAS for US\$163 million.

We have also commenced active marketing for our Canadian shale gas assets. As we progress with this and other divestments, we will update the market accordingly.

In terms of business enhancement, our continuous improvement drive is aimed at ensuring our enduring competitiveness at an oil price of US\$40 per barrel.

Our target to lift ROIC by two percentage points by 2022 will focus on gross margin, fixed costs and invested capital as key value drivers.

We have already identified 50% of the value enhancing opportunities, focusing on customer engagement solutions, our functions and improving the reliability and margins in our energy value chain.

One of our key Continuous Improvement levers is digitalisation, which has been positioned as a value enabler across all businesses globally.

Khanyisa has approximately 230 000 shareholders, who hold 25% direct and indirect ownership in SSA, a previously wholly-owned subsidiary of Sasol and houses Sasol's most cash generative assets, which include our synthetic fuels, chemicals and gas businesses.

We are also proud to report that we increased our spend with Black-owned businesses from R7,4 billion last year to R12,7 billion in 2018, while our SMME loan book currently stands at R302 million, as compared to R139 million in 2017.

Our commitment to environmental sustainability is to minimise the environmental impacts of our operations. This is reflected in our strategic decision not to pursue CTL growth, and to focus on gas as a bridge to a lower-carbon economy.

Additionally, we invest significantly in reducing our environmental footprint, as demonstrated by our more than R25 billion in capital projects, over the past 12 years.

Informed by ongoing engagement with stakeholders and interested parties, we follow a transparent and collaborative approach to environmental compliance. Sasol has taken a voluntary action to align our external climate disclosures with international leading practices and has signed up to a number of global initiatives, including We Mean Business and the Task Force for Climate-Related Financial Disclosures. We are also revising and refining our approach to climate change management, through additional robustness testing of our strategy and optimised governance, which will inform our ongoing disclosures.

As a founding signatory to the South African Energy Efficiency Accord, we have a long-standing commitment to promoting energy efficiency as a key business driver, in addition to the benefit of greenhouse gas reductions.

Since 2013, we achieved a cumulative energy efficiency improvement of 22% and we are targeting a further improvement of 1% annually between 2019 and 2030.

Regarding air quality, we remain committed to compliance and to promoting sustainable ambient air quality improvement, thereby minimising the environmental impact of our activities. In this regard, we remain on track to advance our committed air quality standards and offsets roadmaps. Taking into account our plant vintage, we anticipate significant challenges in meeting some of the "new plant standards" particularly for boilers sulphur dioxide emissions both from a technical and financial feasibility perspective.

Through social investment we seek to ensure sustainable value creation for society, which we deliver through a range of programmes and initiatives.

This past year, we invested over R800 million towards social investment programmes and a further R1,3 billion in bursaries, learnerships and employee skills.

Looking ahead

One of the priorities in refining our strategy was to map the best way forward for Sasol as a compelling investment, with our overarching objective being to deliver superior value to our shareholders. Our steadfast commitment in 2019 is that we will continue to deliver on our strategic priorities by leveraging our competitive strengths for sustainable value creation.

To stay competitive and deliver on our strategy, our employees, who are the backbone of Sasol, must believe in our value proposition as an employer of choice. In this regard, our ongoing culture transformation programme will focus on building a resilient organisation where our employees' experience Sasol as a great place to work, where relationships are rooted in trust, respect and engagement.

The continued development of high performing employees will enable us to create exceptional value and a culture we all can be proud of.

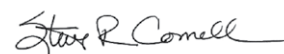
We wish to acknowledge and thank the people of Sasol – our Board, management and staff, as well as our customers and business partners – for enabling us to achieve the results delivered in 2018.

To you, our stakeholder, we thank you for your continued confidence in our leadership and supporting Sasol as we strive to be a credible stakeholder partner, committed to driving inclusive and sustainable growth in all markets where we have a presence.



Bongani Nqwababa

Joint Presidents and Chief Executive Officers



Stephen Cornell

27 August 2018

OUR TOP PRIORITIES FOR 2019 ARE:



PURSUE ZERO HARM

- We strive to avoid all incidents in our pursuit to achieve zero harm and will embrace the newly defined four high severity incident focus areas



ENHANCE FOUNDATION BUSINESS

- Drive safe, predictable and reliable operations
- Delivery on early Continuous Improvement objectives towards a 2% ROIC uplift by 2022 enabled by business improvement, improved margins and digitalisation
- Delivery on implementation of our environmental roadmaps and offset commitments



STRENGTHEN GROWTH MOMENTUM

- Deliver on LCCP commissioning, operations and business readiness milestones and increased sales volumes
- Progress options and actions to secure gas feedstock for our Southern African operations, including Mozambique PSA delivery
- Progress credible investment options to move us to our aspired portfolio in Chemicals, Upstream and Energy
- Actively manage the balance sheet to ensure we stay within investment grade metrics as well as providing sufficient liquidity for the company



REALISE ORGANISATIONAL CULTURE SHIFT

- Progress culture transformation and improve our people centred leadership capabilities
- Further embed the concept of One Sasol in ways of working
- Fully embed our refreshed values



ENHANCE REPUTATION AND STAKEHOLDER VALUE

- Deliver win-win stakeholder value to enhance our reputation in geographies where we operate
- Strengthening our sustainability disclosures including verified climate change disclosure
- Ongoing dialogue and engagement with key stakeholders to shape Sasol's sustainability journey
- Deliver superior customer experience in support of our step up product volumes to market

CHIEF FINANCIAL OFFICER'S STRATEGIC REVIEW ON VALUE TARGETS



Paul Victor
Chief Financial Officer

KEY MESSAGES

Drive **improved cash generation** through the business cycle

Sharpen focus in applying **disciplined capital allocation** framework and approach

Return value to shareholders following a **more balanced approach**

Achieve **value-based growth** through optimal capital structure

Dear stakeholder

In 2018, we updated Sasol's financial framework, informed by our refined long-term strategy and our drive towards a more balanced approach to returning value to shareholders through the cycle.

We believe that this framework, and renewed focus and disciplined approach, will ultimately benefit shareholders through higher sustained pay-out ratios as the balance sheet deleverages and as the sustainable growth targets are achieved.

OUR FINANCIAL FRAMEWORK

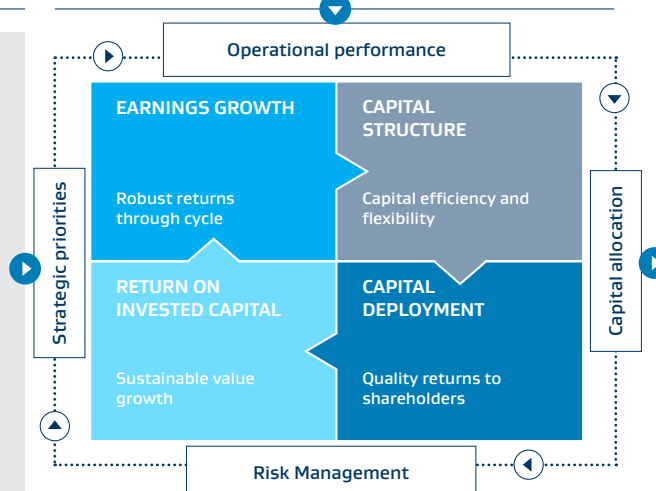
OPERATING CONTEXT 2018-2030

High case
\$70/bbl
Capital available
(~\$25-30 bn to 2030)

Planning case
\$60/bbl
Capital available
(~\$20-25 bn to 2030)

Low case
\$50/bbl
Capital available
(~\$16-22 bn to 2030)

GROWING SHAREHOLDER RETURNS SUSTAINABLY



VALUE TARGETS

EBIT GROWTH
>5% CAGR (US\$ real)

CONTINUOUS IMPROVEMENT
2% ROIC uplift by FY22

ROIC
>12% (US\$ terms)

CAPITAL STRUCTURE
Gearing = 20% – 40%
(target 30%) Net debt/EBITDA 1,0 – 1,7x
(target 1,5x)

DIVIDEND RETURNS
Towards 40% – 45% payout on
Core HEPS (2,5 – 2,2x cover)

Financial Market Risk Management Framework

Sasol's exposure

Sasol is exposed to financial market risks in its normal course of business. **Major financial risks include crude oil price, rand/US dollar exchange rate, ethane price and interest rates.**

Our hedging programme principles

- Protection the balance sheet against undesirable market movements aiming to participate in favourable markets.
- No Hedging without the underlying exposure i.e. no speculation.
- Optimise the cost cover ratio by also considering natural hedges.
- Match the hedge cover ratio with the risk appetite.
- Continuous focus on effective hedging execution.

Our drive towards growing shareholder value sustainably is guided by our continuous focus on:

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

We are intent on **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, our continuing work to manage costs, as well as a focused review and optimisation of our portfolio. Longer term, we will enhance cash flows by debottlenecking the Lake Charles chemicals complex in the US and by extracting more value from our oil and gas investments in Mozambique.

DELIVERING VALUE THROUGH DISCIPLINED CAPITAL ALLOCATION

Deleverage balance sheet and step-up dividend
2019–2022

Quality growth and value returned to shareholders
2022+

Discretionary shareholder allocations
2022+

1st ORDER OF ALLOCATION

2nd ORDER OF ALLOCATION

Protect licence to operate

Optimal sustenance capital

Minimum dividend payout of **36% of Core HEPS (2,8x cover)** moving to **40% (2,5x cover)**

Balancing returns through growth and dividends

Step-up to superior dividend payout of **45% (2,2x cover)**

Deliver organic and inorganic investments at **EBIT >5% CAGR**
ROIC >12%

Consistent and disciplined anti-dilutive share buyback programme

Special dividends in specific circumstances

Share buybacks

- At value, if market offers opportunity
- Growth and dividend options deliver less value to shareholders

ALLOCATE CAPITAL AND DIRECTIONAL APPROACH TO DISTRIBUTE SHAREHOLDER VALUE

Our cash breakeven oil price is currently at \$35/bbl largely due to the sustainable cost cutting initiatives that have been implemented since 2014. We are one of very 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. 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 organisation to be more proactive in scenario planning and responsive to mega trends in the market. We want to increase 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.

As we consider capital allocation decisions, we are guided by key financial risk and return metrics such as our gearing and liquidity levels and the return on invested capital, with the ultimate objective being to deliver maximum sustainable return to shareholders.

The two key overarching objectives in the capital allocation framework are to firstly, 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 rating.

Our next priority is to evaluate between value levers from which we can derive the most value for our shareholders. Items which can be considered include:

- **value-based growth** delivered from our portfolio of projects which may include merger and acquisitions transactions;
- **value returned to shareholders** through targeted and increased dividend payout ratios, however still remaining within our 2,2 – 2,8 times range; and
- value returned to shareholders through special **dividends and/or share buy-back** 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, we will pursue small to medium-sized projects (whether organic or not) which require capital of less than US\$500 million and US\$1 billion respectively. Mega projects are not within our focus and will only be considered in future in partnerships and only once we have built a track record of successful smaller investments. This marks a significant change in our investment philosophy.

Another important change is our strategic focus, from one concentrated on increasing production volumes to one driven by value creation. As a result, we are committing 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 as well as pursuing a consistent share buy-back programme to counter the effects of any corporate actions, ensuring that shareholders do not suffer from share dilution.

We are continuing to build on our recent efforts to **effectively manage our capital structure**, anchored in effective financial risk mitigation strategies. We are working to deleverage our balance sheet and so create more flexibility to facilitate the improved execution of our strategy. This is essential in 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.

We are working to extend the maturity of our existing portfolio of debt instruments and returning to and maintaining our target debt levels to remain within our investment grade credit rating metrics. By following a sound approach to financial risk mitigation, we will protect the balance sheet through hedging crude oil, currencies and ethane.

In the year we extended, at very favourable terms, our US\$1,5 billion revolving credit facility to a US\$3,9 billion facility, with a tenure of five years and option to extend the facility by another two years. This increases our access to liquidity and is the first step in refinancing the Group's debt requirements.

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. In addition, 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.

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 40%-44% in 2019 and net debt: EBITDA to below 1,9x. In the long-term, we are targeting gearing at 30% and net debt: EBITDA at 1,5x as these will provide us with 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 before the end of the 2018 calendar year, and following the recent commissioning of numerous other capital projects, we are reaching the end of a period of significant growth for Sasol. 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 40%-45% 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

27 August 2018

In supporting the Financial Stability Board's recommendation for consistent and coherent disclosures, Sasol adopted the TCFD in 2018 for application in its financial filings and other relevant disclosures.

* Earnings before interest, tax, depreciation and amortisation (EBITDA).

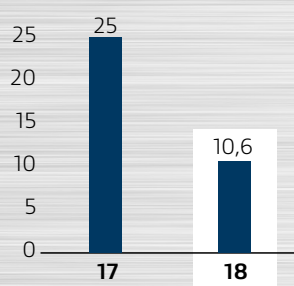
DELIVERING ON OUR PROMISE TO CREATE SUPERIOR VALUE

In support of our purpose and through effective, disciplined efforts in managing the six capitals and our continued commitment to stakeholders, value delivered during the year reinforces our approach of aiming to be a credible stakeholder partner

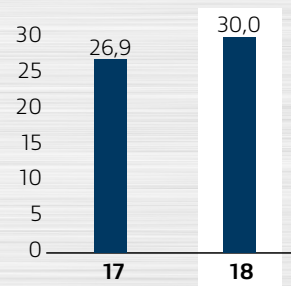
| | | | | | | |
|------------------------------|---|--|---|-----------------------------------|---|----------------------------------|
| Turnover R181,4 bn | - | Purchased materials and services R118,7 bn | + | Finance income R3,2 bn* | = | Value created R65,9 bn |
|------------------------------|---|--|---|-----------------------------------|---|----------------------------------|

VALUE DELIVERED

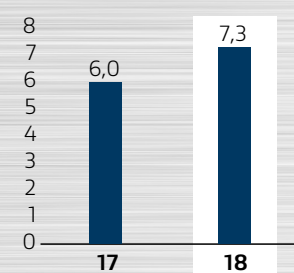
Reinvested in the Group**
(R billion)



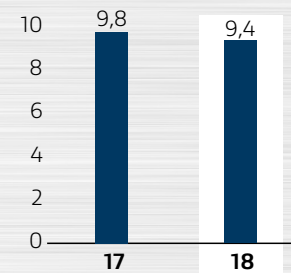
Wages and benefits paid
(R billion)



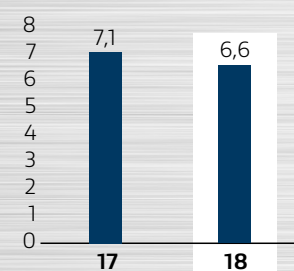
Providers of loan capital
(R billion)



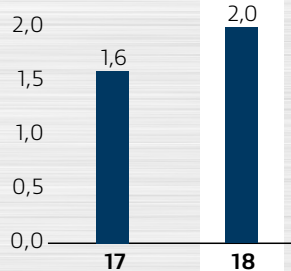
Dividends paid***
(R billion)



Direct taxes paid to governments
(R billion)



Invested in skills and socio-economic development
(R billion)



Value allocated
R65,9 bn

16%

46%

11%

14%

10%

3%

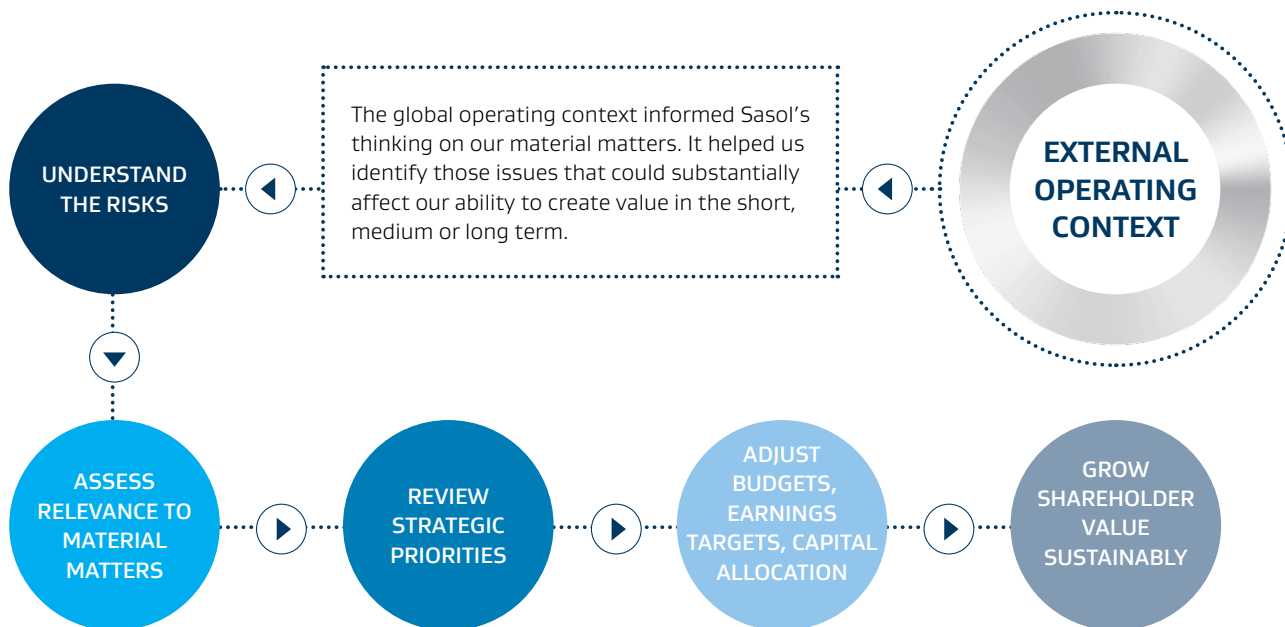
* Includes equity accounted investments.

** Amount used to fund operations and capital requirements.

*** Includes dividends paid to non-controlling shareholders.

OUR EXTERNAL OPERATING CONTEXT

The external market environment continues to have an impact on our ability to create stakeholder value. Sasol's challenging operating environment persisted in 2018, with financial market volatility, geopolitical tensions and operational challenges all influencing activity. Geopolitical tensions, which included escalating trade tensions between the US and its trading partners – particularly China, as well as Middle East conflicts, contributed to uncertainties in the oil and financial markets. Emerging market sentiment, domestic political developments and weak business and consumer confidence continued to weigh on South Africa's economic performance in 2018.



Improved economic growth and volatile currencies

What happened

The **global economy grew** by about 3,8% in calendar 2017, a marked improvement on the 3,2% in 2016. US economic growth accelerated to 2,2% from 1,6%. In the Eurozone, growth was 2,5% from 1,8% previously. Among emerging markets, China and India expanded by 6,9% and 6,3% respectively. **South Africa's economic growth recovered to 1,3% from 0,6% in 2016 as agricultural conditions improved.** During 2018, the rand/US dollar exchange rate averaged R12,85/US\$ compared to R13,61/US\$ in 2017. The rand/US dollar was volatile, impacted mainly by domestic political developments. Markets reacted positively to a South African leadership change, contributing to a significant strengthening of the rand from December 2017.

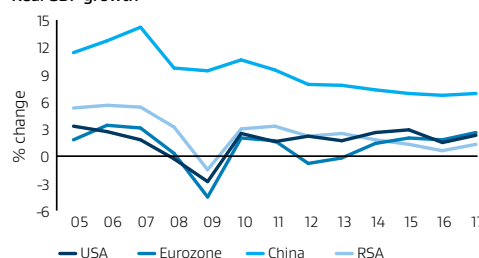
How we responded

Despite the improvement in demand conditions, operating challenges and rand/US dollar exchange rate strength, there were **limited gains in our revenue, margins and earnings.** Sasol remains focused on delivering on our Continuous Improvement objectives, and prudently managed our balance sheet and cash flows and increased our hedging activities to create headroom on the balance sheet.

The outlook

The **global outlook remains favourable, with strong growth expected in calendar 2018 and into 2019**, but a number of uncertainties remain. These include an escalation in trade tensions and the return of financial market turbulence, the extent, timing and pace of US interest rate normalisation, the durability of US tax and expenditure measures, the sustainability of the global commodity cycle upturn and challenged bank balance sheets in some countries.

Real GDP growth





Structural shifts in global commodity prices

What happened

The average oil price was \$13,85/bbl higher than the US\$49,77/bbl average in the 2017 financial year, benefiting from the OPEC and non-OPEC production cut agreement and the resultant move of OECD inventory levels closer to the targeted 5-year average level. In-May the price rally to a high of US\$80/bbl following the US decision to withdraw from the Iranian nuclear deal and concerns about further reductions in Venezuela's crude oil production. At the 23 June meeting OPEC and Russia decided to return to output targets set in November 2016 agreement with a focus to achieve 100% compliance compared to 152% compliance seen in May. **Since December 2017, spot prices have averaged closer to the US\$70/bbl mark which positively impacted our results.**

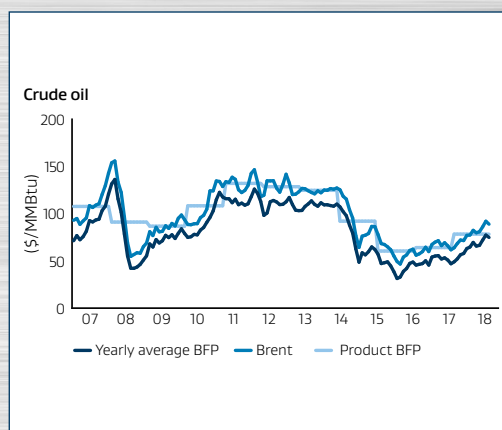
The crude oil price averaged US\$63,62 per barrel (/bbl) for the 2018 financial year, touching a high of US\$80,29/bbl, a low of US\$46,53/bbl, and closing at US\$77,90/bbl on 30 June 2018. This compares to an average of US\$49,77/bbl for 2017.

How we responded

Our Base Chemicals businesses benefited from stronger commodity chemicals prices, the result of both stronger crude oil prices and regional market dynamics across the portfolio. **Our business benefited from higher chemical US dollar prices, which improved by 12% due to higher crude oil prices and favourable conditions prevailing in certain of our Solvents markets.** The market demand remained strong for most of our products, however, the impact of the stronger exchange rate offset this benefit in earnings. Our Performance Chemicals business benefited from resilient margins in our differentiated businesses. We continued to take advantage of the strong demand for our organics and inorganics products and expand our footprint in differentiated markets. **Margins in our South African businesses were impacted by a stronger Rand whilst margins for our European and US specialty businesses remained strong, benefiting from robust demand and favourable market conditions.**

The outlook

Crude oil price volatility is expected to continue in the short term with geopolitical supply risks providing support. Increase in supply from non-OPEC, mainly US tight oil, and OPEC with the production cut agreement drawing to an end, is expected to lead to a softening of the oil price in the last part of the 2019 financial year. **Significant natural gas production is expected from North American dry and associated gas plays.** Infrastructure build will play a critical role in allowing gas to flow and may impact pricing in the near term. **Demand for US ethane is expected to rise in the next few years as crackers come on line.** In the foreseeable future, prices for oil and commodity chemicals will be driven by supply, demand, inventory fundamentals and industry improvements. Longer term, commodity chemicals will be driven mainly by oil prices.



Increasing environmental regulatory requirements

What happened

The World Business Council for Sustainable Development and United Nations Conventions are putting pressure on companies to do business differently. Stakeholders are demanding greater transparency of business sustainability risk management, particularly on climate change, water and human rights. Stricter legal regulation requires an improved environmental footprint, as do consumers demanding products that use energy more efficiently.

How we responded

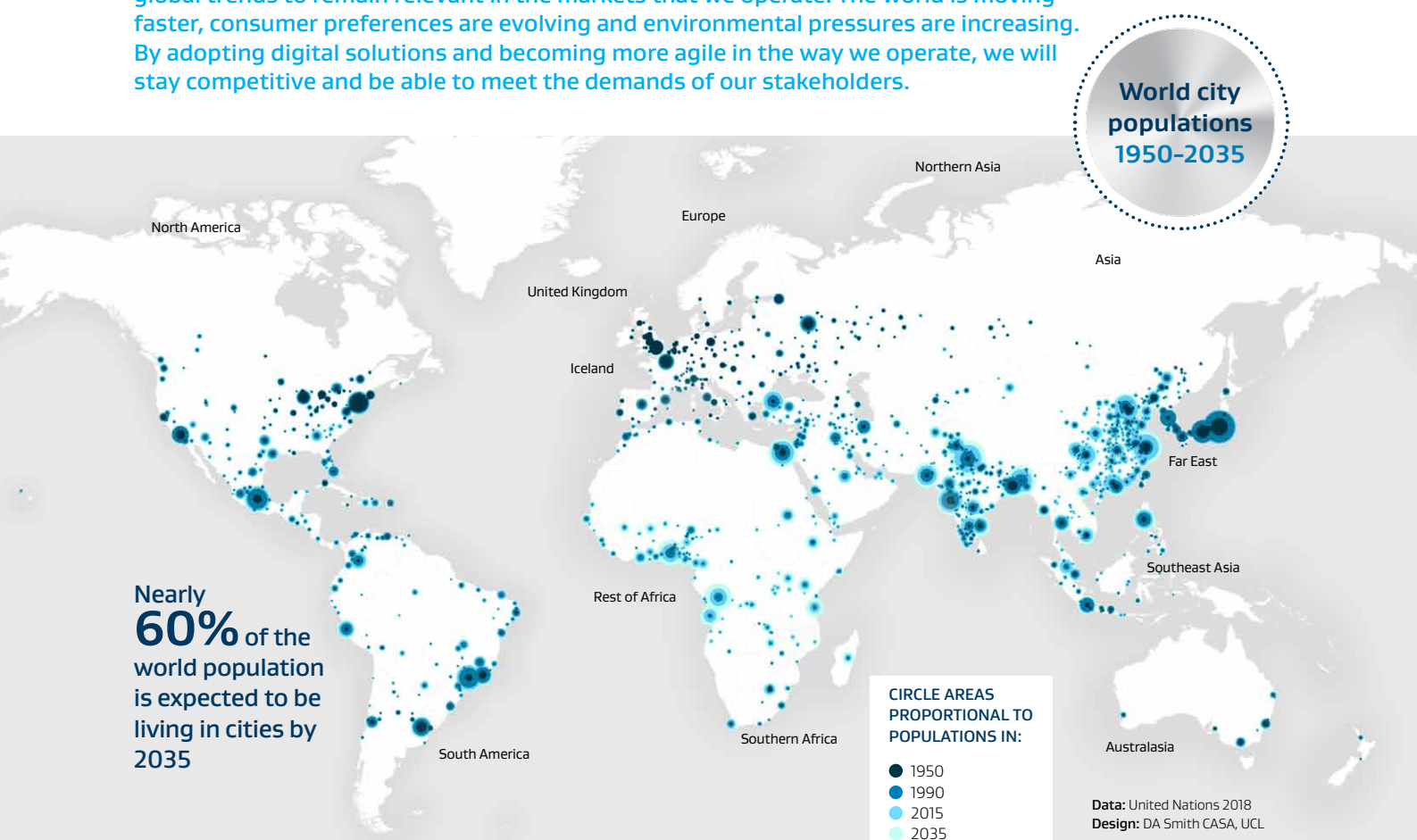
We focused on improving our disclosure of sustainable and resilient business practices by aligning our reports with the United Nations Sustainable Development Goals (SDGs). **We continued to acknowledge the need for reductions in global GHG emissions to avoid the severe impacts of climate change.** Coupled with increased demand for secure, **affordable energy, this creates significant challenges which are best met when companies, governments and society work together.**

The outlook

We are moving towards lower-carbon energy alternatives, building on our gas successes in Southern Africa by leveraging off our expertise to find gas, build the downstream gas economy, secure a cleaner feedstock to grow our integrated value chain, **enhance regional energy security, and diversify the energy mix. To inform decision-making, we take a short-, medium- and long-term view of our risks and opportunities,** with the use of scenario analysis. Across our portfolio, we assess the impact of shifts in demand, changes in productivity, water availability, extreme weather events and advances in technology. Commodity price forecasts, including carbon, reflect our best view of price ranges given uncertainties in our world.

THE WORLD IN WHICH WE OPERATE IMPACTS OUR STRATEGY

With the ever changing world we refined our long-term strategy to be responsive to global trends to remain relevant in the markets that we operate. The world is moving faster, consumer preferences are evolving and environmental pressures are increasing. By adopting digital solutions and becoming more agile in the way we operate, we will stay competitive and be able to meet the demands of our stakeholders.



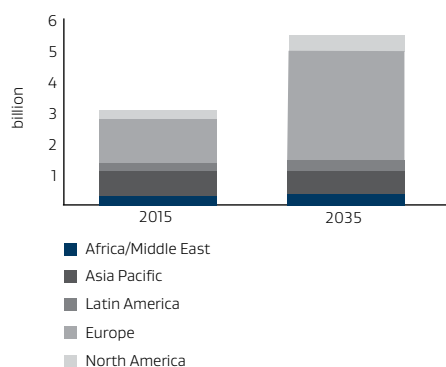
GROWING POPULATION, HIGHER LIVING STANDARDS

World Gross Domestic Product (GDP) is expected to continue to grow in the years to 2040, driven largely by greater prosperity in the developing world. An increase in the global population to more than 9,0 billion by 2040 from 7,5 billion in 2017. By 2030, the middle class is projected to account for nearly two-thirds of the population from around two-fifths in 2015. Together with the growth in population and rising living standards will be greater urbanisation: nearly 60% of the world's people are expected to live in cities by 2030, compared to 54% in 2015. These factors will lead to increased demand for chemicals, heating fuel, transportation and electricity.

Rising demand for energy and chemicals

Commercial transportation and chemicals will underpin growth in demand for global liquids*. Asia-Pacific will lead the increase in car ownership in non-OECD** countries, in turn supporting personal mobility-related energy demand across the world. However, gains in efficiency, improvements in technology and environmental pressures will keep energy demand in check. Within personal transport, improvements in engine efficiency will play a greater role than alternative technologies.

Global middle-class growth – billions of people



* Liquids are made up of crude oil, condensate, natural gas liquids and bitumen.

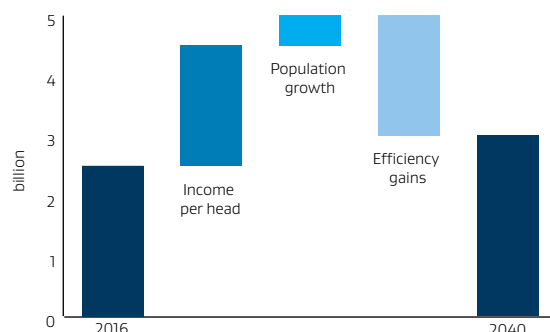
** Organisation for Economic Co-operation and Development.

MOUNTING ENVIRONMENTAL PRESSURE

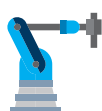
Although the world will increasingly use less energy to generate each unit of GDP, fossil fuels will likely continue to dominate the energy mix for some time to come. Increasing usage of fossil fuels will put pressure on emissions, and it will be important that clean technologies are pursued across the chemicals and energy industries. Certain technologies, like those used to develop electric vehicles, can assist with reducing localised pollution, but they are likely to have a lesser influence the global demand or the emissions picture significantly when compared to, for example, improvements in engine efficiency. Over time, demand for liquids for use as feedstocks for chemicals, lubricants and bitumen will become an increasingly important component of overall hydrocarbon demand. Although there is less scope to make significant efficiency gains with these products, environmental pressure is increasing on the use of some end-products, particularly single-use plastics and packaging.

We carefully consider how the world of energy is changing, how government policies are evolving and how consumer behaviour is responding. This is impacting energy and chemical demand, requiring companies like ours to hone their strategies to ensure their sustainability as the world continues to transition.

Contributions to transport energy consumption growth – billion tons of oil equivalent



ADVANCING TECHNOLOGY



The pace of business is increasing with continuous change and adaptation required. Technologies are developing faster and faster, and rapid adoption of new third party technologies and/or selective innovation of new proprietary technologies and products are more important than ever to remain competitive and relevant. The advances in computing capability and new digital tools and platforms present opportunities to investigate the application of digitalisation tools and processes to improve the performance and robustness of our existing assets and businesses; to better design and deliver opportunities to drive our growth aspirations and to enhance our value proposition to our customers and shareholder. These opportunities to embrace digitalisation cover the full spectrum from advances in automation, big data analytics, predictive maintenance will be pursued with a clear focus on the best balance between cost, risk, value and return considerations.

MAKING CLEAR CHOICES TO DRIVE A FOCUSED STRATEGY

Our strategic choices are informed by megatrends pointing towards global population growth and further urbanisation, shifts to even greater efficiency and performance, in all aspects of business, supported by digitalisation and sustained volatility in both crude oil prices and exchange rates.

OUR VALUE-BASED STRATEGY

In developing our strategy, we considered both opportunities and risks, informed by developments in the world which we operate. What is clear is global trends will continue to drive increased demand in the markets we serve. Our refined long-term strategy is responsive to these trends to ensure we stay competitive and relevant. 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.



UNDERPINNED BY A DISCIPLINED CAPITAL ALLOCATION FRAMEWORK:

- Driving improved cash flow generation through the cycle
- Ensuring a balanced approach to shareholder returns
- Securing optimal capital structure that enables growth and allows flexibility to mitigate financial risks

TARGETS TO MEASURE STRATEGIC DELIVERY

Zero harm
at all our operations globally

Aspirational culture ensuring engagement and growth of all our employees

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

ADVANCING OUR STRATEGY IN PHASES

NEAR TERM 2019+

- Pursue zero harm and drive safe and sustainable operations
- Strengthen stakeholder relationships and deliver sustainable value to society
- Progress organisational culture shift
- Deliver the LCCP within cost and schedule and ensure successful ramp-up
- Progress options and actions to secure gas feedstock in Mozambique
- Actively manage the balance sheet and financial risk metrics
- Continue with asset review process to enhance quality of portfolio
- Differentiate products towards higher-yielding markets
- Grow retail fuels incrementally
- Advance our work on the integrated environmental roadmap
- Progress our digitalisation efforts

MEDIUM TERM 2022+

- Reinforce our pursuit of zero harm
- Fully embed our aspirational culture
- Make meaningful socio-economic impact
- Extract full value of existing platforms
- Grow inorganically in specialty chemicals; exploration and production
- Increase cash returns to shareholders
- Pursue value-accretive retail acquisitions
- Pursue opportunities to secure gas feedstock
- Active management of asset portfolio to achieve growth targets
- Focused investments to reduce our environmental impact
- Implement appropriate climate change mitigation response

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

ACTIONS TO ENABLE OUR STRATEGY

Enhancing our foundation businesses

to be fit-for-the-future

Sharpening our approach

to disciplined capital allocation
creating social value for all our
stakeholders

Strengthening our position as a credible
stakeholder partner **making clear
choices** to inform a focused value-based
growth strategy, leveraging our strengths

**Positioning ourselves to
deliver** superior returns benefiting
shareholders and stakeholders

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

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



Details of the top the key performance indicators that we measure and on which annual executive remuneration is determined are on page 87.

OUR VALUE-BASED STRATEGY

PROGRESS ON OUR STRATEGY

Our refined value-based strategy will be 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. Since November 2017, we have already taken some steps to advance our strategic ambitions and are actively working on the business readiness activities for the LCCP.

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.



Driving our aspirational culture

- Committed to achieving our goal of zero harm
- Develop, empower and retain values-driven, high-performing employees
- Motivating our employees through innovation and digitalisation to promote high performance
- Diversity is our strength and we promote diversity across our organisation

CHEMICALS

Grow speciality 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

- Streamlining the Performance Chemicals portfolio with focus on Organics, Waxes, and Advanced Materials
- Developing incremental growth options in key end-market applications
- Advancement of our business readiness for near-term growth from LCCP and expansion of China surfactants



Our 50% joint venture HDPE plant with Ineos in United States achieved beneficial operation.

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.



In Mozambique, the Production Sharing Agreement (PSA) Phase 1 and Phase 2 drilling activities have been completed. In total, 11 wells were drilled comprising of seven oil wells and four gas wells

An update on our strategy is:

- Mozambique continues to be a long term strategic partner to develop and produce gas to market
- PSA Phase 1 gas prioritised for the development of a gas-to-power plant in Mozambique
 - Optimisation (size, phasing, market outlook) in progress
 - Options for monetisation of surplus PSA gas to be jointly developed with our partners
- Further and focused exploration prioritised in the near term; development to follow demand to maximise shared value and minimise market risk to Sasol and partners
- Low entry cost operations in focused areas in West Africa being evaluated to create portfolio of options for execution in the line with balance sheet flexibility

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

- Organic growth continues with 12 new sites in 2018 and 15 planned for 2019
- Progressing value-accretive acquisitions of super-dealers
- Continue to evaluate major acquisition opportunities, guided by capital allocation framework



During the year we opened 12 new retail convenience centres in South Africa

OUR VALUE-BASED STRATEGY

ENHANCING OUR ROBUST FOUNDATION

Our existing operations are highly cash generative and cost competitive. We are focused on extracting further value through asset reviews, digitalisation and seeking opportunities to increase volumes, while ensuring safe and sustainable operations.

MAXIMISING EFFICIENCIES

Building on our excellent capabilities of managing complex value chains

Our focus is to continue extracting greater value from our existing foundation businesses and remain competitive. We will become a more resilient company by improving our safety and operational performance and become more reliable, efficient and effective.

Key drivers

- Operational excellence
- Continuous Improvement (CI) to strengthen our cost position and improve robustness through the cycle

The successful start-up of the world's largest oxygen production unit at our Secunda operating complex secures our long-standing partnership with international organisation, Air Liquide. The new Air Separation Unit built and developed by Air Liquide with a total production capacity of 5 000 tons of oxygen per day and will supply oxygen to our operations.



ASSET PORTFOLIO

Consolidating our operations so as to remain fit-for-the-future

We are making steady progress with our asset review process. Several non strategic assets have been identified for possible disposal or reduced shareholding.

Asset portfolio review

- Asset review process underpinned by drive to improve asset performance
 - 75% of asset reviews completed with the majority of assets to be retained and some identified for growth
- Strategic fit review of all assets now complete
- Identified divestments >US\$1 bn net asset value
 - Shareholding in Malaysian assets sold to PETRONAS
 - Active marketing commenced on Canadian shale gas assets



BUSINESS ENHANCEMENT

To remain relevant, Sasol will move away from periodic, large scale top-down interventions to a Continuous Improvement (CI) approach which will ensure that we remain competitive at an oil price of \$40/bbl. This approach will focus on both effectiveness and efficiency improvements, while ensuring safe and reliable operations. Digitalisation will be a key enabler for our CI programme and a central digital office was successfully launched in July 2018.

Business enhancement

- Continued competitiveness at a \$40/bbl oil price
- CI target will have a holistic approach across all value drivers:
 - Gross margin, cash fixed costs and invested capital
- Identified 50% value enhancing opportunities, positioning us well to achieve 2022 target:
 - Customer engagement solutions to improve our sales margins
 - First quartile functional performance benchmarking
 - Improving the reliability and margins in energy value chain
- Digitalisation positioned as a value enabler across all businesses globally
 - Focus on asset health management, efficient operations and customer engagement

EMBRACING TECHNOLOGY TO ENHANCE OUR COMPETITIVENESS AND UNLOCK VALUE

We believe that more effective use of digital technology will create value in a broad range of applications. We pursue opportunities to enhance safety and productivity, improve customer experience, improve operational efficiency as well as plant reliability through predictive maintenance. By embracing technology to enhance our competitiveness, we are targeting more than US\$300 million in value by 2022.



Data is now recognised as a key asset for Sasol, with digital success completely dependent on our ability to effectively use our data. The core focus of digital at a high level is how we make our customers' experience more rewarding and how we ensure that operations become effective and efficient in producing the right product at the right time at the best possible cost. A number of Micro-Battles have already kicked off. Two of these are the ongoing Digital Catalyst (customer experience improvement) and Asset Health Monitoring (operation optimisation and reliability) programmes.

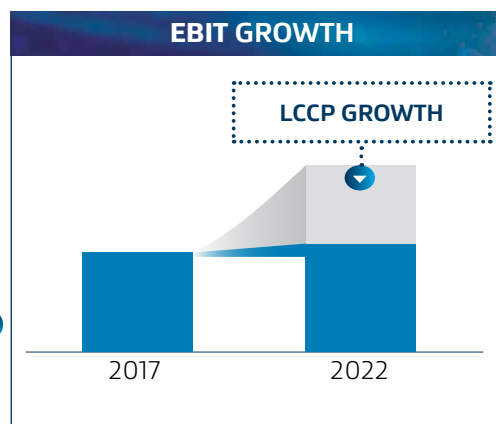
OUR VALUE-BASED STRATEGY

LCCP FURTHER STRENGTHENS OUR FOUNDATION

In 2018, our world-scale Lake Charles Chemicals Project (LCCP) in Louisiana in the US moved closer to completion, in support of the delivery of our value-based growth strategy. The LCCP will change the earnings profile of Sasol and diversify our risk. The project is a key enabler of our strategy.

The project – which consists of a 1,5 million ton per year ethane cracker and six downstream chemicals units, will change the game for Sasol. Once fully commissioned, it will **triple our chemical production capacity** in the US, enabling Sasol to further strengthen our position in a **growing global chemicals market**. It will represent approximately 35% of Sasol's total assets and have profound financial benefits to the Group.

Adds up to 20% or **US\$1,3 billion** to our **EBITDA** by 2022.



By 30 June 2018, the project was 88% complete with construction execution 68% complete. Capital expenditure totalled US\$9,85 billion of the US\$11,13 billion approved cost. The decision in October 2014 to proceed with the LCCP was prompted by the change in the ethane supply situation in North America. This provided Sasol with an opportunity to unlock value by integrating its technology with a supply of abundant, low-cost feedstock by building an ethane cracker in an area with robust infrastructure and easy access to both US and international markets. Historically, most of Sasol's chemical production facilities have been in South Africa and Europe, as well as at the Lake Charles site.

The LCCP's product slate, technology and targeted end-use markets will be much more diverse than those of most other cracker projects under construction on the US Gulf Coast. This will allow us to participate in numerous markets, many of which are insulated from traditional chemical cycles, thereby supporting stable earnings throughout the LCCP's life.

ON TRACK FOR START-UP

We achieved first steam production in July 2018, a critical component to the operation of LCCP and a key enabler for further commissioning. The first unit of the project, the linear low-density polyethylene facility, is expected to achieve beneficial operation (BO) in the second half of the 2018 calendar year. It will be followed by the ethane cracker and ethylene oxide and mono ethylene glycol units, with the low-density polyethylene unit reaching BO shortly thereafter. This will result in **over 80% of the total output from LCCP reaching BO by early in the 2019 calendar year**. The remaining derivative units will reach BO by the second half of 2019.



LCCP IN NUMBERS

Once the LCCP is fully operational, it is anticipated that over **700 full time jobs** would have been created

Currently there are more than **7 000** temporary construction workers on site

Worked **43,9 million** man hours with a recordable case rate of 0,09

Over **1,4 million** linear foot of above ground piping have been installed

Over **4,2 million** linear foot of cable has been installed

Poured **251 000** cubic yard of concrete

MITIGATING RISKS, MAXIMISING RETURNS

With all engineering, procurement and fabrication essentially complete, we have mitigated most of the price risk on key equipment, with only schedule risk remaining. In mitigating the remaining construction and pre-commissioning risks, we are focused on labour productivity factors and rates. We are monitoring productivity levels continuously and, where required, developing interventions to support improvements. As we near the completion of construction of the major units, our emphasis is turning to pre-commissioning and commissioning activities, which entails the testing of equipment to ensure that systems are functioning as anticipated.

Our focus remains on commissioning, operations and business readiness. We will place the majority of our chemical products with existing customers and have also finalised contracts with selected distribution channel partners for our commodity chemicals. However, we continue to engage with prospective customers and new markets. Our focus has been to use the high-density polyethylene (HDPE) products from the new Gemini Plant (INEOS JV) to start the discussion with customers that also use linear low-density polyethylene (LLDPE) and low-density polyethylene (LDPE) thereby advancing discussions to place additional products with existing customers. We have updated the LCCP economics with the current view of long-term market assumptions obtained from independent market consultants.

Due to the uncertainty and volatility in the market, there are different views from independent market consultants on where ethane will be sourced from in the long term. In a scenario where ethane is obtained from areas closer to the Gulf, the Internal Rate of Return (IRR) approximates 8,0% – 8,5%. Where ethane is sourced further away from the Gulf, there are increases in the ethane price. In this scenario, the IRR approximates 5,2% – 5,7%. In both of these scenarios, an oil price of between 60 – 80 US\$/bbl has been assumed. It should be noted, that these ranges are also influenced by the impact of our ethylene derivatives, market conditions, volumes and product pricing. Despite the wide range of views on the ethane price, the average EBITDA per annum differential for the scenarios at steady state is ~US\$200 million and this is indicative of the strong cash flow generation ability of the project. Sasol's forecasts and estimates on EBITDA are based on the assumption that ethane will be sourced from areas closer to the Gulf. At spot prices, using the last quarter of 2018 as a reference, the IRR is 8,5% – 8,9%. We expect the impact on the LCCP's economics of the trade tariffs announced by the US and China to be limited as most of the LCCP procurement is complete. We are evaluating the Chinese government's proposed tariffs and their potential impact on Sasol's chemicals product portfolio, which we do not expect to be material. The project's returns have been positively impacted by US tax reform and we expect it to contribute around 0,5% to IRR.

LOOKING AHEAD

Once the LCCP is fully operational, we will investigate **opportunities for debottlenecking and further derivatisation** to improve efficiency and shift the product slate towards higher margin products. Typically, debottlenecking opportunities require relatively limited capital expenditure, while unlocking relatively high returns.

OUR VALUE-BASED STRATEGY

ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

In maintaining sustainable value creation, Sasol continues with its focus on Environmental, Social and Governance (ESG) matters and constructive engagement with stakeholders on these key critical issues. Our success and the sustainability of our business depends on the support of our stakeholders.

ENVIRONMENT

We recognise that there are some areas of our business which invite a significant number of questions from our socially responsible investors. As Sasol has identified environmental sustainability as one of our top risk events, we prioritise our efforts in this regard. This includes responding to climate change and minimising the environmental impact of our operations:

Climate change

Sasol is developing and implementing an appropriate climate change mitigation response to enable the long term resilience of the company's strategy and business operations.

- In terms of our climate change response, we take, a short-, medium- and long-term view of our risks and opportunities, with the use of scenario analysis across our diversified portfolio to inform decision-making.
- In addition, Sasol proactively adopted the TCFD guidelines this year to enhance transparency on our climate change disclosures.

Guided by the Board, this year Sasol engaged with shareholders regarding a proposed resolution requiring a separate climate change report to be published in 2019. It is recognised that Sasol's climate change management can benefit from optimised assurance to stakeholders. We therefore supported the objective of the proposed resolution and confirmed our intent to update our existing climate change booklet into a more comprehensive report, by and large aligned with the outcomes of the proposed resolution. Sasol believes that oversight of this process through its internal structures, including Board Committees, sufficiently provides for independent review in this regard.

Air quality

Sasol remains on track to deliver on its integrated environmental roadmap commitments to bring it into compliance with most of the new plant standards by 2025, as elaborated in the Environmental Sustainability Material Matter.

- Sasol continues to fund capital projects for environmental compliance.
- We received additional postponements to enable the safe and successful execution of the associated projects within the committed timeframes.
- In terms of the challenging new plant standard for boiler SO₂, we continue to engage stakeholders for a longer term solution.
- Sasol's air emissions offsets aim to achieve increasing improvements in ambient air quality and quality of life outcomes in the targeted communities, through a collaborative and constructive approach with key stakeholders.

Environmental Monitoring and Reporting

- Sasol has in place a transparent approach to ensure environmental compliance.
- Sasol, as a producer of hazardous wastes, emissions and water pollutants measures against defined environmental goals and reports on them:
- Reduction of our energy and GHG emissions footprint:
 - Sasol emitted approximately 115 million tons of carbon dioxide equivalents (Mt CO₂e) of our 302 Mt CO₂e carbon budget allocation. Current projections indicate Sasol is on track with its budget having used 38% of the budget in 40% of the time.
 - Energy Efficiency improvement: we have achieved a cumulative energy efficiency improvement of 22,4% since 2013. We are targeting a further improvement of 1% per annum between 2019 – 2020;
- Ongoing water stewardship: Sasol reaffirmed its commitment to the United Nations Global Compact CEO Water Mandate to assist us in:
 - responding to water risks; and
 - reporting comprehensively on our progress – see our annual Communication on Progress published with the Sustainability Report.

The global drive to recycle plastics

- As global awareness of the impact of plastics on the environment increases, focus on the use of single-use plastics in consumer packaging is growing. Some of our customers purchase our polymers to manufacture industrial and consumer plastic packaging.
- Given this growing trend, Sasol is undertaking work to develop a coordinated response.

GOVERNANCE

The Board of Directors 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. Refer to our Governance Framework on page 74 for more detail.

SOCIAL

Sasol is committed to ensuring a safe, healthy, engaged and productive workforce, with the required skills, knowledge and experience to succeed. Our safety approach is built on a strong foundation of leadership and competency, and is strengthened by clear policies and procedures.

Sasol is focused on further strengthening its key SHE capabilities on its journey toward zero harm. Given our commitment and approach to safety, we are deeply saddened to report that we regrettably had four work related fatalities this year, emphasising the fact that we need to remain relentlessly focused on improving safety outcomes.

As a major employer, with 31 270 employees across 32 countries (23% are women), we remain focused on:

Growing critical skills to sustain a talent pipeline across the globe:

- We pledged to the Youth Employment Service (YES) launched by the South African President to provide employment opportunities for the youth in this country;
- Our talent forums are well embedded in the organisation; and
- The special focus on young professionals rotations, additional development opportunities for our young engineers and programmes where candidates are selected for their potential to develop into more senior leadership roles, are key; together with investment and training programmes in place for employees.

Developing leadership capability and capacity:

- We have critically reviewed our leadership approach; and
- We are engaging our leaders to define the leadership style and approach we believe will bring to life our aspirational culture and deliver on Sasol's long-term strategic objectives.

Promoting organisational culture and diversity

Integral to our aspirational culture is that we value and promote diversity and inclusion. In our South African workforce, we are proud to announce 69% are black employees and the diversity performance together with the workforce diversity profile is shared in detail in the data tables of our Sustainability Report:

- In South Africa, the appointment of persons with disabilities is included as a measure on our scorecard; and
- Our diversity 10-point plan continues to provide the qualitative measures to enable us in meeting our equity targets.

Using our integrated value chain, we commit to facilitating inclusive and local supply chains, enabling local economies and the development of critical skills

Our stakeholder objective is to position Sasol as a credible partner and build trust with all our stakeholders. Our engagement approach is supported by open and effective communication, clear and agreed-on feedback, mutually beneficial outcomes where possible, as well as inclusiveness and integrity. In practice this means we:

- Prioritise meeting the commitments we make to our stakeholders
- Participate in initiatives to inform and ensure a best-practice approach in the areas of sustainability and socio-economic impact
- Actively engage with our stakeholders to ensure achievement of best possible outcomes
- Strive towards a sustainable multi-stakeholder approach to solve difficult challenges

We employ this approach across all areas of stakeholder engagement including socio-economic development, responsible business, transparency, health, and partnership in infrastructure provision – which are all premised on our commitment to inclusive and sustainable business practices and receive more attention in the Sustainability Report.

Our continued partnership with and through Mozambicans to realise tangible benefits for the community is of critical importance.

While we have aligned key activities to the desired outcomes of identified SDGs, we recognise the opportunity for overall integration of ESG matters into our Sustainability Framework. We aspire to prioritise SDG outcomes for each of the countries where we operate through assessing the criteria and targets that underpin the identified SDGs. We envisage to align our current ESG targets and develop relevant key performance indicators to effectively measure our value contributions towards the achievement of the identified SDG outcomes. This will also enable benchmarking against our industry peers in the interest of improved performance and facilitate improved transparency and disclosure on these matters.

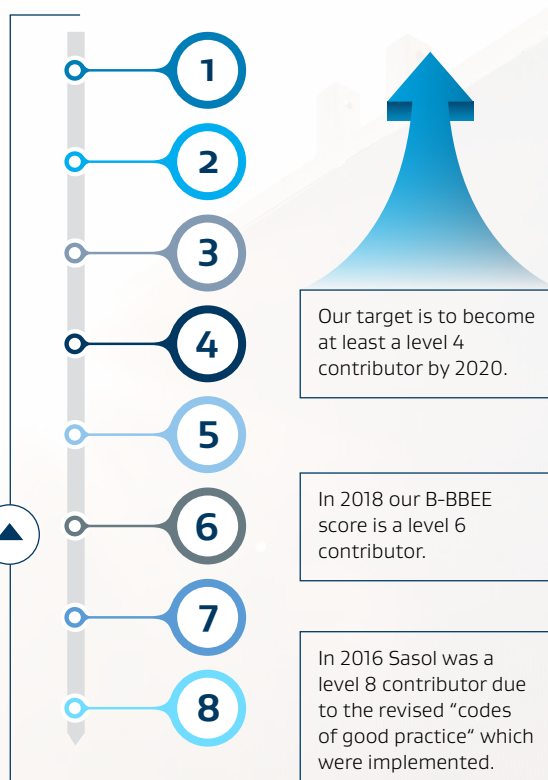
OUR VALUE-BASED STRATEGY

WORKING TOWARDS LASTING TRANSFORMATION IN SOUTH AFRICA

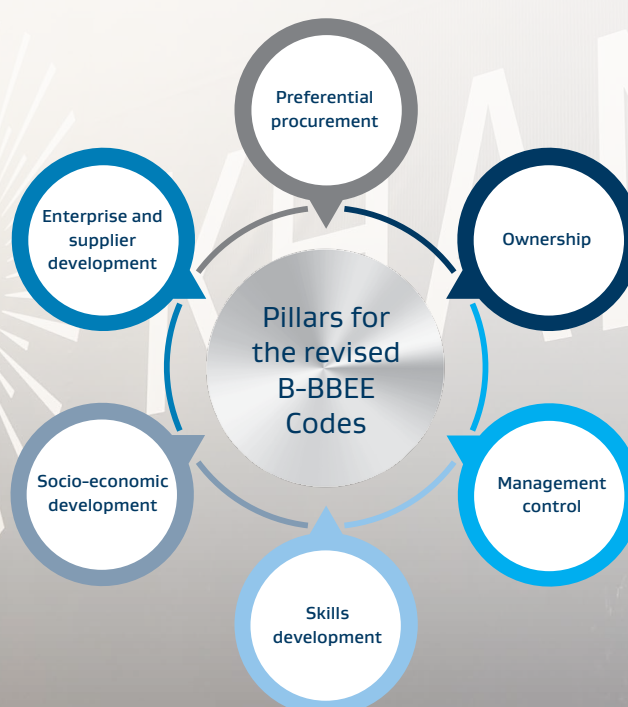
Sasol considers transformation to be a business, social and moral imperative. As a responsible corporate citizen, it is our ethical duty to take decisive action to contribute meaningfully towards redressing the injustices of our country's past. Broad-Based Black Economic Empowerment (B-BBEE) aims to bring about a more equal and inclusive society in South Africa. Over the past 24 years, many transformation milestones have been reached across the country and across our organisation, but we acknowledge that much more still needs to be done.

The Department of Trade and Industry's B-BBEE Codes of Good Practice provide a framework to measure progress across all sectors. Under the original codes, released in 2007, Sasol achieved a level 4 contributor status. However, with the introduction of revised codes in 2015, our contributor status re-rated to a level 8. We launched a number of initiatives to improve this, aiming to achieve at least level 4 by 2020. By September 2017, we had moved up to level 6.

The lower the number, the better the level, the better for business.



Sasol's transformation is closely aligned to the objectives of the B-BBEE Codes and we take an integrated approach to accelerate transformation across all five pillars, with a particular focus in 2018 on ownership.



OWNERSHIP

One important step to bring about a more inclusive economy is through opportunities that enable previously disadvantaged Groups to own shares in companies. Over the years Sasol has implemented various schemes to achieve this.

- In 2006, we concluded a R1,45 billion transaction through which Tshwarisano acquired 25% of Sasol's liquid fuels business housed in Sasol Oil. This transaction benefits hundreds of historically disadvantaged South Africans directly and indirectly around three million other South Africans including the youth, the disabled and rural communities. Sasol facilitated and guaranteed the R1,1 billion funding which was settled through dividends from Sasol Oil in 2016, making the investment fully unencumbered.
- In 2008, Ixia Coal a venture with Women Investment Portfolio Holdings (WIPHOLD) and Mining Women Investments (MWI) which promotes woman in mining acquired an effective 10,2% shareholding in Sasol Mining for R1,9 billion. MWI comprises of thousands of rural black women in the Free State, Mpumalanga and Limpopo provinces, where Sasol Mining has operations and coal reserves.
- In 2008, we implemented our 10-year R28 billion Sasol Inzalo BEE transaction for a 10% interest in Sasol Limited. This objective was not met because the Sasol share price did not deliver some significant benefit through the Sasol Inzalo Foundation and the Sasol Inzalo Employee Share Ownership Plans (ESOP).
 - The Sasol Inzalo Foundation received more than R1 billion in dividends from its shares in Sasol, R630 million was used in the promotion of excellence in science, technology, engineering and mathematics (STEM) education.
 - Beneficiaries of the Sasol Inzalo ESOP collectively received more than R1,5 billion in dividends and also benefited from the Tier 1 of the new Sasol Khanyisa ESOP.
- On 1 June 2018, we implemented Sasol Khanyisa, through which we intend to create meaningful financial benefit for approximately 230 000 black shareholders, Sasol Khanyisa contains a number of elements structured at both a Sasol Limited and at a subsidiary level, Sasol South Africa Limited (SSA) which was previously a wholly-owned subsidiary of Sasol Limited and houses the majority of the group's South African operations. Sasol Khanyisa will deliver benefits to participants in the following ways:
 - Sasol BEE ordinary (SOLBEI) shareholders who elected to retain their shares in 2018 received one new SOLBEI share for every four they owned during the election period under the previous scheme and became eligible to be part of Sasol Khanyisa. SOLBEI shares trade on the Empowerment Segment of the JSE, they are identical to Sasol Limited (SOL) shares and receive the same dividends as SOL shares.
 - On 1 June 2018, eligible shareholders in SOLBEI, Sasol Inzalo Public Limited ordinary (SIPBEE) and Sasol Inzalo Groups Limited (RF) (Inzalo shares) who did not opt-out of Khanyisa received one new SOLBEI share for every 10 Inzalo shares they owned. In addition, they received one Sasol Khanyisa Limited (RF) share for every Inzalo share owned. Sasol Khanyisa owns approximately 18,4% of SSA.
 - Employees that were Sasol Inzalo participants, in Sasol's service on 18 May 2018 and did not opt-out, each received rights to a bonus share allocation of SOL or SOLBEI shares to the value of R100 000 on 1 June 2018. These shares will vest after three years, employees will receive dividends on the shares during the three-year vesting period.
 - Qualifying black Sasol employees each received 1 240 rights to SSA shares owned by the Sasol Khanyisa ESOP Trust on 1 June 2018.

AFS Refer to note 35 of the Annual Financial Statements for further detail.

Sasol Khanyisa shareholders will exchange their SSA shareholding for SOLBEI shares on a fair value-for-value basis at the end of the empowerment period.

MANAGEMENT CONTROL

Our commitment to transformation is further supported by the effective integration with our talent management processes. At Sasol, we utilise a number of opportunities that are covered under our Diversity ten point plan. Based on our plan we focus on having diverse succession pools, promote career advancement, mobility and development, increase awareness on persons with disabilities and drive our "Women in Operations" initiative.

We have improved the diversity of our succession pools as well as increased our targets for females and persons with disabilities. Through various awareness sessions, we have encouraged employees to voluntarily declare their disabilities which has yielded a 100% increase compared to the previous year.

We will continue to work to achieve the B-BBEE stretch targets, supported by the elevation of 'diversity and inclusion' as one of Sasol's values in our journey to transformation.

SKILLS DEVELOPMENT

We invest in a range of skills development programmes focused on employees from previously disadvantaged groups. These include full- and part-time sponsored study; functional/technical and safety and compliance programmes; leadership development and career succession programmes.

In 2018, 715 African, Indian and Coloured employees attended the LEAD programme, and we continued with our senior leadership mentorship programmes, particularly in our operations.

By providing study aid, we supported employees studying part time for professional qualifications. In 2018, 1 515 women and 1 945 men were enrolled. In addition, we had 1 501 employees in apprenticeship and learnership programmes.

We had 386 youth in our graduate programme, most of whom in engineering and 63 of whom are now employed full time.

SOCIO-ECONOMIC DEVELOPMENT

As in previous years, in 2018 our spending on socio-economic development exceeded 1% of net profit after tax. This expanded the reach of our STEM education support to 6 million learners and teachers and that of our early childhood development support to over 25 000 children. By collaborating with local government, we increased access to healthcare to over 380 000 people and improved the delivery of municipal services to over 600 000 people by upgrading local infrastructure.

ENTERPRISE AND SUPPLIER DEVELOPMENT

In 2018, Sasol made good progress in preferential procurement: expenditure with black-owned suppliers increased to R12,7 billion from R7,5 billion in 2017. We strive to drive partnership between local and multinationals in order to improve the long-term economic growth with suppliers in the regions in which we operate. We have implemented a fence-line community supplier strategy to accelerate the achievement of our preferential procurement targets towards exempted micro-enterprises (EMEs) and qualifying small enterprises (QSEs). We provide support to SMME, including loan funding through the Sasol Siyakha Enterprise and Supplier Development Fund and business development and incubation support through the Sasol Business Incubator in Sasolburg.

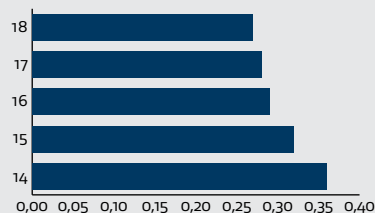
OUR VALUE-BASED STRATEGY

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 targets are aligned to the strategic targets and are employed across the Group. They encompass both financial and non-financial indicators as well as quantitative and qualitative factors.

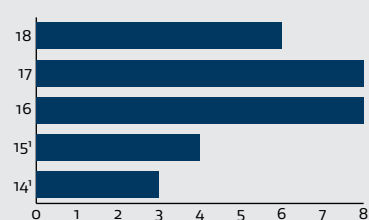
SUSTAINING BUSINESS OPERATIONS

RCR



Nothing matters more than everyone returning home safely and, as such, improving safety in our operations is of the utmost importance and we remain focused on further improving our safety performance across the business, the group recordable case rate (RCR) has improved to 0,27 from 0,28, our lowest level yet, however regrettably four fatalities during the year.

B-BBEE status

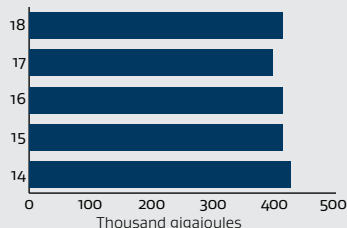


1. 2007 codes.

With the introduction of revised B-BBEE codes in 2015, Sasol's contributor status re-rated from level 4 to level 8 in April 2016. Since then we launched a number of initiatives to improve this, aiming to achieve at least level 4 by 2020. By September 2017, we had moved up to level 6.

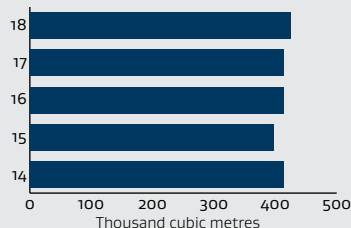
MANAGING OUR ENVIRONMENTAL MATTERS

Total energy used



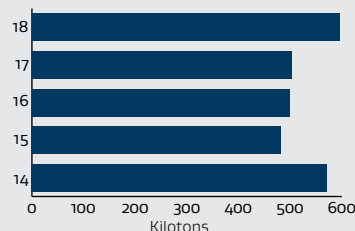
Sasol is committed to responding to our climate change risks, including promoting energy efficiency within our operations. The Sasol Group Energy Intensity Index (Eli) improved from the 2015 baseline by 6,03% against our internal target of 3% (1% per year). Our South African Operation's Eli for FY18 is 6,62% and has essentially remained unchanged from the previous year mainly due to unplanned electricity supply outages resulting in frequent plant interruptions at our South African operations.

Total water use



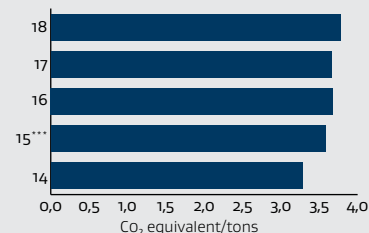
One of the focus areas of the CEO Water Mandate is to assist companies in contributing to Goal 6 of the 2030 SDGs. The SDGs are incorporated in Sasol's strategy, Sasol is committed to improving our water use efficiency and pollution prevention initiatives whilst partnering with host governments to resolve water related challenges.

Total waste



We generated 338kt of hazardous waste, down from 348kt in 2017. The decrease is mainly due to lower solar pond effluent disposal at Natref and waste reduction initiatives at Sasolburg Operations. We generated 257kt of non-hazardous waste, up from 154kt in 2017. The increase is mainly due to improved waste reporting at Secunda Synfuels Operations, the inclusion of an additional waste stream as well as increased production at Sasolburg Operations.

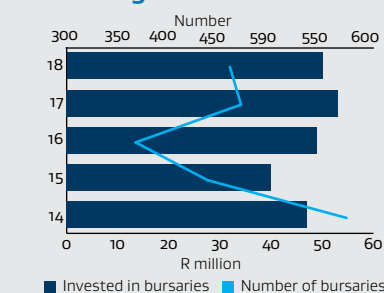
GHG intensity (CO₂ equivalent/ton product - external sale)



Our GHG emission intensity (tons CO₂e per ton of product - external sale) increased to 3,78 in 2018 from 3,66 in 2017, due to the decrease in external sales as a result of external electrical infrastructure failure.

GROWING AND DEVELOPING OUR PEOPLE

Bursaries granted



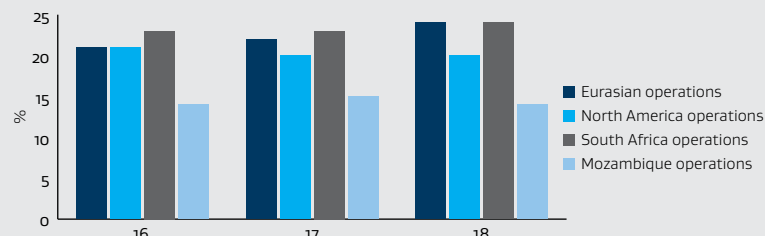
To secure and develop a pipeline of future talent, we continued awarding bursaries to top performing undergraduate and postgraduate students globally. During 2018, the size of our corporate bursary pool* reduced to 462 from 473 in 2017. As a result, our 2018 investment in the bursary scheme was R50,5 million.

Gender diversity (%)

FEMALES

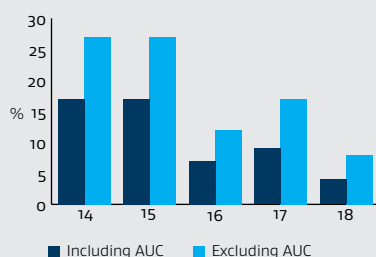


Enhancing diversity and inclusion remains essential and forms part of our strategic priorities. We achieved our targets under our 10-Point Plan which provides a set of quantitative measures designed to enable the achievement of our diversity objectives, including the recruitment, development and retention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



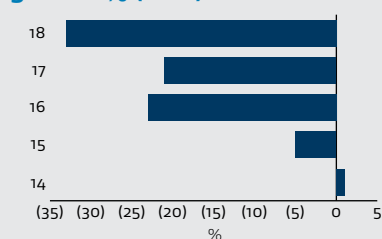
FINANCIAL RISK AND BALANCE SHEET MANAGEMENT

Return on invested capital



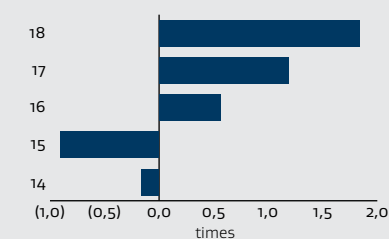
All new growth-related capital projects are required to provide a return exceeding our investment WACC. In South Africa, our investment WACC is 13,5%. In the US, our investment WACC is 8,0%. In 2018, we did not achieve our target. This was mainly due to the lower earnings after significant impairments, the implementation of the Sasol Khanyisa transaction, and the impact of significant capital investments (LCCP project in the US and PSA project in Mozambique). We expect the return on invested capital ratio to remain under pressure in the short term.

Quality-based earnings growth % (EBIT)



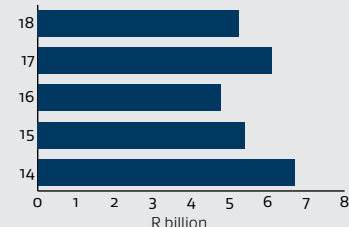
The sharp drop in global oil prices since 2015 negatively impacted earnings. This resulted in us not delivering on our target. The impact of the macroeconomic environment was, however, partially mitigated by our Business Performance Enhancement Programme and Response Plan initiatives. Sasol's cash generative foundation business and growth prospects should enable us to achieve sustainable compound US dollar earnings growth of 8% per annum.

Net debt-to-EBITDA



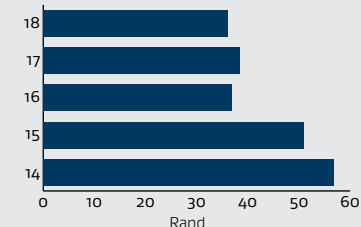
Net debt-to-EBITDA (1,84 times, within threshold) Our target takes into account our capital investment programme as well as our exposure to external market factors such as crude oil prices, commodity chemical prices and exchange rates. We expect our net debt-to-EBITDA to reduce substantially once the LCCP is operational.

EBITDA**



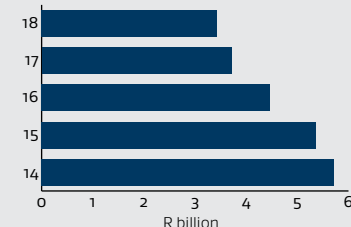
10% increase EBITDA in 2018 is due to the notable improvement in Brent crude oil and product prices during the year, partially offset by a stronger exchange rate and lower sales volumes.

Core HEPS



Core HEPS decreased 6% mainly as a result of lower sales volumes from production interruptions and higher share-based payments due to the marked improvement in the Sasol share price at year end.

Cash available from operating activities



Cash available from operating activities decreased by 8% in 2018 due to higher finance costs paid on borrowing for our growth projects and an increase in working capital for business growth.

** Earnings before Interest tax depreciation and amortisation (EBITDA).

*** Production – external sales restated for 2015 due to further refinement in the methodology and alignment with the operating model, reduced from 20 855 kilotons. This has a direct effect on the GHG intensity also restated for 2015

* Excludes Sasol Foundation Inzalo bursaries

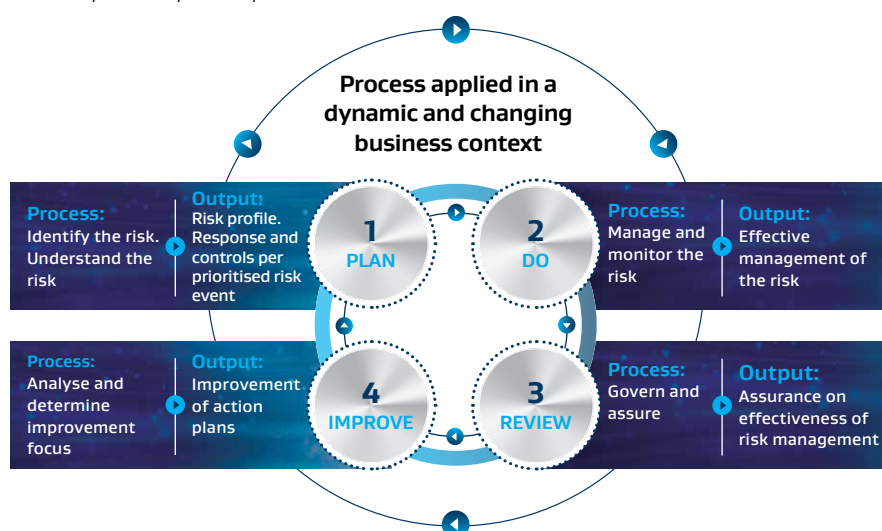
RISK MANAGEMENT

We are committed to effective risk management in pursuit of our strategic and business objectives, with the ultimate aim of growing shareholder value sustainably. Risk management is an integral part of our value-based strategy, our governance and day-to-day operations. Not only do we aim to deal with the uncertainty in the business environment by minimising the downside, we also seek to capitalise on the upside potential to achieve our strategic objectives.

Our risk management process

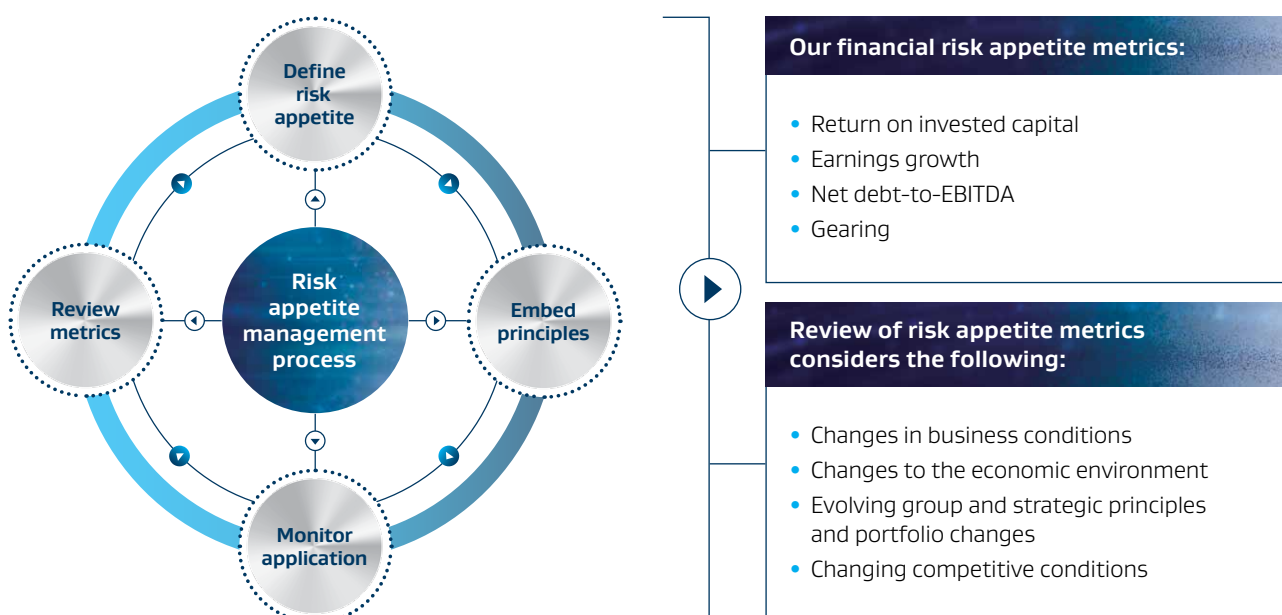
In 2017 we introduced the Sasol Enterprise Risk Management (ERM) Framework which sets the foundation for our businesses to effectively manage their risks in a standardised and systematic manner. We also introduced our new risk management process, which is aligned with Sasol's operations excellence model (Plan, Do, Review, Improve) and aimed at efficiently managing and governing risk while enhancing the monitoring of risk. We employ this process in executing our strategy and business objectives as well as the day-to-day operational activities in order to meet stakeholder expectations.

In 2018, we continued with our efforts to ensure stronger integration between strategy and risk within a dynamic strategic context, and a changing business footprint. We continue to focus our efforts on enhancing our ability to effectively manage significant risk areas for the Group, including reputation risk, financial risk, improved investment decision making, environmental sustainability and day-to-day risks.

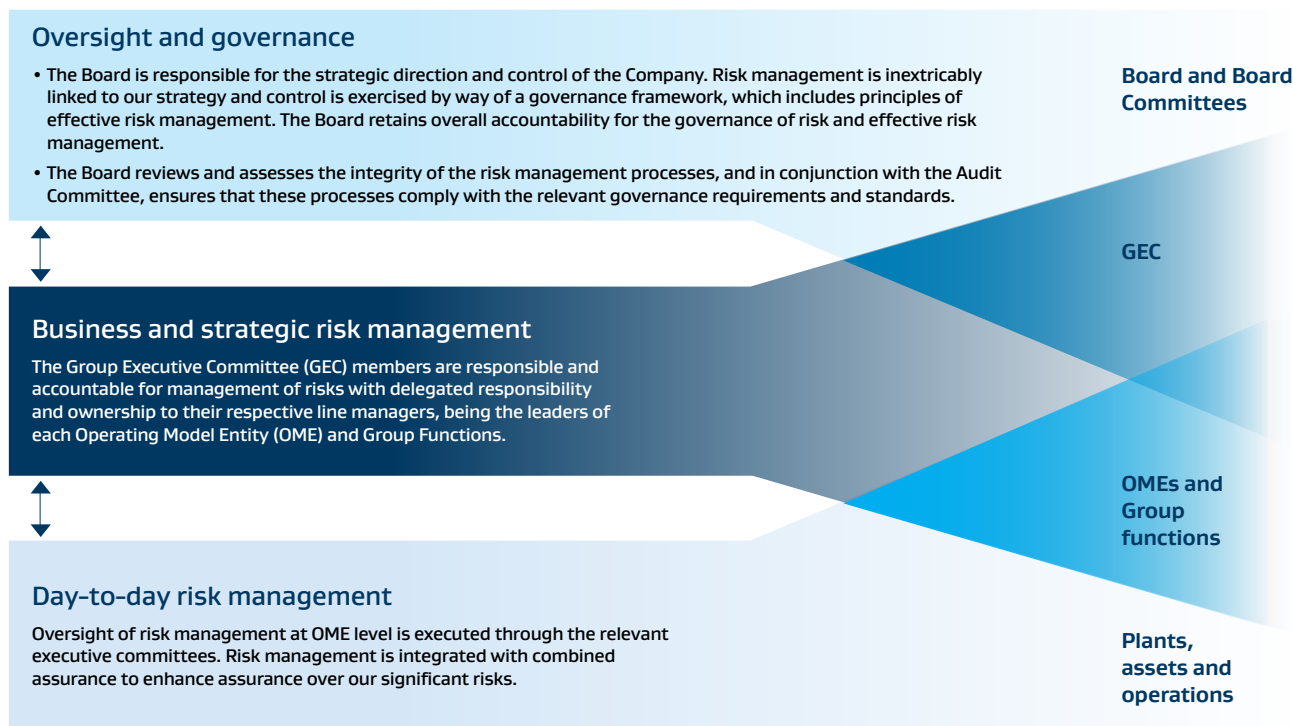


Risk tolerance and risk appetite

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



Governance and oversight of risk management



Risk management in action

Strategy and risk integration

The Board's primary risk management focus is on risks that could materially impact the achievement of our value-based strategy which objective is to grow sustainable shareholder value.

The achievement of our goal is dependent on the effective delivery of certain key business imperatives, referred to as "aspects." Within a dynamic strategic context, the identification and definition of these aspects provide the anchor for the risks that are reported to the Board.

In 2019, we will be finalising the implementation of an enhanced approach to manage risks at Board level. Furthermore, a combined assurance model (CAM) is being implemented to ensure pro-active monitoring and assurance of key responses/controls related to our top risks.

Reputation risk management

To build and sustain trust-based relationships with our stakeholders, an integrated reputation management and reporting framework has been developed to align reputational measures (reputation levers), reputation risk and stakeholder health reporting, as well as tracking and measuring reputation performance.

Financial risk management

In order to more effectively respond to changes in the macroeconomic environment, we are protecting our balance sheet and cash flows to limit potential downside impact on the business through execution of our hedging strategy and policy. Our hedging programme has been extended to include ethane, beyond crude oil price and exchange rates.

Improved investment decision-making

We are implementing a principle-based, milestone driven de-risking approach to investment development and implementation, ensuring risks, drivers and robustness of assumptions are better understood and more effectively managed.

Environmental sustainability including a focus on climate change

Sasol has identified environmental sustainability as one of our top risks of which climate change is a key driver. Associated risks are assessed and managed on an integrated basis, as many of the top risks have key touch points with the environmental sustainability risk.

Various scenarios linked directly to our Group strategy have been identified and unpacked to highlight the potential strategic and financial impacts. Furthermore, Sasol is taking proactive approach to improve our climate change disclosures including aligning to the recommendations by the Task Force for Climate-Related Financial Disclosure (TCFD) for its financial filings and other relevant disclosures.

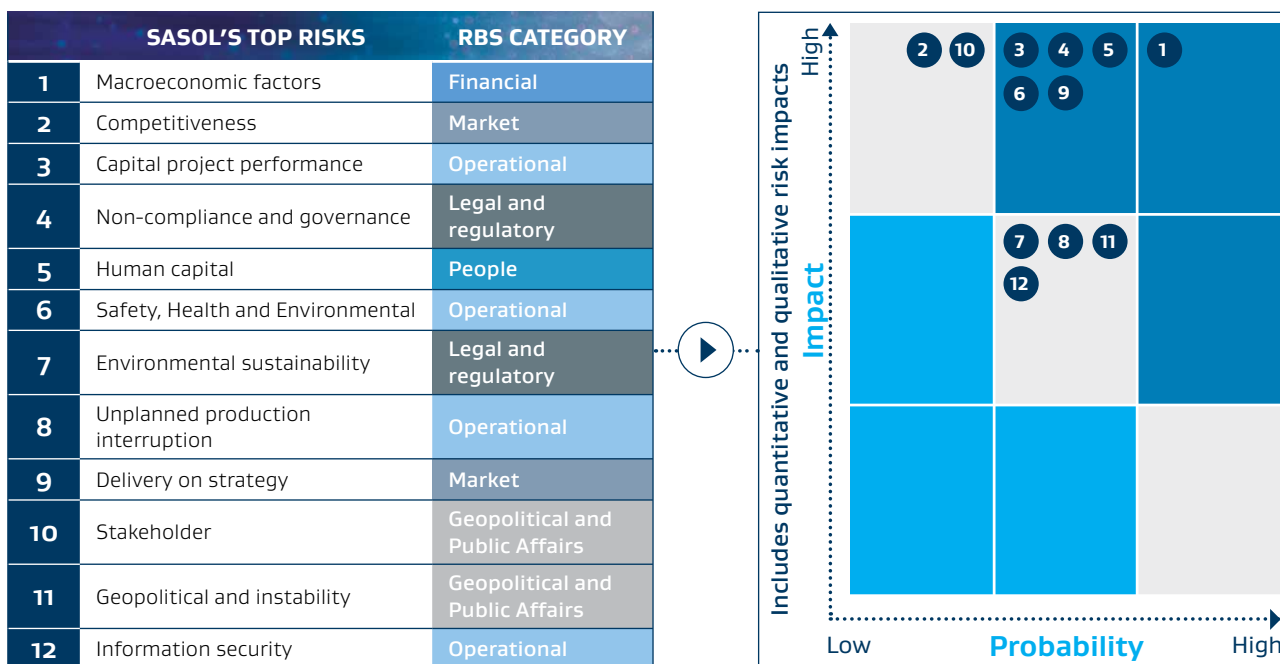
Day-to-day management of risk

In order to ensure reliable and safe operations, we continue to focus on day-to-day management of operational risks, including risks related to Safety, Health and Environment. Our goal of achieving zero harm and sustainability remains a strategic imperative. We have identified four focus areas to address high severity incidents and fatalities: identification and field verification of critical controls and pre-task risk assessments; life-saving safety rules, understanding and influencing human behaviour and institutionalising learnings.

RISK MANAGEMENT (continued)

Sasol's top risk profile – with mitigations

Our top risks include risks and opportunities that have a direct potential impact on financial risks which relate to revenue, earnings and capital. These financial risks are the main drivers of the approved risk appetite and tolerance metrics. Furthermore, we consider risks that can impact our achievement of longer-term strategic objectives, our near- to-medium-term business plans and reputation. We use a risk breakdown structure (RBS) which comprises six risk categories, financial, operational, market, people, legal and regulatory and geopolitical and safety affairs to categorise our risks.



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

The watch list themes include:

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

Financial

Macroeconomic factors risk

Sasol's ability to sustainably grow and deliver shareholder value depends on key macroeconomic factors that drive the near- to-medium- term business plans and long-term strategy. Changes in year-on-year profitability and earnings growth impacts Sasol's cash flow, solvency and liquidity.

Mitigation

Financial market risks, whether passively borne or actively managed with hedges, are evaluated, monitored and managed continuously in order to ensure that the exposures which we maintain are most appropriate in the context of our cash flow protection and risk management assessments.

Our hedging strategy prudently manages our financial market risks in order to reduce the financial impact due to adverse movements in market rates or prices, contributing to us meeting our strategic financial objectives, and remaining within our approved risk appetite and risk tolerance levels.

In addition to the hedging programme, our South African operations can respond (to some degree) by optimising the allocation of chemical molecules in order to maximise the integrated margins across the value chains. Furthermore, we actively engage with rating agencies on our processes to mitigate financial market risks.

Market

Competitiveness risks

Sasol's competitiveness is based on its ability to continue producing and selling products that meet the quality standards of its target markets, at margins and service levels that provide adequate returns. Increasing competition in relation to products originating from countries with low production costs may adversely affect Sasol's business, operating results, cash flows and financial condition.

Mitigation

We are implementing a Continuous Improvement initiative focusing on customers, digitalisation and asset performance to sustainably ensure a more effective, efficient and competitive response to changing global marketplace dynamics. We have a diversified asset base to reduce risk exposure and to secure access to distribution channels globally. We continuously assess the efficiency and effectiveness of our operations against best in class global benchmarks. We are optimizing our sales and marketing strategies, including the development of new outlets and plans to grow new differentiated applications and to enhance logistics. We are driving customer service excellence to improve customers' experience and focusing our attention to grow a differentiated product offering.

Delivery on strategy

Sasol is exposed to unfavourable macroeconomic conditions influencing the availability of capital, as well as, the capability to access required feedstock or markets that may impact the company's ability to timeously execute its growth initiatives in line with its strategy, and maintain an optimal portfolio.

Mitigation

We apply capital allocation principles to enhance business value and ensure optimal shareholder growth, while taking balance sheet and funding risks into consideration. We continuously review our asset base to ensure that we can increase our return on invested capital. We pro-actively allow for development funds to be available and focus on active portfolio management. We direct our attention on driving portfolio optimisation through securing feedstock positions and access to markets, aligned to our strategic objectives.

Operations

Capital project performance risk

Sasol's success in growing and sustaining the business depends on successful deployment of capital, with a focus on capital spend on larger and more complex projects. Unexpected or unanticipated changes in the external environment or project delivery may result in escalating project cost and schedule delays.

Mitigation

Robust integrated project management teams manage our capital projects. Appropriate contracting strategies are developed for capital projects to assist in mitigating potential cost and schedule risks. Furthermore, we are strengthening our approach to investment development and implementation to ensure that risks, drivers and robustness of assumptions are better understood and more effectively managed.

Information security risks

Sasol is exposed to information security breaches or attempts to disrupt critical information technology (IT) and digital systems and services. IT and digital systems with related services include our financial, commercial, transacting and production systems. Cyber threats are becoming more pervasive, persistent and sophisticated and may adversely impact Sasol's operations.

Mitigation

Our Information Security strategy and programme has been developed to address and manage information security risks, including cyber security risks. We run global information security awareness campaigns, training and continuously stay abreast of global Information Security technology developments and requirements. In addition, applicable privacy laws require us to store, manage and safeguard personal data. We have adopted a global privacy policy to set a group-wide standard regarding the protection and appropriate use of personal data.

Unplanned production interruption risk

Sasol's value chains may be impacted by unplanned operational and reliability interruptions, including non-availability of essential utilities and services, feedstock and supply chain disruptions, security breaches, natural disasters and extreme weather.

Mitigation

We continue implementing and embedding our Operations' Standard Framework, Asset Management Strategies and Standard Operating Procedures. We monitor infrastructure reliability of non-Sasol electricity and water infrastructure and have focused engagements with key stakeholders responsible for utility supply. We continue to focus on achieving energy efficiency targets and the implementation of site water use efficiency measures. We purchase insurance as a cost effective means of transferring risk, to mitigate the impact of catastrophic risks. We have established a Group Crisis Management Centre and have Emergency Response Plans in place at entity level to respond to emergency situations.

Safety, Health and Environmental risks

Safety performance and improvement is a strategic imperative for sustainable and competitive operations. We remain committed to achieving zero harm to people and minimising our impact on the environment, being a responsible and accountable corporate citizen.

Mitigation

We have a zero harm philosophy at Sasol. The One Sasol SHE Excellence approach, SHE Risk Management Procedure and Incident Management Procedure standardises initiatives to improve safety performance. We continue to focus on process safety management, interaction with various global networks, regular internal and external audits and the implementation of process safety roadmaps. We have identified and are implementing focus areas to address high severity incidents and fatalities.

People

Human capital risk

Sasol's ability to ensure an attractive employee value proposition, maintain a stable labour environment, and high performance culture are key to sustainable delivery on existing operations and achieving growth aspirations

Mitigation

We have talent management strategies and plans in place to better define and understand our talent supply and demand requirements. We have succession plans in place to increase employee readiness for future positions. We implement targeted programs to increase diversity and gender representation, accelerate development of high potential employees, and enable leaders to leverage diversity and inclusion as a lever for embedding a high-performance culture. Our annual negotiations strive for multi-year agreements, with a clear and well defined collective bargaining framework. Business Continuity and contingency plans are in place, in the event of any labour unrest event.

Legal and Regulatory

Non-compliance and governance risk

Sasol is governed in accordance with good corporate governance practices, including legal compliance management, compliance or adherence to appropriate and relevant industry rules, codes and standards, and internal control systems.

Mitigation

We have multi-disciplinary compliance programmes and identify changes in the regulatory landscape, coupled with systems and processes to ensure compliance with applicable laws, other legal requirements and good governance practices. We set the tone at the top through appropriate ethical codes of conduct, policies and procedures and annual compliance training and certification.

Environmental sustainability risk

Sasol is impacted by climate change and environmental challenges and considers developments in the external environment. The carbon intensive operations in South Africa, coupled with increased regulatory, Environmental, Social and Governance (ESG) and investor pressure have heightened the risk exposure relating to climate change.

Mitigation

We regard our response to environmental challenges not simply as a compliance obligation but rather as a business and social imperative. We endeavour to operate in compliance with all current licences and continuously engage with government departments on policy issues and challenges. We implemented and are committed to environmental roadmaps and offsets programs. There is pro-active and appropriate disclosure of challenges faced and we continue to undertake initiatives to address ESG and investor concerns.

Geopolitical and Corporate Affairs

Stakeholder risk

Sasol is reliant on being viewed as a credible stakeholder partner. Not delivering on stakeholder commitments, transformation and localisation objectives together with increasing ESG awareness and concerns, may impact Sasol's reputation.

Mitigation

We engage regularly with key stakeholders including Joint CEO engagements, and engagements with government and regulators, media, NGOs and communities as captured in the systematic positioning plan. We participate in industry associations engagements with regulators. Through the implementation of our B-BBEE strategy, we strive to become a level 4 contributor by 2020. We understand the local content requirements in the regions in which we operate, and have plans in place to achieve local content requirements.

Geopolitical and instability risk

Sasol is a multi-national company operating in countries and regions that are experiencing significant geopolitical and socio-economic conditions and developments that may potentially impact Sasol's operations.

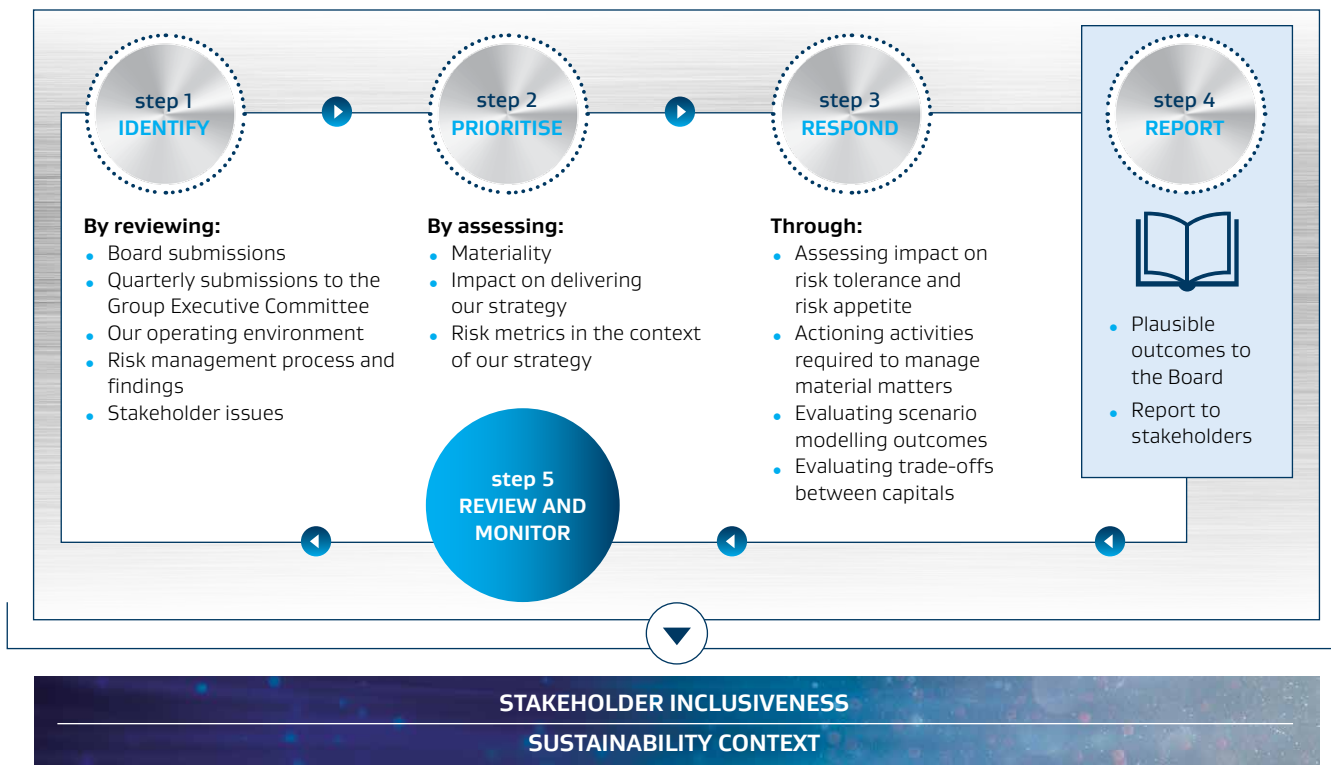
Mitigation

We continuously monitor socio-economic developments and geopolitical events in countries where we operate and response strategies have been implemented where required. We have identified a set of top priority, trust builder, strategic and watch-list issues to effectively deal with social instabilities and policy uncertainties in the countries where we operate. Business continuity plans and a Group crisis management capability are developed and implemented.

MATERIAL MATTERS

Our material matters are those issues that could substantially affect Sasol's ability to create value in the short, medium or long term and result of not being able to execute on our strategy and impact our ability to stay competitive.

We use the following process to manage our material matters:



Material matters which impact on our ability to create value

| | |
|--|---|
|  SAFETY | Safety is our top priority. It is integral to our culture. Our approach to ensuring a safe workplace for Sasol's people and our contractors 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 a singular focus and disciplined teamwork. |
|  MACROECONOMIC ENVIRONMENT | Sasol operates in a cyclical environment which is increasingly volatile. Oil prices and foreign exchange rates continue to be influenced by a host of factors that include geopolitics. Disruptive technologies are altering the way businesses operate. |
|  DELIVERING VALUE-BASED GROWTH | Through our clear strategic choices, we are well positioned to remain competitive and drive sustainable, value-based growth for all. We will deliver this by driving Continuous Improvement, enabled by effective digital technologies, high-performing people, fit-for-purpose processes, developing a diverse portfolio and better engagement with our stakeholders. |
|  HUMAN CAPITAL MANAGEMENT | Effective human capital management is critical to the execution and delivery of our strategy. By promoting diversity and cultural transformation, attracting, developing and retaining high-performing people, engaging all employees and respecting human rights we are able to operate our facilities safely, reliably and sustainably, and deliver on our growth objectives. |
|  ENVIRONMENTAL SUSTAINABILITY | In a context in which industry is increasingly being held accountable for its impact on the environment and is under pressure to deliver greater societal value, Sasol regards its response to environmental challenges not simply as a compliance obligation but rather as a business and social imperative. |

SR Refer to page 4 for further details on material matters.



SAFETY

PURSuing ZERO
HARM THROUGH
DISCIPLINE, FOCUS
AND TEAMWORK

Safety is a core value and a top priority for Sasol. It is integral to our culture. Our approach to ensuring a safe workplace for our people and service providers 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.

Given our commitment and approach to safety, we are deeply saddened to report that we experienced four tragic work-related fatalities in 2018. An incident, which resulted in the tragic death of an employee, was investigated as a fatality and the harm was determined to have been self-inflicted.

All these incidents have been investigated and the learnings have been shared across the organisation. Nothing matters more than everyone returning home safely and, as such, improving safety in our operations is of the utmost importance and we remain focused on further improving our safety performance across the business.

It is encouraging to report that the Group recordable case rate (RCR) has improved to 0,27 from 0,28, our lowest level yet. The lost workday case rate improved to 0,11 from 0,12. We had six high severity injuries (HSI) during the year which is equal to the previous year.

We investigate safety incidents and near misses – including low probability and high consequence events. We use leading indicators, like inspections and equipment tests to monitor the robustness of controls and to prevent incidents. What we learn from performance insights assists with maintaining focus on our safety efforts.

All our employees have the responsibility and authority to stop unsafe work. We have safety requirements to guide our people and service providers on staying safe while performing tasks with the potential to cause harm and have daily safety talks and safety moments to reinforce our safety rules and behaviours.

MANAGING THE CAPITAL TRADE-OFFS

There is no trade-off for the safety of people. Any loss of life in the workplace is absolutely unacceptable and damaging to most of the capital stocks – **human, social and relationship, intellectual and financial**. Investing in digital technologies to improve our safety performance will boost the stock of **human, social and relationship and intellectual capital** but have a negative impact, in the short term, on **financial capital**.

HOW WE ARE RESPONDING

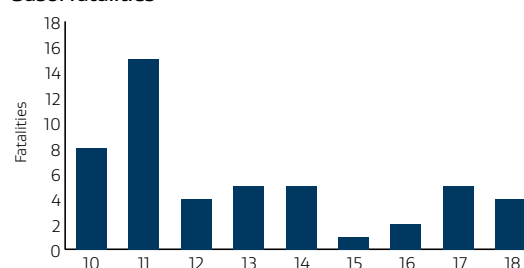
Following an executive safety workshop, a group-wide HSI programme was launched, centred on the elimination of fatalities and the prevention of HSIs. This programme evaluates current best practice and enable a standardised approach under four key areas:

- **Identification, mitigation and communication of hazards** during pre-task risk assessments and consistent field verification of critical controls;
- **Understanding how mindset and human behaviour** influences safety performance;
- **Reviewing, standardising and disciplined** implementation of life saving rules;
- **Ensuring consistent sharing, implementation** and embedment of Safety, Health and Environment (SHE) incident learnings to eliminate incidents.

A change management programme supports the implementation of the four focus areas, with pre-task risk assessment used as a vehicle to deliver the overall programme. We allocated 70% of the annual safety short-term incentive (STI) target to pro-active, leading indicators rather than to lagging indicators. In addition, a modifier penalty for fatalities is applied to the total incentive so that there is a direct link between the safety record achieved and the manner in which senior leadership is rewarded. Our measurement of safety is reflective of focusing our safety performance on pro-active initiatives under the STI.

Over and above the HSI focus areas, we continue to drive process safety management, which has resulted in a decreasing trend in the number of fires, explosions and releases (FERs). This can be attributed to the identification and assurance of critical controls and their effectiveness, managing process safety critical equipment and effective root cause analysis for high severity incidents.

Sasol fatalities





MACROECONOMIC ENVIRONMENT

The world is changing at a fast pace and there is uncertainty as to what the future will actually look like. Our aim is to build a strong and flexible strategy with a high-quality portfolio so that we can quickly adapt to the changes in the environment.

Our profitability is impacted in particular by changes in the crude oil price and the rand/US dollar exchange rate as most of our products have a rand cost base and a dollar-based final selling price.

The rand moved in a wide range, weakening in the first half of the financial year on political instability before strengthening sharply on the change in the country's leadership. Towards year-end, the rand again weakened to R13,73 which significantly impacted the valuation of our foreign assets and liabilities. The currency volatility has significantly impacted our results and there is a risk that the rand could again strengthen to levels of R13,00. As a sensitivity, we expect that for a 10 cents change in the rand/US dollar exchange rate will impact earnings before interest and tax by approximately R880 million (US\$68 million) in 2019.

We have seen crude oil prices trading at much higher levels and since December 2017, spot prices have moved closer to the US\$75/bbl mark which positively impacted our results. Current rand per barrel prices are ranging between R950 and R1 050 per barrel which is between 15% – 25% higher compared with 2017 financial year. We however expect that oil prices will trade in the US\$70/bbl band into the long term.

Disruptive technologies are altering the way businesses operate. This requires us to modernise the way we work using data and technology to work more efficiently, digitising our processes, embracing new advanced technologies and maintaining our downward pressure on costs.

MANAGING THE CAPITAL TRADE-OFFS

Through our continued cost cutting and cash conservation initiatives we preserved **financial capital**, growth of which was however limited by our hedging activities as the crude oil price rise exceeded expectations. Reduced earnings continued to affect our spending with suppliers, negatively impacting on **human** as well as **social and relationship capital**. Our continued reprioritising of capital projects was to the detriment of **manufactured capital** but to the benefit of **natural** and **financial capital**. Our cost initiatives to protect our competitive advantage supported **intellectual capital**. Continuous Improvement and our focus on modernising how we work will grow **intellectual capital** and we expect **financial capital** will be neutral as the savings from Continuous Improvement will support our digital initiatives in the early years and thereafter **financial capital** will be positive.

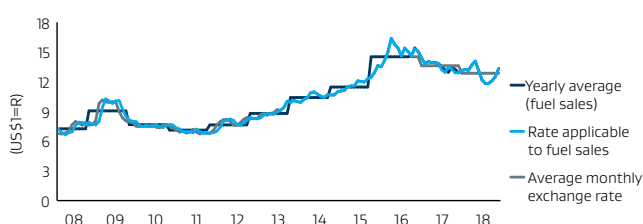
HOW WE ARE RESPONDING

- Start-up the LCCP later this calendar year. Once commissioned, it will triple our chemical production capacity in the US, enabling us to further strengthen our position in a growing global chemicals market. It will diversify our earnings base, partially mitigating the impact on profitability of market volatility.
- Completed our hedging programme for 2019 and hedged 70% of our rand/US dollar exposure for 2019 using zero-cost collar instruments, which equates to approximately US\$4 billion. These will provide some cash flow and deleverage the balance sheet. They will also partially mitigate the negative translation impact of valuing the balance sheet at each reporting date. We are considering our hedging strategy for 2020 given the current oil price outlook and exchange rate volatility.
- Entered into crude oil put options, we have hedged 48 million barrels for 2019 to protect against adverse movements in commodity and product prices and reviewed other commodity and currency hedges.
- Driving Continuous Improvement initiatives to strengthen our cost position and improve our robustness through the cycle. We enhanced our robust foundation by conserving R85,3 billion in capital and cash between January 2015 and June 2018, exceeding the R65 billion – 75 billion target we set for ourselves. By reprioritising our capital portfolio, we are positioned well to operate profitably in a US\$40/bbl oil price environment.
- Sharpened our capital allocation discipline to maximise returns to shareholders.
- Adopting various digital solutions to enhance our efficiency and responsiveness to the macroeconomic landscape.

Crude oil



Rand/US dollar exchange rate





DELIVERING VALUE-BASED GROWTH

Through our clear strategic choices, we are well positioned to remain competitive and drive sustainable, value-based growth for all. Our business model is robust and customer relationships globally are deep. We are strong in most of our South African businesses and retain solid standing in speciality chemicals worldwide. We have proven operational discipline as well as cost control, as exhibited over the past few years. Our management of complex value-chains is focused and we deploy and develop good technology. Our competitive asset base allows for continued free cash flow generation that positions Sasol well in those areas where we choose to compete.

The industries in which Sasol participates are increasingly being impacted by the adoption of digital solutions, which are transforming the way of work and offering opportunities for improved safety, efficiencies and returns. By harnessing technologies and talent, driving a Continuous Improvement culture, developing a diverse portfolio, leveraging talent and better engaging our stakeholders, we will be able to deliver on our strategy and ensure Sasol's long-term competitiveness and sustainability. As part of leveraging our core strengths for focused growth, climate change considerations influenced Sasol's decision to no longer consider investments in greenfields CTL and GTL, and further increasing our crude oil refining capacity.

MANAGING THE CAPITAL TRADE-OFFS

Improving our safety, production, technological, environmental and financial performance has positive implications for **all the capital stocks**. By clearly articulating our refined value-based growth strategy through greater stakeholder engagement, we support an increase in the stocks of **human, social and relationship**, and ultimately **financial capital**. Our investment in digital technologies benefits **manufactured** and **intellectual capital** but has a negative impact in the short term on **financial capital**. Ultimately, as we become more efficient, this investment should boost this capital but potentially be to the detriment of **human** and **social and relationship capital**.

HOW WE ARE RESPONDING

- In November 2017 we detailed our plans for the future by providing clarity on our near-, medium- and longer-term value-based strategy and will focus on: (Refer page 26)
 - growing our portfolio of high-value specialty chemicals;
 - pursuing progressive, disciplined growth in exploration and production in Mozambique and West Africa; and
 - growing our liquid fuels retail business in Southern Africa, capitalising on our strong brand and existing cost advantage.
- launched our work to embed a Continuous Improvement approach, digitalisation and asset performance by:
- focusing on improving our customer experience, co-operating closely with customers on research and technology to drive innovation, and growing with the needs of the market;
- approving the Sasol digital journey, appointing a Chief Digital Officer to take accountability for executing on this plan and establishing a global digital office. We launched a project to modernise the information management department; approved a fund for digital programmes across the value chain; and embarked on the formalisation of our approach to data. We launched specific initiatives to release value with relatively short payback periods. These include predictive maintenance; productivity and efficiency; drones to enhance the efficiency of equipment inspections; big data to improve decision-making; and robotic process automation to automate our standard and industrialised processes and, in so doing, free up our people's time to do more tactical and strategic work and working to improve the returns of our existing assets, optimise our annual sustenance capital expenditure and drive a widening in margins by improving our product and customer portfolios and containing our cost increases. We progressed a review of our portfolio to test the alignment of each asset to our value-based growth strategy and so enhance our competitive advantage.
- Engaged extensively with our stakeholders to map a journey to be considered a credible stakeholder partner that makes meaningful socio-economic impact in the countries and communities in which we operate. This includes creating and maintaining a stable workforce.
- Refocused our capital allocation framework to drive a disciplined and transparent process. We will now focus on delivering improved cash flow generation through the cycle, adopting a balanced approach to shareholder returns and a capital structure that is fit-for-the-future.
- Improved our project execution, progressing the LCCP to plan, with the first units due to start up before the end of this calendar year.
- Carrying out rigorous asset reviews to further improve performance and profitability.



HUMAN CAPITAL MANAGEMENT

Effective human capital management is critical to the execution and delivery of our value-based growth strategy. By promoting diversity and cultural transformation, attracting, developing and retaining high-performing people, engaging all employees and respecting human rights, we are able to operate our facilities safely, reliably and sustainably, and deliver on our growth objectives.

During 2018, we refocused our people approach to better align with our purpose of creating superior value for our stakeholders. We continued work to build a resilient organisation and engaged workforce for the future by defining our aspirational culture as well as the behaviours that accompany our refreshed values. We determined our desired leadership style and leadership competencies and have rolled such out in the organisation. We have further invested in leadership training for our senior leaders to ensure that they are equipped with appropriate tools and skills to deal with a changing workplace. In parallel, we continued on our culture transformation journey, and to invest in sponsored study, technical learning programmes, as well as leadership, career and succession development interventions and critical skills development to secure a pipeline of future talent.

Our employee value proposition remains a key focus area. We are committed to ensuring that our employees are paid appropriately, have meaningful jobs and operate in a safe environment. We are evaluating our employee value proposition to ensure that we attract and retain the best people.

Enhancing diversity and inclusion remains essential and forms part of our top 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. We continued to promote high ethical standards, combat corruption and promote respect for human rights by creating awareness of our Code of Ethics, provide independent whistleblowing facility and conduct periodic human rights due diligence reviews of our activities and new business opportunities.

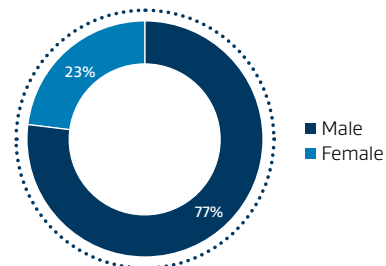
MANAGING THE CAPITAL TRADE-OFFS

Our initiatives over the past seven years to achieve cost savings targets included efforts to manage our headcount. This negatively impacted **human capital** but supported our **financial capital**. Our focus on Continuous Improvement and digitalisation targets a more efficient and effective Human Resources (HR) model and remains key and enhance **human and social and relationship capital**. Although cost savings are always top of mind, these will not be to the detriment of the health, wellbeing and development of our employees. Managing our external spend on service providers negatively impacts **human and social and relationship capital but benefits our financial capital**.

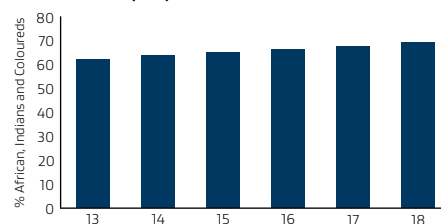
HOW WE ARE RESPONDING

- To promote a healthy workforce, we advanced our approach to employee wellbeing contributing not only to employees' health but also to the safety of employees and service providers and thus improving productivity.
- Focused on enhancing our employee value proposition, significantly improving employee engagement. In the execution of our revised employee relations strategy, we focused on stakeholder management and prioritised constructive relationships with our employees, trade unions and works councils to maintain labour stability in our operations. We also rolled out a programme to further equip our line managers with the necessary skills required to improve employee engagement.
- In addition, in South Africa, carried out a staff indebtedness and affordability study and a detailed survey to assess our employees' quality of life. The results will inform future changes to our employee value proposition.
- Invested R1,3 million in bursaries, learnerships and employee skills development. Our bursary and graduate programmes aim to secure the critical and scarce skills required to operate our plants and deliver on our value-based growth strategy.
- Continued to focus on empowerment of women and launched an initiative to encourage open and honest discussion on how to accelerate progress on gender equity. We doubled our female workforce in our North American Operations through a programme encompassing every development entry point, including university partnerships and scholarship funding, a public education plan and elementary science, technology, engineering and mathematics education programme.

Global gender diversity



Ethnic diversity improvement of South Africa





ENVIRONMENTAL SUSTAINABILITY

COMMITTING TO
SUSTAINABLY LIMIT
OUR ENVIRONMENTAL
IMPACT

Sasol is dedicated to minimising the environmental impact of its operations globally, while delivering greater social value. Our key focused efforts include management of climate change related risks and air quality compliance for our South African operations. We continue to engage with the authorities regarding proposed changes to environmental regulatory frameworks and participate in the associated public participation processes.

In mitigating the compliance risks associated with increasingly stringent obligations regarding air quality management, Sasol relies on seeking extended compliance time frames through postponement applications. This enables the execution of our committed roadmaps. Sasol invests in capital and expenditures to enable the above. At Sasol, we recognise the importance of effectively managing climate change related risks and accordingly monitors and analyses the potential impacts, risks and opportunities posed by climate change on the company. Continued political attention to issues concerning climate change could have a material impact on our business globally.

We manage and mitigate the impact of our processes globally. In South Africa we do this through:

- an extensive environmental monitoring network;
- reporting our environmental performance, as well as deviances through various channels, including transparent engagement, reporting and our enhanced disclosure objectives; and
- environmental stewardship where we aim to make a positive impact beyond our facilities by investigating alternative solutions for some environmental issues.

MANAGING THE CAPITAL TRADE-OFFS

In enabling compliance with stricter emission standards that apply to our South African operations, we consider the trade-offs between the various issues affecting **natural capital**. As our plant processes are highly integrated, implementing emission abatement equipment could have technical implications and negatively impact **manufactured capital** on account of the space constraints. We use our **intellectual capital** to identify solutions for our unique plant processes. Addressing emissions from community sources to offset our own emissions offers an opportunity to achieve desired environmental outcomes cost effectively and with potentially greater socio-economic outcomes, thereby enhancing **social and relationship capital**. In some cases, there may be depletion of **financial capital** where new solutions are more capital intensive yet market driven.

HOW WE ARE RESPONDING

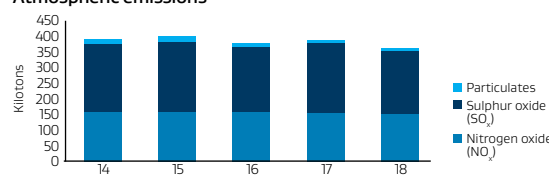
CLIMATE CHANGE

Taking action to reduce our emissions and increase the resilience of our operations. Our value-based growth strategy has been developed by leveraging our core strengths, in response to climate change as one of the global mega trends. Scenario analysis continues to inform our long-term strategy. We pursue options for further reductions and for a greater role of gas in South Africa's energy mix. We are involved in the pilot carbon budget process for the period 2016-2020. Over the past two years we emitted approximately 115 million tons of carbon dioxide equivalents of our carbon budget limit of 302 million tons to 2020. Current projections indicate Sasol is on track with its budget. Work already commenced to enhance Sasol's climate change disclosures in 2019 to include a view on long term GHG targets, internal fiscal instruments and an update of our climate change scenario work.

AIR

Committed to limiting the impact of our South African operations in a sustainable manner, aligned with the objectives of legislation. Existing plants are required to comply with stricter minimum emission standards by 1 April 2020. While most of our processes will be able to comply with these, there are certain activities for which we will require extended timeframes beyond 2020. For these, we have applied for and intend to submit further postponements that outline a proposed roadmap to sustainable air quality improvements. We have developed an implementation plan to offset particulate matter and sulphur dioxide in areas near our facilities.

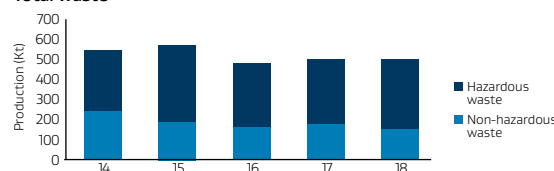
Atmospheric emissions



WASTE

Continue to look for ways to move up the waste hierarchy. As far as possible, we apply a closed-loop system with waste streams being used as an input into other processes. This will also support adherence to new landfill prohibitions that are taking effect in South Africa.

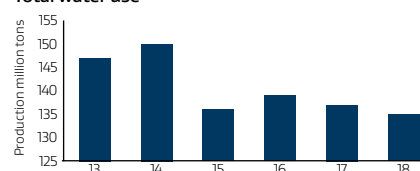
Total waste



WATER

Sasol is the largest industrial water user in the Integrated Vaal River System. As a signatory to the UN Global Compact CEO Water Mandate, we have adopted the Water Stewardship framework in responding to water risks. Our responses include driving voluntary water target setting; supporting catchment management; partnering in community water projects; and shaping public policy.

Total water use



STRENGTHENING OUR POSITION AS A CREDIBLE STAKEHOLDER PARTNER

ADDRESSING STAKEHOLDERS' PRIORITY ISSUES

Our success and the sustainability of our business depends on the support of our stakeholders. The process of protecting, creating and growing value is advanced through our relationships with key stakeholders, making it a business imperative to understand and be responsive to their needs and interests.

Issues raised by our stakeholders continue to be diverse. The following are the main issues:

1 TRANSFORMATION

- Sasol Inzalo empowerment scheme comes to an end in 2018. Sasol Khanyisa empowerment scheme effective 1 June 2018.
- Sasol's Broad-Based Black Economic Empowerment (B-BBEE) contributor status is Level 6.



Shareholders and employees

Extensive engagement sessions regarding our new empowerment scheme, Sasol Khanyisa, were carried out throughout South Africa with both SOLBE1 and Inzalo shareholders and employees.

STAKEHOLDER IMPACTED:

- Employees
- Organised labour
- National and local government
- Shareholders
- Potential investors
- Customers
- Suppliers

RESPONSE:

Ownership (South Africa)

Sasol Khanyisa, our new black ownership scheme, will see an effective direct and indirect black ownership of at least 25% in Sasol South Africa Limited, a previously wholly-owned subsidiary of Sasol and our largest operating entity. We have emphasised our commitment to being a best-in-class employer with meritocracy-based business practices which reward our entire employee base, regardless of race, ethnicity or gender.



Our target is to become at least a **Level 4 contributor by 2020.**

2 LOCALISATION AND LOCAL CONTENT

- High barriers of entry into Sasol's supply chain.
- Low procurement spend with SMME suppliers.

Particularly from our fence-line communities in South Africa and Mozambique.



STAKEHOLDER IMPACTED:

- Suppliers
- Fence-line communities
- National and local government

RESPONSE:

- Dedicated SMME team.
- SMME loans from Sasol Siyakha Fund.
- Procurement set asides (South Africa, Mozambique and Louisiana, United States).



Sasol Siyakha Fund's – our SMME funding initiative, loan book has grown to **R301,7 million**. Since its establishment in 2008, **91** SMMEs have benefited.

Made good progress with Preferential Procurement which resulted in actual spend with black owned suppliers increasing by R5,2 billion to **R12,7 billion** from 2017.

Localisation and local content

We have dedicated Enterprise and Supplier Development (ESD) activities that focus on business incubation, business enablement and small, medium and micro-sized enterprises (SMMEs) funding. These contribute to local economic development and job creation in our communities. In Mozambique and Qatar we continue to support entrepreneurship drives.

3 EMPLOYMENT OPPORTUNITIES FOR LOCALS

- Local people not prioritised for employment opportunities.



STAKEHOLDER IMPACTED:

- Fence-line communities – particularly the youth.



RESPONSE:

- We prioritise employment of residents from our fenceline communities.

South Africa – for full shutdown

20 000 contractors, mostly from our local communities, undertake work on site during shutdown.

Mozambique:

35 job placements have been filled by locals from areas surrounding Central Processing Facility.

Qatar:

70% of ORYX GTL staff are Qatari nationals.

United States

More than 72% of new employees hired to support the new Lake Charles Chemicals Project (LCCP) units are from our fence-line community.

4 ENVIRONMENTAL COMPLIANCE AND TRANSPARENCY

- Compliance with environmental legislation particularly air quality in South Africa.
- Transparency and ease of access to information.
- Perceived adverse health impacts of some emissions.

STAKEHOLDER IMPACTED:

- Fence-line communities
- Non-governmental organisations (NGO's)
- National and local government
- Shareholders
- Potential investors

RESPONSE:

- Implement environmental roadmaps.
- Continue mitigation of environmental impacts.
- Implement offset programmes.
- Robust engagement and transparency.
- Support research by the South African Department of Environmental Affairs on the health impacts of air pollution in the Vaal Triangle and Highveld priority areas, where our Sasolburg and Secunda plants are located.



Volatile Organic Compound Abatement (VOCA) Project

The VOCA project is an environmental air quality compliance initiative which intends to reduce Volatile Organic Compound (VOC) emissions from our Secunda Regional Operating Hub. The project has various systems which collect the VOC vapours from a number of emission points. These VOC vapours are then incinerated in seven Regenerative Thermal Oxidisers (RTOs).

The seven Regenerative Thermal Oxidisers for the VOC Abatement project reached beneficial operation. They are vital for Sasol's sustainability goals and will **improve our environmental footprint** as well as working conditions for our employees and service providers.

OUR BOARD OF DIRECTORS

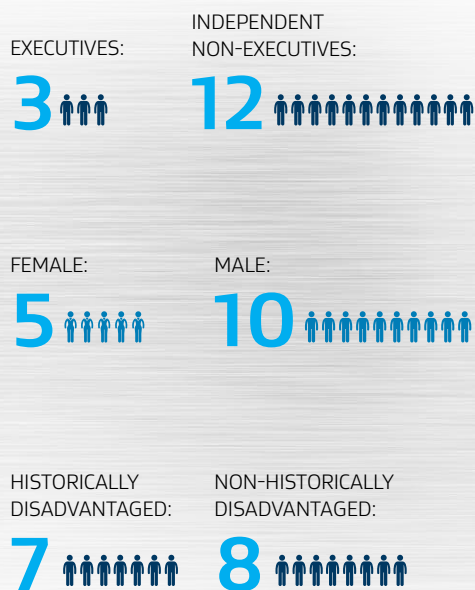


FROM LEFT:
Bongani Nqwababa, Stephen Cornell, Paul Victor, JJ Njeke, Mpho Nkeli, Colin Beggs and Trix Kennealy

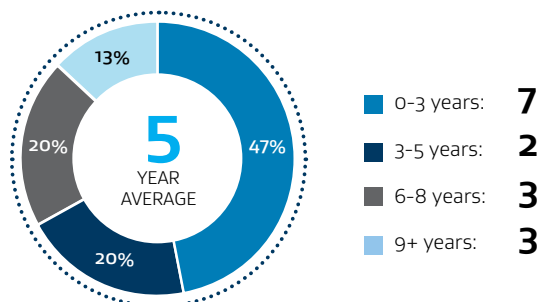
BOARD DIVERSITY

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

Demographics



Tenure

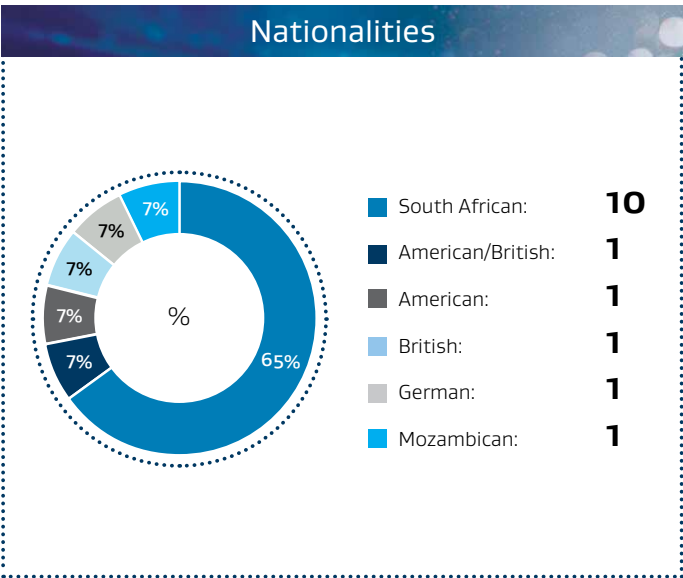


The Board approves the strategy and has ultimate control of the company according to its Memorandum of Incorporation and Board Charter. Through its oversight and strategic steer, it ensures that Sasol capitalises on its opportunities as an ethical, decisive and responsible corporate citizen.

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



OUR BOARD OF DIRECTORS (continued)



MANDLA GANTSHO

Born: 1962

CHAIRMAN INDEPENDENT NON-EXECUTIVE DIRECTOR

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

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

Dr MSV Gantsho is Chairman of Africa Rising Capital, Chairman and member of the Audit Committee of Ithala Development Finance Corporation, Chairman of Impala Platinum Holdings Limited, Chairman of Kumba Iron Ore, a member of its Human Resources and Remuneration Committee and Chairman of its Nominations and Governance Committee. He was Vice President Operations: Infrastructure, Private Sector and Regional Integration of the African Development Bank from 2006 to 2009, and before that Chief Executive Officer and Managing Director of the Development Bank of Southern Africa. He served as Director of the South African Reserve Bank from 2011 to 2013. In 1997, he was appointed as 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.



STEPHEN CORNELL

Born: 1956

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, he held senior positions at BP North America. Mr Cornell 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, he 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, Mr Cornell was employed with Total, holding various executive positions in petrochemical businesses in Europe, Asia and the US. Mr Cornell began his career with Exxon Corporation.



BONGANI NQWABABA

Born: 1966

JOINT PRESIDENT AND CHIEF EXECUTIVE OFFICER

BAcc (Hons), FCA(Z), MBA

Appointed to the Board in 2013 and as an Executive Director in 2015

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. He 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

Born: 1972

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 he was instrumental in implementing the cost containment programme. He also provided thought leadership and pro-actively supported the GEC in implementing a cash conservation response plan in reaction to the significant drop in the crude oil price. Mr Victor gained invaluable experience during his 10 years as Chief Financial Officer of Sasol Synfuels – a position he held until 2011, when he was appointed to head up the Group's financial governance and reporting.



COLIN BEGGS

Born: 1948

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom (Hons), CA(SA)

Appointed to the Board in 2009

Mr C Beggs was 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 and was a member of the Accounting Practices Board. He is also a Director of the Ethics Institute of South Africa. He is a Director and Audit Committee Chairman of Absa Bank Limited, Absa Group Limited and SAB Zenzele Holdings Limited.



MURIEL DUBE

Born: 1972

INDEPENDENT NON-EXECUTIVE DIRECTOR

BA (Hons), Human Sciences and Politics, MSc

Appointed to the Board in 2018

Ms MBN Dube holds an MSc degree in Environmental Change and Management from Green Templeton College, University of Oxford, as well as degrees in Politics and Social Sciences from the University of Johannesburg. She has completed several executive and finance programmes at Said Business School, University of Oxford, Harvard Institute for International Development, the Chartered Institute of Securities and Investment and Standard & Poor's. Ms Dube has served as director of Atmospheric Protection and Chemicals Management, as Chief Negotiator on behalf of the South African Government regarding climate change under the auspices of the United Nations Framework Convention on Climate Change, Sustainability Manager at BHP Billiton, Banker at Investec plc and Group Commercial Director at Bidvest Group. Ms Dube is currently a Non-executive Director of Vodacom SA, PG Group and EnviroServ Holdings and previously of Bidvest Group Ltd and Fluorin Plc.



MANUEL CUAMBE

Born: 1962

INDEPENDENT NON-EXECUTIVE DIRECTOR

B.Eng, Post-graduate Certificate in Management Studies

Appointed to the Board in 2016

Mr MJ Cuambe is Managing Director of MC Investimentos & Consultoria (MCICO). He served as Executive Chairman and Chief Executive Officer of Electricidade de Moçambique (EDM) from November 2005 to March 2012. Mr Cuambe was Chairman of Companhia Eléctrica do Zambeze (CEZA), a wholly-owned subsidiary of EDM. He was a Non-executive Director of Companhia de Transmissão de Moçambique (MOTRACO), a joint venture between EDM, the Swaziland Electricity Company (SEC) and Eskom, from 1998 to 2002 and served as Chairman of the Executive Committee of the Southern Africa Power Pool from November 2005 to April 2008. He has a post-graduate certificate in management studies from the Management College of Southern Africa.



MARTINA FLÖEL

Born: 1960

INDEPENDENT NON-EXECUTIVE DIRECTOR

MSc (Chemistry), PhD (Chemistry)

Appointed to the Board in 2018

Dr Flöel holds an MSc in Chemistry from the University of Frankfurt and a PhD in Chemistry from the Technische Universität München (University of Munich), Germany. With 30 years' experience in the chemicals industry in roles covering chemical and process research and development, technical innovations, technologies as well as operations and industrial supply chain, Dr Flöel 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 based in Espoo, Finland.



TRIX KENNEALY

Born: 1958

INDEPENDENT NON-EXECUTIVE DIRECTOR

BCom (Accountancy) (Hons), CA(SA)

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 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.





NOMGANDO MATYUMZA

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 Hulamin Limited, Chairman of the Remuneration Committee and a member of its Audit Committee. Ms Matyumza is a Non-executive Director of the Standard Bank Group and Standard Bank South Africa. She is a member of Group Audit Committee, Group Remuneration Committee and Group Risk and Capital Management Committee.

She has held senior financial management and executive positions in various organisations, including South African Breweries, Transnet and Eskom. Ms Matyumza is a chartered accountant and also holds an LLB degree. She is an ordained minister of the African Methodist Episcopal Church and member of its Presiding Elder Council. She attended the University of Cape Town Graduate School of Business Executive Management Programme in 2000, and has a certificate in Foundations in Executive Coaching.



MPHO NKELI

Born: 1964

INDEPENDENT NON-EXECUTIVE DIRECTOR



BSc (Environmental Science), MBA

Appointed to the Board in 2017

Ms ME Nkeli served Vodacom Group Limited as Chief HR 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 an Executive Director of Alexander Forbes from 2005 until 2010. She also served as a Non-executive Director on the Boards of Ellerine Holdings Limited and African Bank Investments Limited. Ms Nkeli is a member of the Board of Impala Platinum Holdings Limited. She previously chaired the Commission for Employment Equity.



MOSES MKHIZE

Born: 1961

INDEPENDENT NON-EXECUTIVE DIRECTOR



BCom (Hons), Higher Diploma (Electrical Engineering)

Appointed to the Board in 2011

Mr ZM Mkhize holds a BCom Honours degree from UNISA and a Higher Diploma in Electrical Engineering from Durban University of Technology. Mr ZM Mkhize is Executive Director: Manufacturing, Rolled Products of Hulamin Limited and also serves as director of a number of subsidiaries of Hulamin.



PETER ROBERTSON

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 United Kingdom and United States between 1973 and 2009. These executive positions include Vice President: Finance, Chevron USA, President: exploration and production company, and President: ChevronTexaco Overseas Petroleum. He served as Vice-Chairman of the Chevron Corporation Board of Directors from 2002 to 2009. He has served as Chairman of the US Energy Association and as a Non-executive Director of Sasol Chevron Holdings Limited. Mr PJ Robertson is a director and member of the Audit Committee of Jacobs Engineering Group Inc. He is a member of the Advisory Board of Campbell Lutyens and is Chairman of the World Affairs Council and the US-Saudi Arabian Business Council.



JJ NJEKE

Born: 1958

LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR



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

Appointed to the Board in 2009

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 into Taxation in South Africa, the General Committee of the JSE Securities Exchange, the Audit Commission – Supervisory Body of the Office of Auditor General and the Audit Committee of National Treasury. He is Chairman of MMI Holdings Limited and serves on the boards of Delta Property Fund and Datatec Limited.



STEPHEN WESTWELL

Born: 1958

INDEPENDENT NON-EXECUTIVE DIRECTOR



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

Appointed to the Board in 2012

Mr S Westwell was the Chief Executive Officer of EFR Group BV from 2015 – 2016. He is a Director and Chairman of the Audit Committee of Control Risk Limited. He was the Chief Executive Officer of Silver Ridge Power Inc. from 2013 to 2014. He held various management and executive positions for BP in South Africa, United States, and United Kingdom between 1988 and 2007. These executive positions include head of BP's retail business in South Africa and Board member 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 also worked for Eskom Holdings Limited in several operational capacities.



Audit Committee



Capital Investment Committee



Digital Information Management and Hedging Committee



Nomination and Governance Committee



Remuneration Committee



Safety, Social and Ethics Committee

The Board of Directors CVs are available on Sasol's website, www.sasol.com.

GROUP EXECUTIVE COMMITTEE



JOINT PRESIDENTS AND CHIEF EXECUTIVE OFFICERS

Bongani Nqwababa* and
Stephen Cornell*



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. Mr Klingenberg was the Managing Director of Sasol Polymers from April 2007 to March 2009 responsible for Group human resources for two years from 2009 and before that Managing Director of Sasol Nitro.

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 & 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
SUSTAINABILITY**

BSc, 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 the 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

North American Operations

Eurasian Operations

Secunda Synfuels Operations

Secunda Chemicals Operations

Sasolburg Operations

Natref

Satellite Operations

Base Chemicals

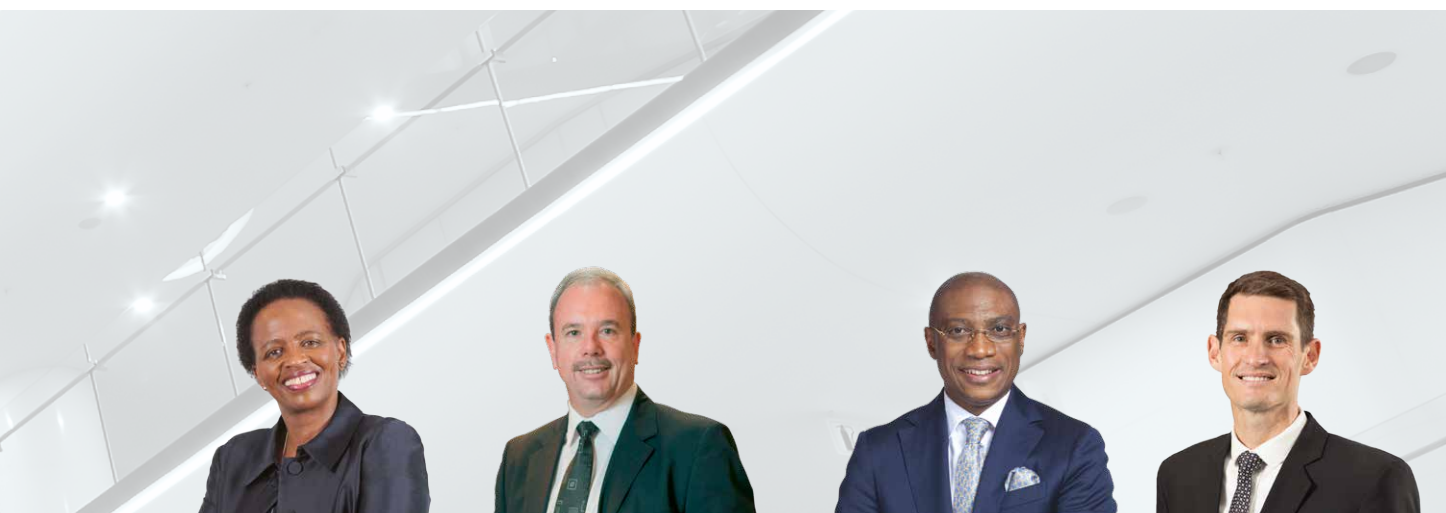
Performance Chemicals

Energy

Clean Fuels and Octane
Programme

Risk and Safety, Health and
Environment (SHE)

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.



CHARLOTTE MOKOENA

STEPHAN SCHOEMAN

VUYO KAHLA**

PAUL VICTOR*

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, business consulting and customer services discipline including Chief of HR and Group Executive: Customer experience management.

South African: Born 1964

**EXECUTIVE VICE PRESIDENT:
TECHNOLOGY**

BEng

Appointed to the GEC in 2014

Before his appointment as Executive Vice President: Technology, Mr Schoeman was Managing Director of Sasol Synfuels from May 2011 to March 2014. Prior to that, he was Managing Director of Sasol Infrachem. Mr Schoeman has served in most of our South African operating facilities and has extensive international experience.

South African: Born 1970

**EXECUTIVE VICE PRESIDENT:
ADVISOR 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.

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.

Human Resources:
Human Capital

Human Resources:
Global Operations

Corporate Affairs and
Real Estate Services

Research and Technology

Capital Projects

Engineering and Project
Services

Planning and Optimisation

Lake Charles Chemicals
Project (LCCP)

Legal, Intellectual Property
and Regulatory Services

Governance, Compliance
and Ethics

Assurance Services

Supply Chain

Corporate Advisory and
Disclosure Enablement

Financial Control
Services

Corporate Finance and
Portfolio Management

Investor Relations

Information Management

** Company Secretary of Sasol Limited.

* Executive Director of Sasol Limited.

CHIEF FINANCIAL OFFICER'S PERFORMANCE OVERVIEW

In 2018, Sasol delivered a strong underlying cash flow performance, underpinned by higher sales volumes and much higher crude oil and product margins especially during the second half of the year. We continued to see strong demand for our chemical products, which contributed to this resilient cash earnings performance.

Oil prices improved to US\$64 per barrel on average in 2018, compared to US\$50 per barrel in the prior year, with prices forecast to trend between US\$65 and US\$75 per barrel in 2019. Oil markets remain exposed to shifts in geopolitical risks as well as supply and demand movements. This oil price range will position us very well to grow future earnings.

The higher oil price and stronger demand for product, particularly in the Performance Chemicals portfolio has resulted in higher chemical prices. Base chemicals dollar basket prices increased by 12% and the Performance Chemicals dollar basket price increased by 8% which positively impacted on our margins. Fuel and energy products prices increased broadly in line with higher dollar based oil prices.

During 2018, the rand/US dollar exchange rate averaged R12,85 compared to R13,61 for the prior year. The stronger average rand/US dollar exchange rate significantly impacted on the results of our Chemicals businesses as a significant portion of their business is exposed to foreign currency sales and capital expenditure. We do remain cautious with regards to the impact of a volatile rand/US dollar exchange rate on our business going forward. To mitigate against 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 to continue with a prudent hedging strategy following our peak gearing, to ensure effective balance sheet management and to protect cash flows needed to execute on our value based strategy. We are pleased that our hedging programme relating to oil and rand/US dollar cover for 2019 is now complete.



EBITDA up
10%

Core headline earnings
R36,03
reflects sustainable operations

Maintained
investment
grade credit rating

Capital expenditure
R53,4 bn

“Focusing on managing the balance sheet and improving cash generation through a disciplined capital allocation approach”

Paul Victor



Key drivers impacting our results

Sasol's integrated 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 |
|--|--|---|
| 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 rating. |
| 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 whose prices 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. For 2018 we entered into approximately 70% of our exposure which equated US\$4 billion. We entered into zero-cost collars for approximately 70% of our exposure for 2019 which equates to US\$4 billion. 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. For 2018 we entered into hedges for approximately 75% of our liquid fuel sales. 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 projects. 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. | <ul style="list-style-type: none"> In times of lower demand in Mozambique use available gas from Mozambique internally in our integrated value chain. |
| 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. | <ul style="list-style-type: none"> Our capital allocation principles are used to guide how we systematically invest capital. We have taken actions to document the lessons learnt from past projects and will apply them in future projects. The Investment Committee reviews the robustness of assumptions and tracks milestones. |
| 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 6,5% over the past two years to 4,7% at 30 June 2018. | <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 Continuous Improvement. 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

Earnings attributable to shareholders for the year ended 30 June 2018 decreased by 57% to R8,7 billion from R20,4 billion in the prior year. The stronger average rand/US dollar exchange rate and the negative impact of remeasurement items, largely driven by the stronger longer-term rand exchange rate, resulted in a much lower profit and earnings per share for the year.

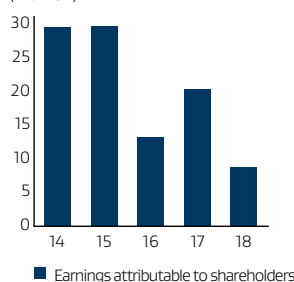
Our underlying cash flow performance was robust. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 10% when compared to the prior year. Core headline earnings per share (CHEPS) however decreased by 6% to R36,03 compared to the prior period and headline earnings

per share decreased by 22% to R27,44. The difference between core headline earnings and EBITDA in the current year is largely due to depreciation of approximately R16 billion and employee share-based payment expenses of R1,5 billion due to the marked improvement of the Sasol share price at the end of the financial year. The share-based payment relating to our Khanyisa Broad-Based Black Economic Empowerment (B-BBEE) transaction of R3 billion is excluded from core headline earnings and EBITDA as it is considered to be a once-off and non-cash item.

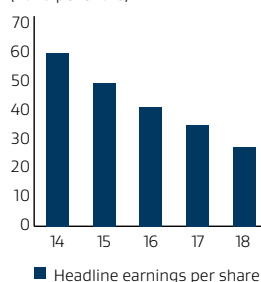
The Sasol Limited Board ("the Board") considers core headline earnings as an appropriate indicator of the sustainable operating performance of the Group.

IR Refer to inside back cover for definition of core headline earnings.

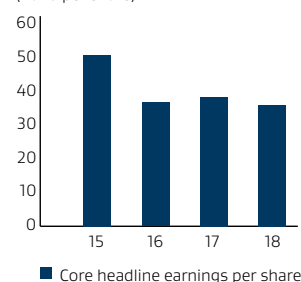
Earnings attributable to shareholders
(R billion)



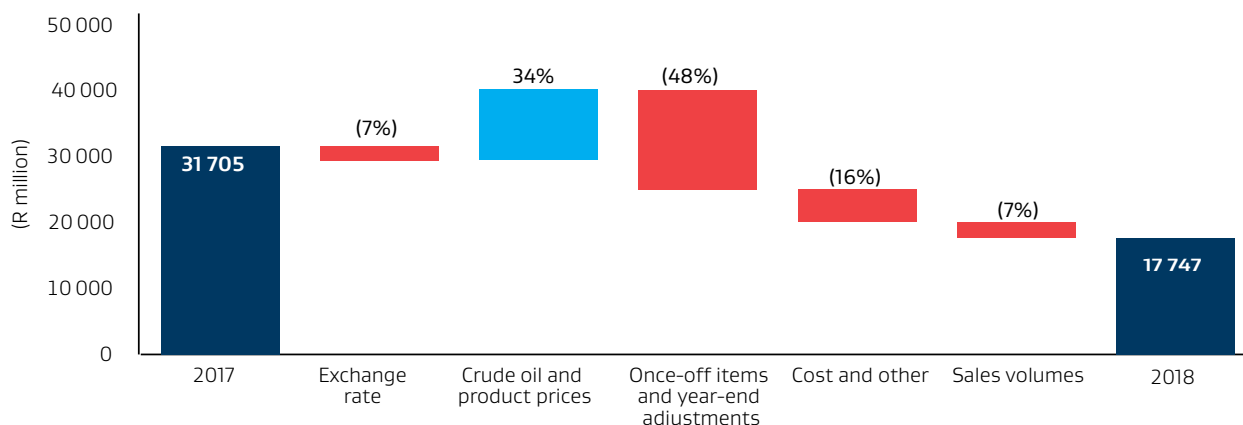
Headline earnings per share
(Rand per share)



Core headline earnings per share
(Rand per share)



Earning before interest and tax – price volume variance analysis



Once-off items includes an impairment of R5,2 billion on our South African Chlor Vinyls cash generating unit, as a result of the continued and sustained strengthening of the exchange rate outlook and the resulting impact on Base Chemicals margins. The valuation of the Production Sharing Agreement (PSA) was impacted by weaker long-term macroeconomic assumptions and lower than expected oil volumes. This resulted in a partial impairment of R1,1 billion (US\$94 million), we impaired our Canadian shale gas assets by R2,8 billion in the first half of the year due to a further decline in long-term gas prices and we scrapped our US GTL project amounting to R1,1 billion (US\$83 million).

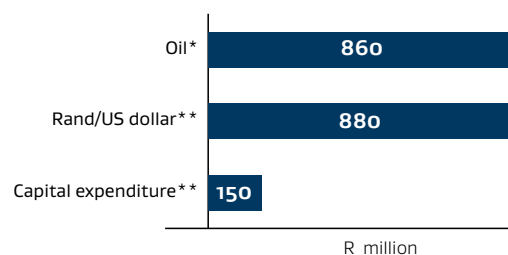
Sasol experienced some challenges with regards to our operational performance during the year, largely due to planned and unplanned production interruptions at SSO, Natref and Mining which impacted production and sales volumes across the value chain. Despite these interruptions, we delivered a stronger overall operational performance in the second half of the year. Our production run-rates during the fourth quarter of financial year 2018, on an annual average basis, supports our internal targeted run-rates.

Sales volumes increased by 1% for our Performance Chemicals business spurred by robust market demand despite Eskom electricity supply interruptions. Base Chemicals reported a 1% decrease in sales volumes mainly due to production interruptions at SSO and a stock build for our high density polyethylene joint venture in the US. Excluding the impact of Eskom electricity supply interruptions, sales volumes increased by 1%. Liquid fuels sales

volumes were down 2% due to lower volumes from SSO and Natref and a challenging South African retail liquid fuels market.

Turning to our cost performance, cash fixed costs were up 2% in real terms in the first half of the year mainly as a result of abovementioned planned and unplanned production interruptions. In the second half of the year, we increased our focus on improving our cost efficiency and managed to keep our normalised cash fixed costs (excluding growth and once-off items) for the year flat in real terms. We are of the view that our cost management processes remain robust to protect and improve our cost competitive position and still positions us in managing our cost base to within our inflation target, while ensuring that we maintain safe and sustainable operations.

Key sensitivities impacting our profitability



* US\$1/barrel change

** 10 cents change in rand/US dollar exchange

Tax exposures which could impact our earnings

We have two significant tax disputes with South African Revenue Service (SARS) currently in respect of our crude oil procurement process for Sasol Oil (Pty) Ltd and Sasol Financing International Plc (SFI), our offshore treasury company. Both disputes are at different stages of the tax litigation process as Sasol does not, supported by expert advice, agree with the basis of these additional assessments. Further details of these disputes are provided in note 12 of our Annual Financial Statements

Managing cash and capital

Free cash flow generation is one of the most important drivers of sustaining and increasing shareholder value. Our free cash flow reduced from R11,3 billion in 2017 to R6,6 billion in 2018 mainly due to the significant capital expenditure in the year of R53,4 billion, of which R30,1 billion related to the LCCP.

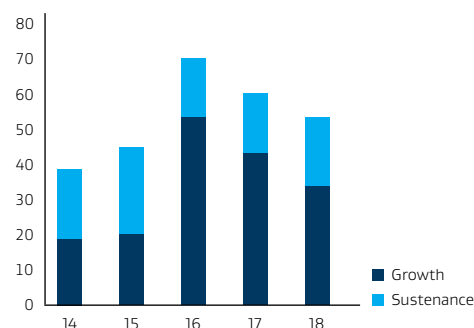
Cash generated by operating activities

Cash generated by operating activities decreased 3% to R42,9 billion compared with R44,1 billion in the prior year. This is largely attributable to a R3,8 billion increase in working capital. Our trade receivables increased by R2,8 billion due to higher chemical sales prices and higher volumes in June 2018 which translated into cash in July 2018. Inventory increased by R3,4 billion mainly as a result of higher feedstock costs as a result of the increase in crude oil prices compared to the previous financial year. Inventory holding in days were slightly higher compared to the previous financial year.

Capital investments

Over the past three years, we have made capital investments of R184 billion, of which R53,4 billion was invested in 2018. We focused our investment mainly in projects in South Africa, Mozambique and the United States, with some investments in Germany and China. In 2018, R34 billion related to growth capital, mainly the LCCP and R19 billion related to sustenance capital to ensure safe and reliable operations.

Additions to non-current assets (including capital accruals) (R billion)

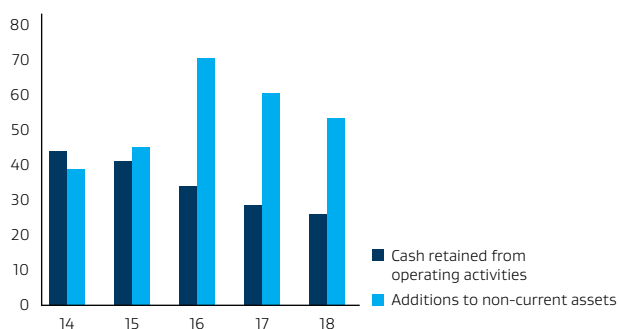


Our capital investment in South Africa was R18 billion in 2018, which is approximately 35% of the total capital investment for the year. Further details of additions to our non-current assets is provided in notes 17 and 18 of our Annual Financial Statements.

Cash utilisation

In 2018, the cash outflow of our capital investment programme exceeded the cash retained from operating activities by R27 billion.

Cash utilisation (R billion)



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 20.

Net debt increased by R40 billion in 2018 to R96 billion mainly due to the funding of the LCCP and the higher valuation of US dollar debt funding at year end. Our debt was made up as follows:

| | 2018 | 2017 | 2016 |
|---|---------|--------|--------|
| Long-term debt | 109 454 | 81 405 | 79 877 |
| Short-term debt | 1 946 | 2 625 | 138 |
| Bank overdraft | 89 | 123 | 136 |
| Total debt | 111 489 | 84 153 | 80 151 |
| Less cash (excluding cash restricted for use) | 15 148 | 27 643 | 49 985 |
| Net debt/(cash) | 96 341 | 56 510 | 30 166 |

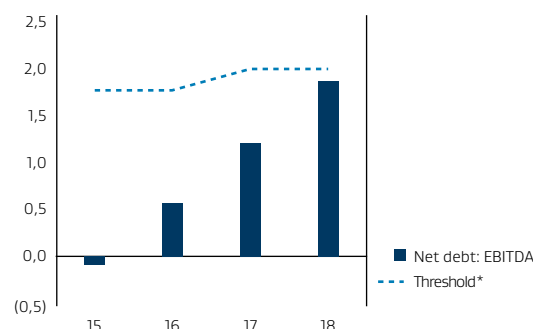
We are actively reviewing our capital structure and funding plan to ensure that we maintain an optimum solvency and liquidity profile. The unwinding of the Inzalo transaction has been structured to ensure that our credit ratings are maintained at investment grade and with the least amount of dilution to our shareholders. The Board approved that Sasol repurchase the shares from Inzalo Public and settle the outstanding debt of R7,4 billion and a cash top-up for value realised of approximately R600 million in September 2018, assuming a share price of R500. This step will eliminate any shareholder dilution as a result of the unwind of the Sasol Inzalo B-BBEE structure.

Our debt profile at 30 June analysed by currency was:

| | 2018 | % | 2017 |
|-----------|---------|-----|--------|
| Rand | 19 044 | 17 | 20 922 |
| US dollar | 91 131 | 82 | 59 391 |
| Euro | 530 | – | 3 063 |
| Other | 784 | 1 | 777 |
| | 111 489 | 100 | 84 153 |

Due to the funding of the LCCP, more than 80% of our debt is now US dollar denominated. Given the significantly weaker closing exchange rate of R13,73 and the related translation loss of R4,8 billion arising on the valuation of the balance sheet at year-end, gearing increased to 43,2%, which is slightly below our internal ceiling and market guidance. Included in net debt is R6,1 billion of new finance leases mainly relating to Oxygen Train 17 in Secunda and rail storage facilities at the LCCP.

Net debt: EBITDA (times)



Looking forward, we expect a significant cash contribution from the LCCP and our balance sheet to deleverage by at least 2021. 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 to ensure that we have sufficient liquidity and headroom on the balance sheet in the foreseeable future.

* The Board has temporarily lifted our internal gearing ceiling to 44% until the end of the 2018 financial year. Net debt: EBITDA will be managed to below 2,0 times.

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 rating is 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 January 2018, 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. Similarly Moody's Investors Service (Moody's) confirmed South Africa's Baa3 changing the rating from negative to stable in March 2018, while affirming Sasol's global scale long-term issuer ratings at Baa3, adjusting the outlook from negative to stable. Sasol's national scale long-term rating was affirmed at Aaa.za. Moody's has delinked Sasol from the South African sovereign rating by one notch.

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 on line, 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 the Sasol 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 2018 was 40% in rand terms and 1% in US dollar terms.

The performance of the share price was influenced by a combination of factors such as market sentiment, the volatile rand/US dollar exchange rate due to political uncertainty and global impacts. The steady increase of the crude oil price and the LCCP coming online increased the market interest in Sasol which further contributed to the share price performance.

To maximise TSR, the Group has put measures in place to:

- refine our strategy setting a clear path to deliver sustainable value-based growth;
- define a disciplined capital allocation framework for improving shareholder returns;
- improve project execution by implementing lessons learnt from previous projects;
- actively manage the balance sheet to address external volatility;
- focus on Continuous Improvement to address the structural shift in the energy landscape by improving the efficiency of our operations; and
- work with government and other stakeholders to manage the impact of regulations on Sasol's South African business.

Dividends

Our dividend policy is to pay dividends within a dividend cover range based on Core HEPS. Taking into account the impact of the current volatile macroeconomic environment, capital investment plans, the current gearing range of 43,2%, and the dividend cover range, the Board has declared a gross final dividend of R12,90 per ordinary share and Sasol BEE ordinary share. The dividend cover was 2,8 times at 30 June 2018. The dividend demonstrates our commitment to return value to shareholders through dividend payments.

Outlook for 2019

The current 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 2019, with:

- SSO volumes of between 7,6 to 7,7 million tons due to a planned full shutdown in 2019;
- Liquid fuels sales of approximately 57 to 58 million barrels due to a planned full shutdown at SSO;
- Base Chemicals sales volumes, excluding US produced products, to be 2% – 3% higher than the prior year, with US dollar product pricing expected to follow Brent crude oil prices. Our US HDPE plant will contribute for the full year, while LCCP is expected to start contributing during the second half of the year;
- Performance Chemicals sales volumes to be 2% – 4% higher, excluding the LCCP;
- Gas production volumes from the Petroleum Production Agreement in Mozambique to be between 114 bscf to 118 bscf;
- We expect to achieve an average utilisation rate of 95% at ORYX GTL in Qatar;
- Normalised cash fixed costs to remain in line within our inflation assumption of 6%;
- Capital expenditure, including capital accruals, of R38 billion for 2019 and R30 billion for 2020 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;
- Our balance sheet gearing to range between 40% – 44%;
- Rand/US dollar exchange rate to range between R12,50 and R13,50; and
- Average Brent crude oil prices to remain between US\$65/bbl and US\$75/bbl.

Appreciation

I would like to thank my colleagues on the Board and the Group Executive Committee for their support and leadership during this challenging year. I also wish to express my appreciation for the dedication and hard work of our finance teams across the group. Finally, I would like to thank our shareholders for their interest and investment in Sasol.



Paul Victor
Chief Financial Officer

27 August 2018

Financial statement analysis

at 30 June

| | 2018 Rm | 2017 Rm | 2016 Rm |
|--|----------------|----------------|----------------|
| ASSETS | | | |
| Property, plant and equipment | 167 457 | 158 773 | 155 054 |
| Assets under construction | 165 361 | 130 734 | 104 011 |
| Goodwill and other intangible assets | 2 687 | 2 361 | 2 680 |
| Equity accounted investments | 10 991 | 11 813 | 13 118 |
| Post-retirement benefit assets | 1 498 | 622 | 614 |
| Deferred tax assets | 4 096 | 3 082 | 3 389 |
| Other long-term assets | 5 888 | 3 600 | 3 715 |
| Non-current assets | 357 978 | 310 985 | 282 581 |
| Assets in disposal groups held for sale | 113 | 216 | 1 064 |
| Other short-term assets | 85 | – | – |
| Inventories | 29 364 | 25 374 | 23 798 |
| Trade and other receivables | 33 031 | 30 179 | 30 913 |
| Short-term financial assets | 1 536 | 2 739 | 42 |
| Cash restricted for use | 1 980 | 1 803 | 2 331 |
| Cash and cash equivalents | 15 148 | 27 643 | 49 985 |
| Current assets | 81 257 | 87 954 | 108 133 |
| Total assets | 439 235 | 398 939 | 390 714 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' equity | 222 985 | 211 711 | 206 997 |
| Non-controlling interests | 5 623 | 5 523 | 5 421 |
| Total equity | 228 608 | 217 234 | 212 418 |
| Long-term debt | 96 691 | 74 312 | 78 015 |
| Long-term provisions | 15 160 | 16 648 | 18 810 |
| Post-retirement benefit obligations | 11 900 | 11 069 | 12 703 |
| Long-term deferred income | 879 | 910 | 631 |
| Long-term financial liabilities | 133 | 733 | 2 844 |
| Deferred tax liabilities | 25 908 | 25 860 | 23 691 |
| Non-current liabilities | 150 671 | 129 532 | 136 694 |
| Liabilities in disposal groups held for sale | 36 | – | – |
| Short-term debt | 14 709 | 9 718 | 2 000 |
| Short-term financial liabilities | 1 926 | 740 | 855 |
| Other current liabilities | 43 196 | 41 592 | 38 611 |
| Bank overdraft | 89 | 123 | 136 |
| Current liabilities | 59 956 | 52 173 | 41 602 |
| Total equity and liabilities | 439 235 | 398 939 | 390 714 |

Commentary

ADDITIONS TO ASSETS

Capital expenditure, including accruals, amounted to R53,4 billion. This includes R30,1 billion (US\$2,3 billion) relating to the LCCP. The capital spending rate is aligned to our internal targets and with previous market guidance provided.

IMPAIRMENT OF ASSETS

Included in remeasurement items is a partial impairment of R5,2 billion on our South African Chlor Vinyls cash generating unit, an impairment on our Canadian shale gas assets of R2,8 billion, a partial impairment of R1,1 billion (US\$94 million) on the Production Sharing Agreement (PSA) in Mozambique and scrapping of our US GTL project amounting to R1,1 billion (US\$83 million).

WORKING CAPITAL

A R3,8 billion increase in working capital. Our trade receivables increased by R2,8 billion due to higher chemical sales prices and higher volumes in June 2018 which translated into cash in July 2018. Inventory increased by R3,4 billion mainly as a result of higher feedstock costs as a result of the increase in crude oil prices compared to the previous financial year.

EQUITY

Shareholders' equity benefited from earnings in the year net of dividends.

DEBT

Due to the funding of the LCCP, more than 80% of our debt is now US dollar denominated. Included in net debt is R6,1 billion of new finance leases relating to the Oxygen Train 17 in Secunda and rail storage in the US.

Non-current assets

R358 bn

Current assets

R81 bn

Total assets

R439 bn

Income statement

for the year ended 30 June

| | 2018 Rm | 2017 Rm | 2016 Rm |
|---|----------------|------------|------------|
| TURNOVER | 181 461 | 172 407 | 172 942 |
| Materials, energy and consumables used | (76 606) | (71 436) | (71 320) |
| Selling and distribution costs | (7 060) | (6 405) | (6 914) |
| Maintenance expenditure | (9 163) | (8 654) | (8 453) |
| Employee-related expenditure | (27 468) | (24 417) | (23 911) |
| Exploration expenditure and feasibility costs | (352) | (491) | (282) |
| Depreciation and amortisation | (16 425) | (16 204) | (16 367) |
| Other expenses and income | (15 316) | (12 550) | (9 073) |
| Translation (losses)/gains | (11) | (1 201) | 150 |
| Other operating expenses and income | (15 305) | (11 349) | (9 223) |
| Equity accounted profits, net of tax | 1 443 | 1 071 | 509 |
| Operating profit before remeasurement items and Sasol Khanyisa share-based payment | 30 514 | 33 321 | 37 131 |
| Remeasurement items | (9 901) | (1 616) | (12 892) |
| Sasol Khanyisa shared-based payment | (2 866) | – | – |
| Earning before interest and tax (EBIT) | 17 747 | 31 705 | 24 239 |
| Finance income | 1 716 | 1 568 | 1 819 |
| Finance costs | (3 759) | (3 265) | (2 340) |
| Earning before tax | 15 704 | 30 008 | 23 718 |
| Taxation | (5 558) | (8 495) | (8 691) |
| Earnings for the year | 10 146 | 21 513 | 15 027 |
| Attributable to | | | |
| Owners of Sasol Limited | 8 729 | 20 374 | 13 225 |
| Non-controlling interests in subsidiaries | 1 417 | 1 139 | 1 802 |
| | 10 146 | 21 513 | 15 027 |
| Per share information | Rand | Rand | Rand |
| Basic earnings per share | 14,26 | 33,36 | 21,66 |
| Diluted earnings per share | 14,18 | 33,27 | 21,66 |

Earnings before interest and tax

R17,7 bn

Earnings before tax

R15,7 bn

Earnings per share

R14,26

Commentary

TURNOVER

Total turnover up by 5%. Mining's, Energy's, Base and Performance Chemicals turnover were up by 17%, 8%, 5% and 4% respectively.

EMPLOYEE-RELATED EXPENDITURE

Excluding the impact of the share-based payment, our employee costs increased by 7% compared to 2017. Mainly due to normal salary increase and 370 employees were employed by the organisation mainly in the US and the in-sourcing and the conversion of hired employees to permanent employees.

REMEASUREMENT ITEMS

Most significant remeasurement items include as a partial impairment of R5,2 billion on our South African Chlor Vinyls cash generating unit, an impairment on our Canadian shale gas assets of R2,8 billion, a partial impairment of R1,1 billion (US\$94 million) on the Production Sharing Agreement (PSA) and scrapping of our US GTL project amounting to R1,1 billion (US\$83 million).

TAXATION

Our effective corporate tax rate increased from 28,3% to 35,4% largely as a result of impairments relating to our shale gas assets in Canada (R2,8 billion) and the Production Sharing Agreement (PSA) in Mozambique (R1,1 billion) as well as the share-based payment expense (R3 billion) with the implementation of Sasol Khanyisa.

EARNINGS ATTRIBUTABLE TO SHAREHOLDERS

Earnings attributable to shareholders for the year ended 30 June 2018 decreased by 57% to R8,7 billion from R20,4 billion in the prior year. The stronger average rand/US dollar exchange rate and the negative impact of remeasurement items, largely driven by the stronger longer-term rand exchange rate, resulted in a much lower profit and earnings per share for the financial year.

Statement of cash flows

for the year ended 30 June

| | 2018 Rm | 2017 Rm | 2016 Rm |
|--|-----------------|-----------------|-----------------|
| Cash receipts from customers | 178 672 | 172 061 | 175 994 |
| Cash paid to suppliers and employees | (135 795) | (127 992) | (121 321) |
| Cash generated by operating activities | 42 877 | 44 069 | 54 673 |
| Dividends received from equity accounted investments | 1 702 | 1 539 | 887 |
| Finance income received | 1 565 | 1 464 | 1 633 |
| Finance costs paid | (4 797) | (3 612) | (3 249) |
| Tax paid | (7 041) | (6 352) | (9 329) |
| Cash available from operating activities | 34 306 | 37 108 | 44 615 |
| Dividends paid | (7 952) | (8 628) | (10 680) |
| Cash retained from operating activities | 26 354 | 28 480 | 33 935 |
| Total additions to non-current assets | (55 891) | (56 812) | (70 497) |
| Additions to non-current assets | (53 384) | (60 343) | (73 748) |
| (Decrease)/increase in capital project-related payables | (2 507) | 3 531 | 3 251 |
| Additional cash contributions to equity-accounted investments | (164) | (444) | (548) |
| Proceeds on disposals and scrapings | 2 280 | 788 | 569 |
| Purchase of investments | (124) | (96) | (223) |
| Other net cash flow from investing activities | (80) | (113) | (335) |
| (Increase)/decrease in long-term receivables | (194) | (141) | (506) |
| Cash used in investing activities | (53 979) | (56 677) | (71 034) |
| Share capital issued on implementation of share options | – | – | 54 |
| Dividends paid to non-controlling shareholders in subsidiaries | (725) | (989) | (1 296) |
| Proceeds from long-term debt | 24 961 | 9 277 | 34 008 |
| Repayments of long-term debt | (9 199) | (2 364) | (3 120) |
| Proceeds from short-term debt | 1 957 | 4 033 | 2 901 |
| Repayments of short-term debt | (2 607) | (1 410) | (3 369) |
| Cash generated by financing activities | 14 387 | 8 547 | 29 178 |
| Translation effects on cash and cash equivalents | 954 | (3 207) | 7 069 |
| (Decrease)/increase in cash and cash equivalents | (12 284) | (22 857) | (852) |
| Cash and cash equivalents at beginning of year | 29 323 | 52 180 | 53 032 |
| Cash and cash equivalents at end of year | 17 039 | 29 323 | 52 180 |

Commentary

ADDITIONS TO NON-CURRENT ASSETS

Capital expenditure, including accruals, amounted to R53,4 billion. This includes R30,1 billion (US\$2,4 billion) relating to the LCCP.

PROCEEDS FROM LONG-TERM DEBT

Loans raised during the year amounted to R26,9 billion, mainly for the funding of our US growth project.

CASH AND CASH EQUIVALENTS

Our net cash position decreased by 42%, from R29,3 billion in the prior period to R17 billion as at 30 June 2018 due to the funding of the LCCP and investments to fund growth projects.

Cash generated by operating activities

R43 bn

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 SA 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 Ixlia Coal

EXPLORATION AND PRODUCTION INTERNATIONAL

Deliver value growth from oil and gas asset development

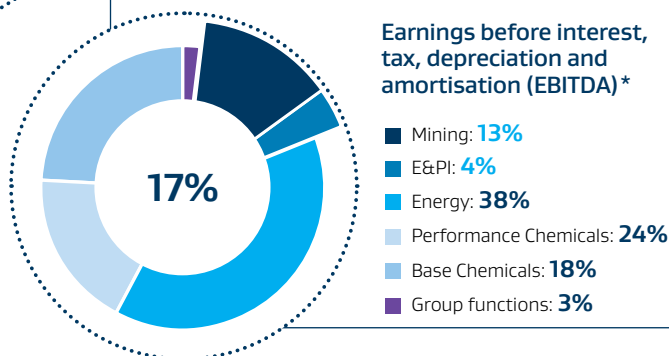
Strategic producer in **Mozambique**

Focus on **maintaining** plateau and **maximising** discovered southern Mozambique resources

Valued partner in **Gabon oil**

Optimising portfolio: Divest **Canadian shale assets**

UPSTREAM BUSINESS CONTRIBUTION



Advancing our strategy in phases

STRATEGIC OBJECTIVE

Explore and produce gas in **Southern Africa**

Secure coal feedstock to 2050

Grow in **Mozambique and West Africa**

NEAR TERM 2019+

- Develop Southern Mozambique to its full potential together with our partners
- 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
- Secure low-cost coal feedstock

MEDIUM TERM 2022+

- Acquire producing assets with exploration running room
- Continue to invest in the early part of exploration life cycle and farm down for value
- Active management of portfolio to deliver long term absolute EBIT growth while remaining within the remit of Group ROIC

* Refer to Inside back cover for definition of EBITDA.

Mining



Mining is responsible for securing the coal feedstock for the Southern Africa integrated value chain, mainly for gasification but also to generate electricity and steam. By doing this, we convert low-cost coal to higher-value products.

SALIENT FEATURES

Safety performance marred by three tragic work-related fatalities

Business improvement programme yielding higher productivity and cost efficiency

Higher external coal purchases and reduced export sales to enable **continuous supply to the Sasol value chain**

Acquired additional mining rights, ensuring **sufficient coal reserves** to supply Secunda to 2050

Reached three-year wage agreement with trade unions, in support of **maintaining labour stability** and an uninterrupted coal supply

Extended homeownership programme, **benefiting 140 employees** since January 2016

Increased engagement with our people, particularly on **safety and B-BBEE transactions**

Looking ahead

In the year ahead, as our **R14 billion mine replacement programme nears completion**, achieving safe operations remains our top priority. We continue our work to ensure our **long-term sustainability** by also maintaining our **compliance with B-BBEE ownership requirements** as well as securing the least-cost, optimum-quality coal for our Secunda operations to 2050. We are monitoring regulatory requirements and continue to participate in related **discussions through the Minerals Council South Africa**. As part of our **digitalisation** efforts, we are implementing solutions to better **integrate all mining operations and monitor machines and people more accurately**. We remain focused on **strengthening our relationships** with recognised trade unions, government and our fenceline communities.

Overview

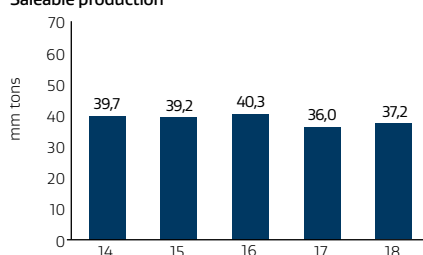
2018 marked the second of two very challenging years at our mining operations. 2017 was marred by a prolonged labour strike which impacted productivity, employee morale and engagement and led to several cost increases. In 2018, our operations were affected by three tragic work-related fatalities, those of Mr Dumisani Sibanyoni on 6 December 2017, Mr Mandla Mahlangu on 24 January 2018 and Mr Nefthali Sepeame on 9 February 2018. Safety remains our top priority and we are deeply concerned about these fatalities. In the year, we took decisive action to refocus on safety. We implemented a complete work stoppage to pause and reflect on our safety performance and carried out a month-long safety campaign to identify the root causes and learnings of high-severity incidents, which we are sharing across our operations. Given the fatalities and work stoppages, productivity declined.

However, to enable an uninterrupted supply, we purchased coal from third parties and reduced sales of export coal. To ensure continuity of coal supply to Secunda Synfuels until 2050, we secured a mining right for Block IV at Syferfontein colliery and received approval from the Department of Mineral Resources to acquire two important reserves – Alexander and Rietfontein.

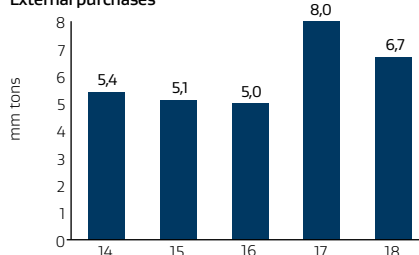
We are committed to creating a safe place for our employees to work and to restore productivity. To this end, we implemented a business improvement plan aimed at improving productivity to levels last seen in 2011 and reducing costs through digitalisation and improving our work processes. We started to see some of the early benefits of the programme, with increased productivity from March 2018. Our employees are more positive and leaders are spending more time in mining operations to coach, mentor and support our people.

For the first time ever, we reached a multi-year wage agreement with all our participating trade unions, which will support labour stability in our operations. We continued to build our relationships with all stakeholders and embarked on leadership capability development for management and union leaders.

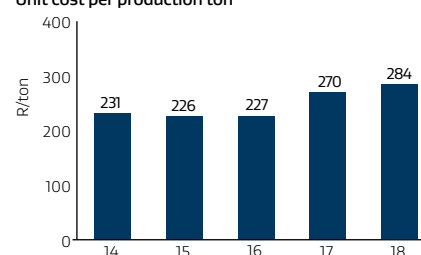
Saleable production



External purchases



Unit cost per production ton



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

Safety performance impacted by a tragic fatality in Mozambique

Advanced work in Mozambique, completed drilling campaign in PSA licence area and maintained stable gas production at PPA facilities

Spent **R48,2 million on social investment** in Mozambique

Refocused portfolio, commenced with disposal process for **Canadian shale gas assets**

Recorded 12% decline in Gabon production as a result of the **field's natural decline**

Normalised EBIT* of **R270 million**

Sustained US\$ profitability in Mozambique due to higher sales prices

Performance summary

Higher gas and crude oil sales prices supported a cash profit of R2,5 billion. Our existing operations in Mozambique and Gabon benefited from higher prices, however volumes were impacted by lower demand in Mozambique and the natural decline of the field in Gabon. Despite our positive cash profit earnings before interest and tax was lower due to the impairment of our Canadian shale gas operations of R2,8 billion and the impairment of the Mozambique PSA project of R1,1 billion.

In line with our strategic objectives, we continued to pursue the development of the PSA and explore for opportunities in West Africa. Our capital allocation framework guides us in first de-leveraging the balance sheet and then looking for smaller investments to grow the portfolio. We are advancing the process to sell our Canadian shale gas assets and will make further announcements once the process is further advanced.

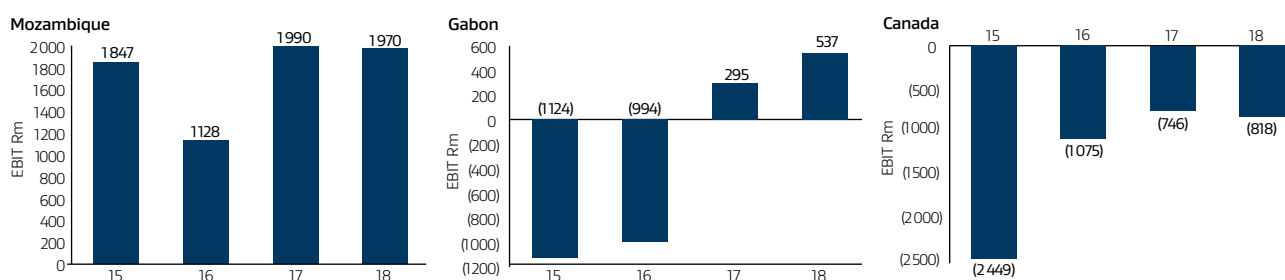
In Mozambique, we completed all the defined activities in the field development plan (FDP) licence area. Results for phase 1 showed that oil production would likely be at the low to mid-range presented in the FDP while gas volumes were within the FDP's ranges. We are evaluating the future monetisation of the project and have already realised substantial capital savings by scaling back the oil development.

Engagements have continued to enable the Central Termica de Temane or CTT, previously known as Mozambique Gas to Power (MGTP), to which the phase 1 gas volumes are committed. Phase 2 appraisal drilling results indicate gas volumes to be lower than initial estimates. After a successful annual shutdown in March 2018, our Petroleum Production Agreement (PPA) facilities continued to meet the production volumes in their gas sales agreements. Regrettably, we reported a work-related fatality. Mr Nelson Alberto Vilanculo, an employee of a service provider at our PSA drilling rig site, was fatally injured in a vehicle accident on 25 August 2017. Safety remains our top priority.

In Gabon, we focused on maximising the efficiency of the Etame Marin Permit asset and extending the producing licence beyond 2021. In line with our strategy, we farmed into the DE8 block, acquiring a 40% working interest and drilled one exploration well which was written off. We are actively looking at other licences in the region. This is part of our goal to acquire early, high-equity positions in exploration assets to provide portfolio leverage through early cycle exploration farm-outs to defray capital and risks.

Looking ahead

Achieving zero harm remains our top priority as we reshape E&PI into a fully-fledged oil and gas company and **restructure the portfolio for growth**. In Mozambique, we continue to work to sustain our relationships, **consolidate existing assets and pursue additional exploration licences**. We are considering **partnerships with other oil and gas operators** to secure the feedstocks required by Sasol's South African plants up to and well beyond 2050 and to **maximise shared value with that country's government**. In Central and West Africa, we are pursuing both development-ready and producing assets, **partnering with independent, small to medium-sized players to extract value**.



* Normalised earnings represent reported EBIT adjusted for remeasurement items and the closing rate translation effects based on information contained in the published Group consolidated annual financial statements for the year ended 30 June 2018.

OPERATIONS



Bernard Klingenberg
Executive
Vice-President
Operations

Looking ahead

Together with Group Technology we are investigating various solutions to meet South Africa's new plant standards for air quality, as well as new waste laws. We are growing our clean fuels and octane capabilities and continuing to progress with the construction of our R6 billion sixth fine ash dam and the R3,7 billion coal tar filtration east project to address the single point failure business risk related to the existing coal tar filtration unit, as well as to increase tar-processing capacity. Secunda Synfuels has around 70 smaller environmental and safety projects in progress and planned over the next two financial years. We are also investigating digital opportunities to improve and manage the health of our equipment through predictive maintenance plans. We are preparing for a total full shutdown in September 2018, which will see approximately 20 000 contractors on site and will affect production volumes.

We expect the positive Natref performance over the six months to continue into 2019. We have invested R1,5 billion over the past two years at Natref to improve plant stability and replace significant machinery. With a planned shutdown scheduled for May 2019, Natref expects higher volumes in 2019. The extension of the shutdown cycles is expected to improve Natref's plant availability and reduce capital requirements in the long term. In China, we plan to start-up our new ethoxylation facility in the second half of 2019, increasing output twofold. In the US, we expect the first units of the LCCP to start-up in the second half of calendar 2018.

SALIENT FEATURES

Improve safety performance across all operations

Commissioned **17th air separation unit** at Secunda

Insulated **500** Reconstruction and Development Programme (RDP) **houses** in an offsetting project in Secunda

Lower production volumes due to planned and unplanned plant interruptions in Secunda and Natref

Higher volumes at **FT wax facility in Sasolburg**, Eurasian operations and in the US after start-up of HDPE joint venture

Progress in executing on **environmental compliance roadmaps** of volatile organic compounds (VOCs) in Secunda

Advanced operational and business readiness work in US ahead of LCCP start-up

Focus on gender diversity, with **126 women** joining Secunda Synfuels

Operations consists of our core chemical and petroleum product manufacturing assets. In Southern Africa these are Secunda Synfuels, Secunda Chemicals, Sasolburg, Satellite and Natref Operations. Internationally they include facilities in the US, Europe and Asia. The value proposition of these operation hubs lies in our ability to integrate and operate complex technologies at scale, with world-class product quality and cost advantages.

Performance summary

In line with our aim of ensuring safe, reliable and environmentally compliant facilities, our operations focused on optimising their processes, improving efficiency and promoting safety and culture transformation in the workplace. Our safety performance improved by 7%, largely because of safety awareness campaigns and a zero-tolerance approach to safety incidents. At the same time, we focused hard on embracing gender diversity and had 126 women join Synfuels Operations in the year. We also made various appointments of women to leadership positions across our operations.

Our operational performance was negatively impacted by unplanned Eskom electricity supply interruptions, as well as other plant outages and planned maintenance shutdowns. This resulted in a 3%, 1% and 9% decline in production volumes at Secunda Synfuels, Secunda Chemicals and Natref respectively. Sasolburg Operations increased production volumes by 2%, supported by our expanded wax facilities. Stronger product demand and greater plant availability led to a 3% increase in the production volumes of our Eurasian Operations, where a number of high-margin, low-volume marginal expansion projects started up. In the US, our HDPE joint venture reached beneficial operation and we advanced work in preparation of the start-up of the LCCP.

We made good progress on a number of environmental compliance projects across Southern Africa. At Secunda, we commissioned the last of the seven regenerative thermal oxidisers of the project for the abatement of VOCs amounting to R3,4 billion. We are investigating or developing technologies towards the abatement of various air emissions as well as options to reduce our waste footprint. Outside the factory fence, we are implementing offset projects including the insulation of houses, waste removal and vehicle emission testing.

Together with Group Technology we also insulated 500 Reconstruction and Development Programme (RDP) houses as part of an environmental offsetting project. In Sasolburg, we cleaned up 100 illegal waste dumps, converting one into a playground. We supported job creation by giving away ash for brickmaking and road construction and extended our investment in neighbouring communities, by building a clinic, upgrading a provincial hospital, introducing a mobile science laboratory and providing bursaries. We remain committed to uplifting our fenceline communities and building partnerships to work together for the better of the community.

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, inorganics and wax** as key value chains

Sales of more than **3,5 million tons per annum in over 50 diversified markets**

Long-term global customer relationships

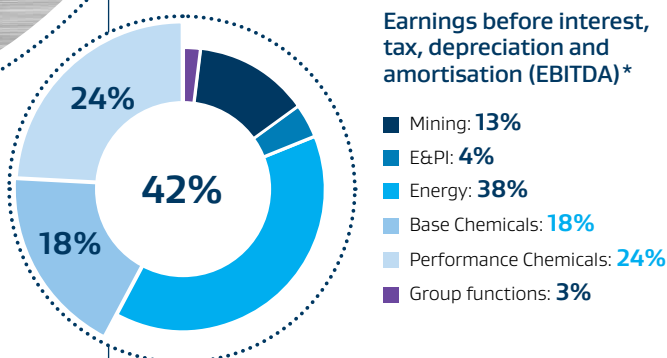
BASE CHEMICALS

Produces and markets commodity chemicals from integrated **South African and North American value chains**

Global **sales of 3,4 million tons per annum**

Proven experience with a variety of **polyethylene and polypropylene licensed technologies**

CHEMICALS BUSINESS CONTRIBUTION



Advancing our strategy in phases

STRATEGIC OBJECTIVE

Optimise existing assets
Grow specialty chemicals
in differentiated markets

NEAR TERM 2019+

- 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

* Refer to Inside back cover for definition of EBITDA.

Chemicals Business



We are a truly global business supplied from operations in Europe, United States, South Africa and China. Base Chemicals markets commodity chemicals from our upstream Fischer-Tropsch, ethylene and propylene value chains.

SALIENT FEATURES

Sales volumes at Performance Chemicals **up by 1%**; Base Chemicals sales volumes down 1%

Benefited from start-up of HDPE joint venture facility in US, **first full year of hard wax expansion project and increased alumina capacity**

Product demand and US margins remain strong

Improved customer experience through our Digital Catalyst programme

Drove business readiness for the **start-up of the LCCP**

Performance summary

Higher sales volumes and stronger commodity chemical prices supported the performance of our Chemicals Business, but the stronger rand exchange rate, impact of technical and weather-related supply constraints and the start-up costs associated with our growth projects dampened gains in earnings.

We continued to focus our Performance Chemicals portfolio in line with our strategy and divested of Alexandria Wax Products Company (an Egyptian joint-stock company). Performance Chemicals sales increased 1%, benefiting from a stronger market demand and production from the expanded Fischer-Tropsch (FT) wax facilities at Sasolburg as well as from the completion of a project at Brunsbüttel that increased Sasol's alumina hydrate production capacity. Earnings before interest and tax (EBIT) decreased by 7% to R8,2 billion.

In Base Chemicals in line with our strategy and asset review process, we disposed of our joint venture in Malaysia and realised a profit of R864 million. We continued to compete successfully based on cost-efficient value chains that are backward-integrated into ethylene and coal feedstock. Sales benefited from the start-up in November 2017 of our Gemini HDPE joint venture in the US. EBIT on a normalised basis decreased 18% to R5,2 billion.

By streamlining business processes and systems and building organisational capacity, management focused on getting the business ready ahead of the start-up of the LCCP which is on track with first steam production in July and expected start-up date of the remainder of the manufacturing units in the second half of the 2019 calendar year. We concluded the appointment of our channel distribution partners for the new US polyethylene output. A successful HDPE market entry augers well for the new LCCP polyolefin volumes. We made good progress in our Digital Catalyst programme to transform the customer experience using digital platforms, enabling closer collaboration to better anticipate customer needs and improve on their expected services. We have a long-term commitment to promote improved sustainability and the move to a lower-carbon environment.

Looking ahead

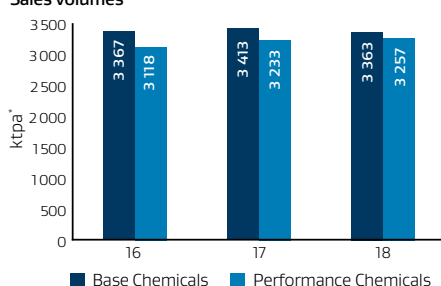
Our strategy is to focus our Performance Chemicals portfolio on areas where we have industry-leading proprietary technologies and competitive advantage. We want to leverage low-cost feedstock to create high-value chemicals.

In the near term we will work to deliver value from the LCCP, as well as invest in capacity optimisation and differentiation across the chemicals portfolio, building on existing technology platforms. We continue to further develop the market for the new FT wax streams and look forward to the start-up of the new ethoxylation plant in China in the second half of 2019.

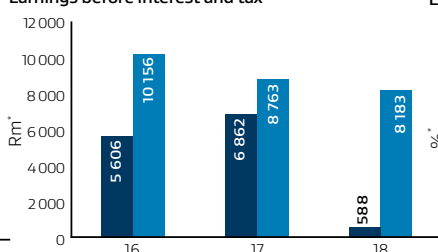
We are well positioned to generate value-based growth through our competitive and diverse products, application expertise and close customer relationships. In Performance Chemicals, in addition to the homecare, laundry and personal hygiene markets, our six carefully selected specialty chemical end-markets are growing strongly.

We will investigate opportunities to expand our portfolio through organic incremental investments, further differentiation and carefully considered inorganic acquisitions and partnerships. In Performance Chemicals we are looking, in particular, to grow in specialty alcohols and corresponding surfactants, high and ultra-high purity alumina and FT-derived specialty waxes.

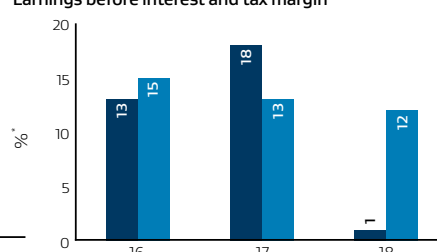
Sales volumes



Earnings before interest and tax



Earnings before interest and tax margin



* The financial results have been restated for the transfer of the US ethylene business from Performance Chemicals to Base Chemicals

HOW OUR ENERGY BUSINESS WILL DELIVER ON STRATEGY



Maurice Radebe
Executive Vice President:
Energy Business and Sustainability

Overview

ENERGY

Major **market presence**

Sales and marketing of **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**

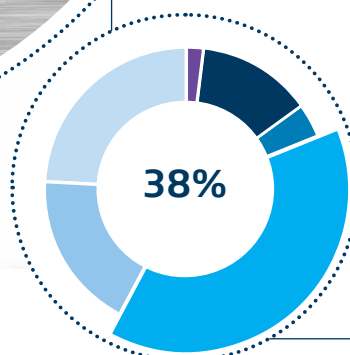
Strong brand of Retail Convenience Centres (RCCs) in **South Africa**

399 RCCs, 11% market share

Sustainable low-cost position with strong cash flow

Electricity: 70% capacity of our own needs in South Africa
30% of Mozambican supply through our CTRG partnership

ENERGY BUSINESS CONTRIBUTION



Earnings before interest, tax, depreciation and amortisation (EBITDA)*

- Mining: **13%**
- E&PI: **4%**
- Energy: **38%**
- Base Chemicals: **18%**
- Performance Chemicals: **24%**
- Group functions: **3%**

Advancing our strategy in phases

STRATEGIC OBJECTIVE

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

NEAR TERM 2019+

- Increased value through volume shift to higher yielding products and markets
- Organic growth continues with 15 new sites planned for 2019
- Opportunity to grow through organic and inorganic opportunities
- Deliver an optimal clean fuels solution

MEDIUM TERM 2022+

- Gas market development anchored by Secunda and Sasolburg
- 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 retail growth through organic and inorganic opportunities

* Refer to Inside back cover for definition of EBITDA.

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) business ventures, our gas-to-liquids technology produces unique and superior quality molecules which can be utilised in high margin applications.

SALIENT FEATURES

Improved safety performance, with recordable case rate down to 0,23

Added 12 new Retail Convenience Centres

Normalised cash fixed costs increased by 1,9% below inflation

EBIT* margin up 1%, supported by higher refined product prices, despite lower sales volumes and stronger rand

Lower liquid fuel sales due to interruptions at Secunda Synfuels and Natref

Natref showing signs of strong delivery

Lower gas sales volumes due to drop in demand

Stepped up work to deliver cleaner fuels; established dedicated team to drive an integrated effort

Sasol Oil achieved a level 3 B-BBEE score, up from level 7 in 2017

ORYX GTL achieved capacity utilisation at 95%

NERSA launched an application to Constitutional Court following Supreme Court of Appeal ruling on NERSA approved maximum gas prices and transmission tariffs

Looking ahead

We are embedding our Continuous Improvement initiative to further reduce costs to enhance value and our robustness, focusing on simplification and improved efficiency through digital platforms. We are pursuing opportunities to grow our retail marketing channel in Southern Africa through organic growth as well as possibly through an acquisition of an existing network of sites.

In our efforts to continuously enhance customer experience and broaden our RCC offerings, we are investigating new digital and advanced mobility customer offers. We continue our work to deliver an optimal clean fuels solution for both Secunda Synfuels and Natref to ensure that we remain both relevant and competitive in a rapidly changing environment. However, we believe that financial support mechanisms must be developed through agreement between industry and the South African government to enable the sustainability and delivery of cleaner fuels from South African refineries. We are committed to promoting improved sustainability and are investigating all sustainable gas monetisation options in Mozambique, aligned to opportunities that meet both Sasol and Mozambican government objectives. In Qatar, we remain focused on maintaining high utilisation rates and an excellent safety record. In Nigeria, we continue to support the increased utilisation of EGTL.

Performance summary

Every day, vehicles fill up with Sasol fuel across 399 sites, making Sasol one of the strongest brands in South Africa. In line with our strategy to increase our South African retail presence and maximise margins, we opened 12 new Sasol RCCs in the year. Brand Finance confirmed Sasol as one of the most valuable brands in South Africa in 2018, positioning us to extract additional value from our retail asset. At year end, we marketed 33% of Sasol production through our own retail outlets and commercial channels.

Our loyalty schemes, such as that linked to Absa rewards, are helping strengthen customer relationships in key markets, with Absa reward members tending to shop more frequently and spend more per visit. Sasol's innovative technology has created Sasol Turbodiesel™ ULS 10ppm, a first-to-market diesel. This, together with a Sasol proprietary deposit-control additive, ensures the cleanest diesel available in South Africa and ultimately improves fuel economy.

In a challenging South African retail liquid fuels market, liquid fuel sales volumes declined due to lower volumes from Secunda Synfuels and Natref. Through focused efforts at Natref, we turned around the business performance and saw an increase in production volumes in the second half of the year. We expect this positive trend to continue. EBIT benefited from higher refined product prices, partially offset by a stronger rand. Cash fixed costs normalised for the impact of the power purchase agreement with Eskom coming to an end in 2017, increased by only 1,9%, which is well below inflation, a result of strict cost control.

Gas sales to the external market declined by 3%, due to lower demand in Mozambique. The available gas was, however, utilised internally in our integrated value chain.

ORYX GTL delivered a strong production performance, with an average utilisation rate of 95%, growing volumes by 1% and contributing R1,2 billion to Energy's EBIT. We started investigating options to channel some existing GTL product volumes to new niche applications in high quality base oils. In Nigeria, the efforts of Escravos GTL (EGTL) to reduce costs and improve plant efficiency progressed well, with a marked improvement in average utilisation rates. This resulted in 75% higher production in the fourth quarter compared to the third. In line with our value-based strategy, we scrapped plans to pursue a US GTL project or any other greenfield GTL project.

* Earnings before interest and tax (EBIT).

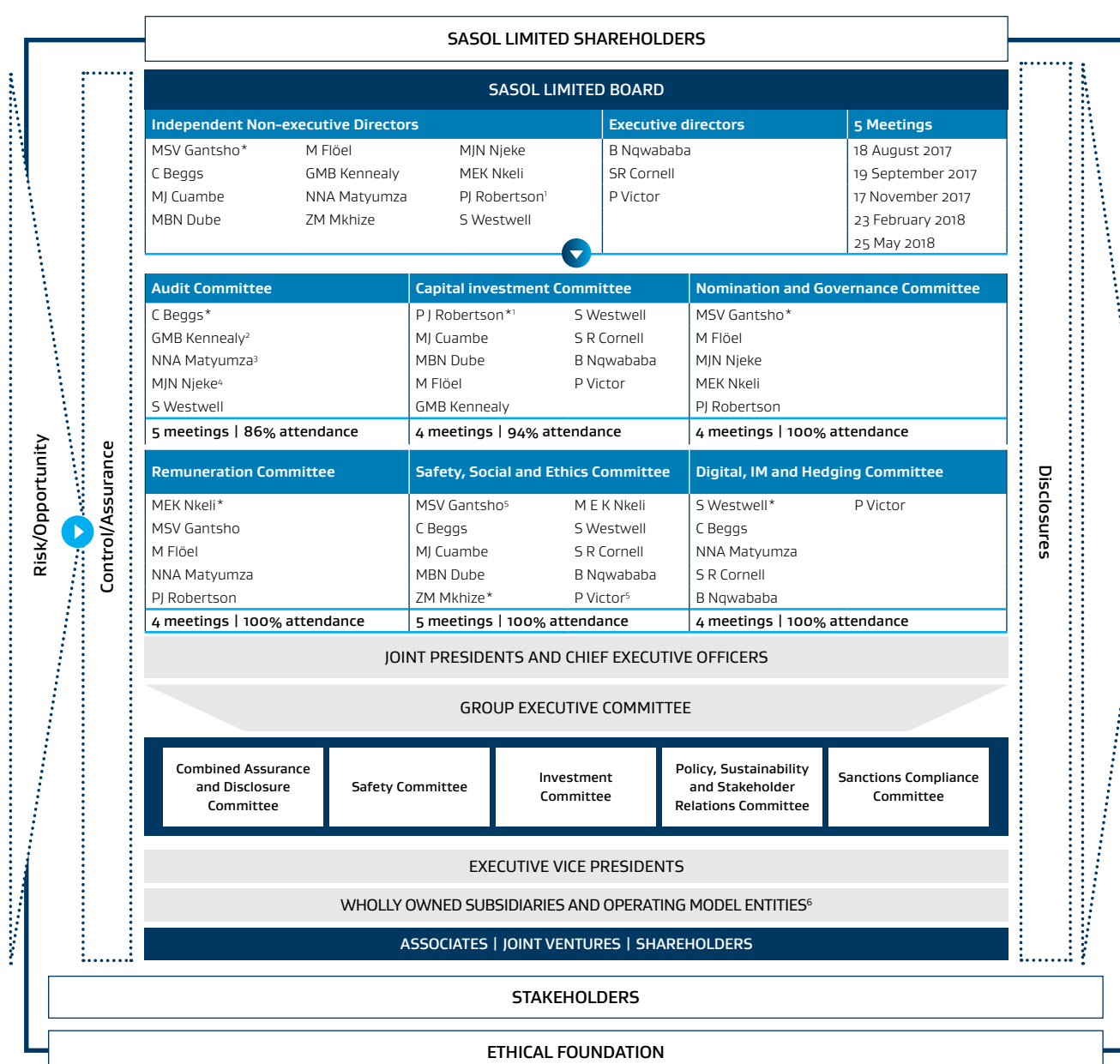
OUR GOVERNANCE FRAMEWORK

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 and the 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.

Areas of focus

The Board and its committees continue to closely monitor the implementation of Sasol's legal compliance policies and processes and improve upon them to mitigate the risk of non-compliance with the laws in the various jurisdictions in which we do business. Competition laws, anti-bribery and anti-corruption laws, sanction laws, safety, health and environmental laws, identified as key Group legal compliance risk areas, remain our focus. We have implemented risk mitigation controls for each of these areas, aiming to achieve a balanced approach on compliance, by taking into consideration Sasol's obligations as well as Sasol's rights. The Board is satisfied that it fulfilled all its duties and obligations in the 2018 financial year.



* Chairman

- Mr PJ Robertson did not attend these board and committee meetings due to family bereavement.
- Ms GMB Kennealy attended three out of five meetings. One of the meetings she did not attend was as a result of a family emergency and the other due to a schedule clash.
- Ms NNA Matyumza attended four out of five meetings. The meeting she did not attend was a special meeting arranged at short notice.

4. Mr MJN Njeke attended four out of five meetings. The meeting he did not attend was a special meeting arranged at short notice.

5. Dr MSV Gantsho and Mr P Victor stepped down as members on 23 February 2018 and 25 May 2018 respectively.

6. Comprise strategic business units, operating business units, regional operating hubs and Group functions.

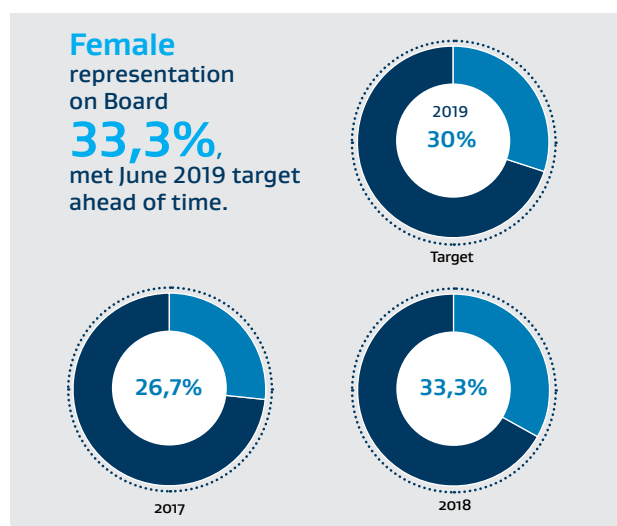
We regularly review and benchmark the Group's governance structures and processes to ensure they support effective and ethical leadership, good corporate citizenship and sustainable development and ensure that they are applied in the best interests of Sasol and our stakeholders. We have the necessary policies and processes in place to ensure that all entities in the Sasol Group adhere to essential Group requirements and governance standards. As a direct or indirect shareholder, Sasol exercises its rights and is involved in the decision-making of its subsidiaries on material matters and the Board is satisfied that its delegation of authority framework contributes to role clarity and effective exercise of authority and responsibilities.

Our directors and the composition of the Board and committees

The Board recognises and embraces the benefits of diversity at Board level, to enhance the quality of deliberations and of directors' perspectives. We appreciate that Board diversity is an essential component for sustaining a competitive advantage. Directors are chosen for their corporate leadership skills, experience and expertise. Our Board Charter emphasises the importance of race, age and gender diversity in the composition of the Board. Our Board comprises 33,3% female directors and 46,7% black persons from South African descent.


In the year, we announced the retirement of Mr HG Dijkgraaf, Lead Independent Director and chairman of the Remuneration Committee. Mr MJN Njeke was appointed as Lead Independent Director in his stead. As previously announced, Ms IN Mkhize retired as Director and Chairman of the Safety, Social and Ethics Committee on 17 November 2017.


We also announced the appointment of two new female independent Non-executive Directors, Dr M Flöel and Ms MBN Dube during the financial year.




The Nomination and Governance Committee assisted with the identification of suitable candidates to be proposed for appointment to the Board, taking into consideration the Board's succession plan and skills profile. Our two new directors were appointed following the identification by the Nomination and Governance Committee of a need to supplement the Board's expertise in the areas of chemicals, corporate finance, environmental sustainability and public

policy. We are comfortable that, after the latest changes to the Board, we still have the right balance of skills, experience and independence to make a meaningful contribution to the business of the company. The committees established by the Board play an important role in enhancing standards of governance and effectiveness within the Group. The terms of reference of the Board and its committees form part of the Board Charter and are reviewed every year.

 The roles and functions of the Chairman, the Lead Independent Director and the Joint Presidents and Chief Executive Officers are described in the Board charter available on our website at www.sasol.com.

 The complete terms of reference of the committees are available on Sasol's website, www.sasol.com.

 A summary of the terms of reference of the Audit Committee, including its duties and the execution thereof, are set out in the Audit Committee report included in the Annual Financial Statements and the functions of the Remuneration Committee, as well as directors' remuneration and other relevant remuneration information are available in the Remuneration Report.

Development

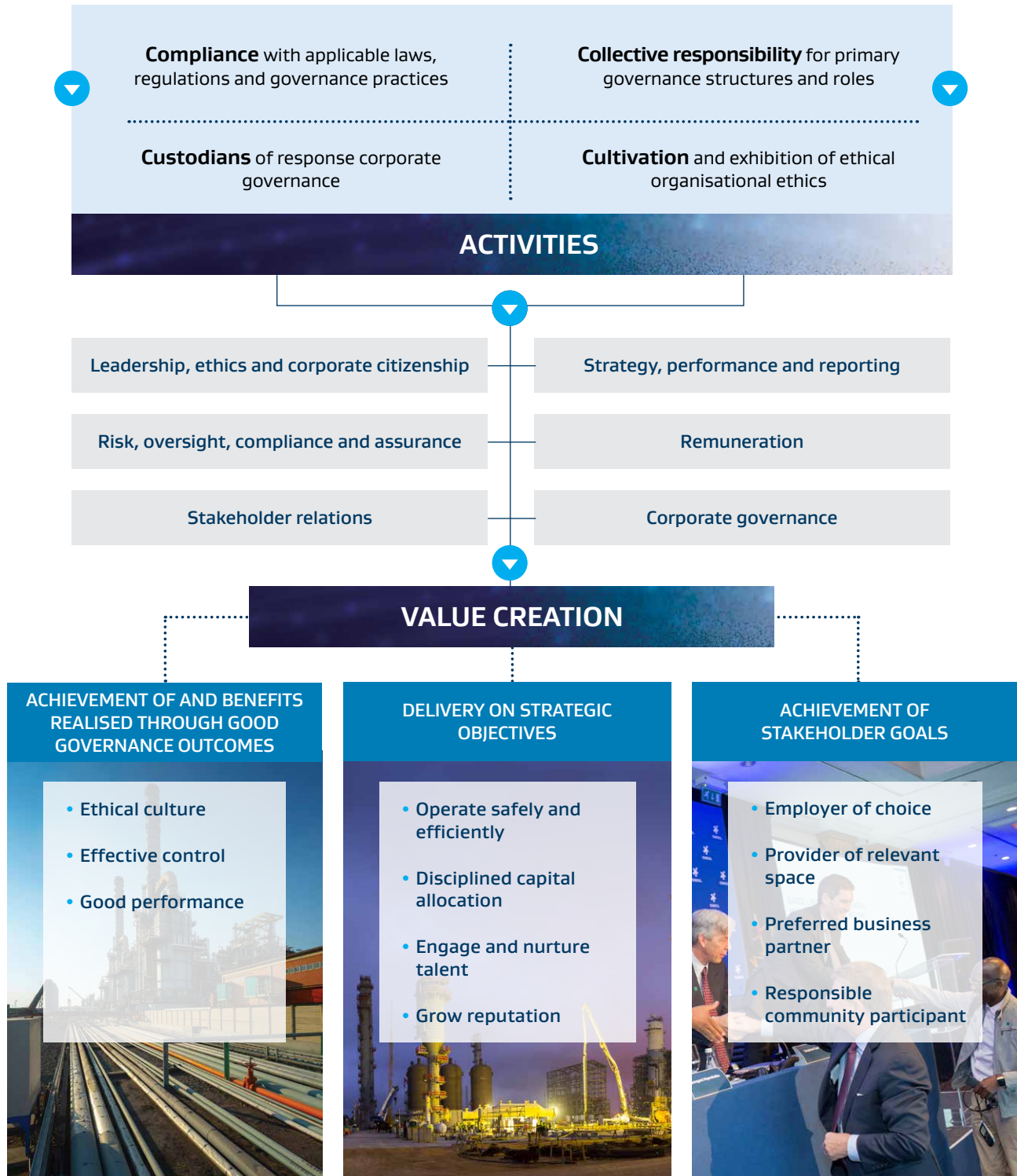
The development of industry and Group knowledge is a continuous process and we brief directors on legal developments and changes in the risk and general business environment on an on-going basis. We apprise newly appointed directors of Sasol's business and their duties and responsibilities as directors and give them the opportunity to visit Sasol's plants and operations.

The Board, its 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 as directors.

Performance

The effectiveness and performance of the Board, its committees, individual directors and the Chairman was measured by way of a self-assessment in the financial year. We are satisfied that the Board's performance is satisfactory in all aspects. We 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. No director appointed after 25 November 2016 may hold office for longer than nine years. The Board may nominate a director who served for nine years for re-election for an additional period of one year at a time, but no director's term of office may exceed 12 years. The Board is of the view that all Non-executive Directors are independent, in accordance with King IV™ and the rules of the NYSE. We have reconfirmed the independence of our Non-executive Directors who have been in office for more than nine years, namely Dr MSV Gantsho, Mr C Beggs and Mr MJN Njeke. We did this after taking into account, among other considerations, the extent to which the diversity of their views, skills and experience continue to enhance the Board's effectiveness and they are able to question management judgment objectively and inclusively. Succession planning will remain a key focus area in the year ahead.

Value creation through our governance structures



| Activities | Outcomes |
|--|---|
| Leadership, ethics and corporate citizenship | |
| <ul style="list-style-type: none"> Set the tone of the company's values, including principles of ethical business practice Approved revised Code of Conduct and Ethics policies Monitored protected disclosure and whistle-blowing mechanisms Disclosed directors dealings in accordance with JSE Listings Requirements Disclosed and proactively monitored conflicts of interest subject to legal provisions Delivered in induction, training and development programmes, where relevant Independent, informed and effective judgment on material decisions | <ul style="list-style-type: none"> Ethical and effective leadership, resulting in the achievement of strategic objectives and positive outcomes over time Sound ethical foundation throughout the company, resulting in an ethical culture and interaction with stakeholders Responsible corporate citizenship status Continuous development of director competence |
| Risk, oversight and compliance | |
| <ul style="list-style-type: none"> Reviewed and evaluated strategic risks and associated opportunities Considered an appropriate risk appetite for the company and approved risk appetite framework Commenced implementation of revised business continuity arrangements Considered potential impact of a South African sovereign rating downgrade and of disruptive technologies Reviewed solvency, liquidity and going-concern status, and agreed dividend payments Oversaw technology and information management Monitored corporate activities Approved Integrated Report, annual financial statements, financial results and results announcements | <ul style="list-style-type: none"> Appropriate governance structures and processes in place to ensure effective control of the company Risk and compliance management practices that support the company in setting and achieving its strategic objectives Ethical and responsible use of technology and information Submission of the annual compliance certificate, confirming the company's compliance with the JSE Listings Requirements Assurance services enable an effective control environment to support internal decision making and external reporting |
| Stakeholder relationships | |
| <ul style="list-style-type: none"> Identified material stakeholders and oversaw formulation of stakeholder engagement strategies Conducted independent annual perception survey with investors and analysts Engaged with various institutional investors regarding remuneration and other ESG matters and considered feedback Oversaw facilitation by management of regular and pertinent communication with shareholders | <ul style="list-style-type: none"> Stakeholder-inclusive approach adopted in the execution of governance roles and responsibilities Reasonable needs, interests and expectations of stakeholders, balanced in the best interests of the company over time |
| Strategy, performance and reporting | |
| <ul style="list-style-type: none"> Oversaw and constructively challenged strategic direction in relation to risks, opportunities, resources and relationships Held annual risk and strategy workshop to debate, refine and approve strategy Approved key performance measures and targets for assessing achievement of strategic objectives Approved 2019 budget Considered material acquisitions, disposals, investments and capital expenditure Conducted review of strategic policies and procedures to ensure effective implementation of strategy Approved management's determination of relevant reporting frameworks and basis for determining materiality | <ul style="list-style-type: none"> A well-governed company, run for the purpose of and in a manner that is intent on delivering value with due regard to sustainability matters Realisation of the company's core purpose and values through its strategy Reliable external reports that enable stakeholders to make an informed assessment of the company's performance Consistently ranked in Top 10 in the EY Excellence in Integrated Reporting Awards for past 12 years |
| Remuneration | |
| <ul style="list-style-type: none"> Approved remuneration policy Monitored executive directors' compliance with minimum shareholding requirement Approved and implemented long-term incentive scheme | <ul style="list-style-type: none"> Fair, responsible and transparent remuneration Provision for voting by shareholders on the remuneration policy and implementation report Alignment between executive director and stakeholder interests |
| Corporate governance | |
| <ul style="list-style-type: none"> Approved appointment of Mr Njeke as Lead Independent Director Approved appointment of Ms Dube who has climate change and sustainability experience Strengthened experience and diversity of the Board to deliver on strategy Considered independent board evaluation report and implemented action plans Considered the recommendations of King IV, for which disclosure on the application can be found on the company's website – www.sasol.com Strengthened independence of the Board and its Committees | <ul style="list-style-type: none"> Continued improvement in the performance and effectiveness of the board Achieved voluntary gender diversity targets at board level Substantial compliance with the spirit and principles of King IV |

REPORT OF THE SAFETY, SOCIAL AND ETHICS COMMITTEE



Moses Mkhize
Chairman

Dear stakeholders

On behalf of the Safety, Social and Ethics Committee (the Committee), I am pleased to present an overview of safety, social and ethics matters for the Group. The Committee reviewed the 2018 Sustainability Report and assurance processes supporting key data included therein.

SR Refer to Sustainability Report further details of our activities.

The Committee assumed Social and Ethics Committee responsibilities following the Nomination, Governance, Social and Ethics Committee's reconstitution as a Nomination and Governance Committee with effect from 1 June 2017. This has enabled the Committee to have a greater focus on our activities with respect to safety, social and ethics matters, including the statutory mandate provided for under the Companies Act, No 71 of 2008.

Ms Imogen Mkhize led the Safety, Social and Ethics Committee until she retired from the Board at our last annual general meeting on 17 November 2017. On behalf of the Committee, I thank Ms Mkhize for her leadership in shaping the direction of our Committee. In executing our responsibilities, we considered and monitored Sasol's activities, on safety and sustainability, social and economic development, labour and employment, ethics and stakeholder relationships as set out below, while having due regard to relevant legislation, human rights and prevailing best practice.

Safety and sustainability

We received reports covering matters relating to the Group's safety, health and environmental strategy, policies, performance, risks and liabilities. Safety is a top priority, and is one of our core values. We are therefore deeply saddened to report four work related fatalities and six high severity injuries this year. Four focus areas were identified which will form the basis of our safety programme for the next financial year. The Committee provides oversight over sustainability reporting and supports the Board in ensuring effective risk management oversight in material risks within the scope of the Committee.

Social and economic development

We monitored compliance with the goals and purposes of the 10 principles of the United Nations Global Compact and the Organisation for Economic Co-operation and Development's recommendations regarding corruption. The Committee also considered Sasol's activities in relation to good corporate citizenship, with an emphasis on Sasol's social investment and global programmes embarked on within education, skills development, environment, community development and employee volunteerism. The Committee considered Sasol's activities in relation to all environmental, health and public safety matters, including the impact of the company's products and services on stakeholders.

Labour and employment activities

We received reports on employment relationships, organised labour and the International Labour Organisation Protocol 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, focusing on gender diversity, 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.

Ethics

We monitored the tone at the top, the ethics culture of the Group and considered reports on ethics transgressions and how the Group responds to these. In February 2018, we adopted a new Code of Conduct (the Code) which entrenches our seven values for the Group, which applies to all our directors and employees. The Code 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.

Stakeholder relationships

We received reports on our supplier and consumer relationships and the governance of the Group's stakeholder engagement activities as well as Sasol's standing in terms of the South African Broad-Based Black Economic Empowerment (B-BBEE) Act, No 53 of 2003, including Sasol's proposed response to the revised B-BBEE Codes. The Board, assisted by the Committee, ensures that disputes with Sasol's stakeholders are resolved as effectively, efficiently and expeditiously as possible. It considered the legitimate interests and expectations of stakeholders in all its decision-making. We regularly communicate with our stakeholders, including presenting the Group's strategy and performance to investors. In 2018, we continued our engagement with non-governmental organisations on matters related to climate change. In terms of the Promotion of Access to Information Act, 2 of 2000, Sasol considers and responds to all requests for access to information. We ensure appropriate engagement with requesting parties, without compromising Sasol's rights with respect to the protection of certain information.

Two valid requests for information were received during the year, one of which was rejected based on non-compliance with the requirements of the Act, and one was acceded to.

Mr ZM Mkhize
Chairman

27 August 2018

REPORT OF THE REMUNERATION COMMITTEE



Mpho Nkeli
Chairman

Dear stakeholder

On behalf of the Remuneration Committee (the Committee), I am pleased to present the 2018 remuneration report. It highlights the policy's key components, which are aligned to the Group's strategy, and also illustrates how the policy translated into reward outcomes over the past year.

I would like to start by thanking Mr Henk Dijkgraaf for his immense contribution and dedication as the Committee Chairman over the past 10 years. Under his leadership, the Sasol remuneration policy was completely transformed and is now considered to be market-related as well as balanced with shareholders' interests. Mr Dijkgraaf retired from the Sasol Limited Board (the Board) on 30 April 2018. We wish him well in his retirement.

During April 2018, I had the privilege of meeting our largest institutional investors as part of the orientation into my new role. I would like to thank everyone for the confidence they have placed in me and can assure you that the feedback that we receive not only from our shareholders but all stakeholders, is seriously considered by the Committee. I would also like to thank all Sasol's shareholders for their continued support of our remuneration policy. At the November 2017 Annual General Meeting, 92,96% (2016: 90,93%) of votes cast were in favour of the remuneration policy and 89,84% supported the implementation report.

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

FOCUS AREAS

Reviewing **peer group for benchmarking** purposes

Benchmarking of **long-term incentive** vesting periods

Aligning incentive targets with revised **strategic objectives**

Reaching groundbreaking **multi-year increase settlements** for unionised staff

Policy alignment for Non-executive Director fee structures

strategy and grow stakeholder value sustainably. Our remuneration policy is reviewed annually to determine how well it enables the attraction, motivation and retention of skilled resources while maintaining a strong balance with shareholder interests.

Alignment of Non-executive Director fee structures

In line with the Group's pay philosophy the Board has, since 2013, been considering how to ensure pay parity for our Non-executive Directors, and could no longer ignore the fact that we offer different fee structures to our Non-executive Directors on the basis of residence only. After recent meetings with large institutional investors, we refined the fee proposal and you will be requested to support the revised fee structure at our November 2018 Annual General Meeting.

Multi-year increase settlement

The Committee was delighted with the ground-breaking multi-year wage increase settlements that were reached in the Chemicals and the Mining sectors of our operations. These have contributed significantly to a stable and productive working environment for our South African operations. The Committee also reviews the minimum salaries offered to our employees ensuring that they are market-related and evidence of being a responsible, caring employer. In this vein, we have approved an enhancement to the Sasol South Africa share savings plan which will encourage our employees to contribute towards a long-term savings option into Sasol share units. Members of the Group Executive Committee (GEC) are not eligible to participate in this plan.

Alignment of incentive targets

The 2018 focus areas and the policy enhancements support the delivery of Sasol's strategic objectives and emphasise our commitment to safety, human capital management and environmental sustainability. The introduction of the Return On Invested Capital (ROIC) target in our LTI plan and the project delivery measure in our short-term incentive (STI) plan were mainly as a result of feedback received from our shareholders.

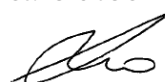
Pay for performance

Sasol's financial results for 2018 were again impacted by the volatile macroeconomic environment. The stronger rand/US dollar exchange rate impacted significantly on Sasol's ability to meet earnings targets. Despite this challenge and the very unfortunate fatalities, Sasol maintained resilient performance and was able to meet some of the targets set for the STI plan. The group's "total shareholder return" performance was below target which again resulted in a below-target LTI plan vesting percentage. Despite low incentive scores the Committee has however, as in the past, agreed to not apply its discretion in changing the outcome of the formulaic calculations. There were no exceptions to the policy which required the Committee's approval.

2019 Planned policy enhancements

- Review of the design of our incentive plans to ensure ongoing relevance and competitiveness
- Review of the employee value proposition offered to all our employees
- Implementation of a single Non-executive Director fee structure
- Detailed internal equity analysis

We are committed to ensuring that the remuneration policy and practices are fair and responsible and we welcome the opportunity to discuss the policy and its outcomes with our stakeholders.



Mpho Nkeli

Chairman of the Remuneration Committee
16 August 2018



Remuneration policy

1.1 Introduction

The Committee is mandated by the Board to oversee all aspects of remuneration in accordance with the approved terms of reference. These are reviewed annually by the Board and are available on the groups website at www.sasol.com. Feedback reports on the decisions taken at Committee meetings are presented to the Board. The effectiveness of the Committee and the Committee Chairman is assessed every two years.

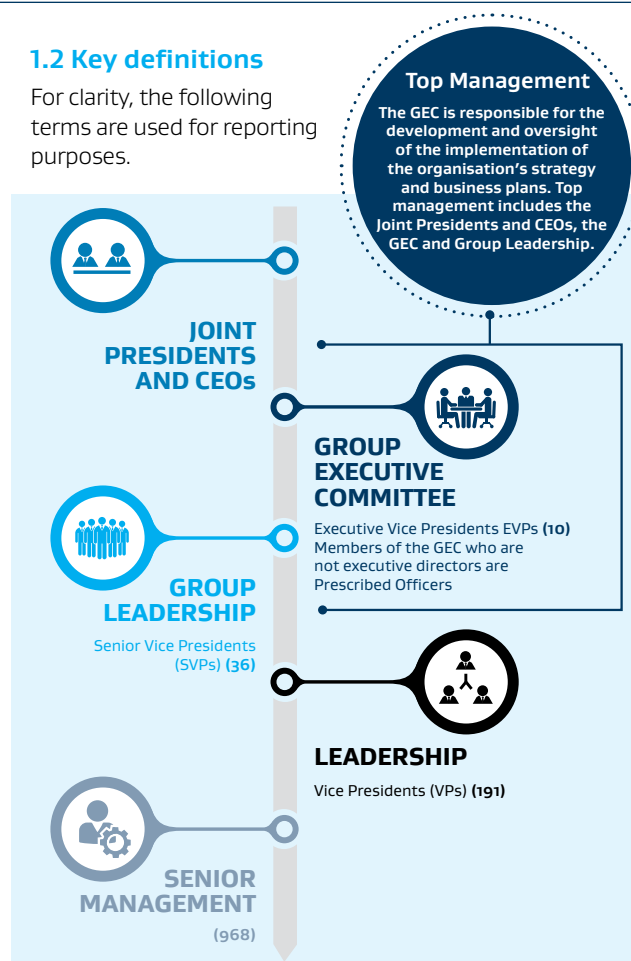
The Committee met four times during the year.

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

Aon (a United Kingdom-based firm that is a signatory to the UK Remuneration Consultants' Code of Conduct) acts as our independent external advisor in support of our endeavours to act independently and provides specialist input to the Committee. Management consults survey reports from various large remuneration firms and also contract Vasdex associates from time to time.

1.2 Key definitions

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



1.3 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 Committee ensures that:



The policy is transparent to all stakeholders



All incentive plans and the remuneration mix is reviewed annually



Executives do not approve their own remuneration or benefits



All exceptions are approved by the Committee and by the Board in the case of Executive Directors

2.1 Key components of our remuneration policy

Our policy is linked to the group strategy and is a key enabler for the achievement of the Group's key performance indicators.

| Remuneration component | Policy principles | Policy application |
|---|---|--|
|  <p>Total Guaranteed Package (TGP)/ Base salary</p> | <ul style="list-style-type: none"> TGP = Base salary + cost of all employer contributions. Broad pay bands set with reference to location and sector-specific median benchmark points. For GEC, the benchmark is derived from a comparator group resembling a similar geographic footprint, market capitalisation and business model as Sasol's. The total cost of annual increases is approved by the Committee and set in accordance with market movement, affordability and forecast inflation. Performance-based increases are not applied for the bargaining sector as across-the-board increases are applied with effect from 1 July. For other employees, the effective date is 1 October. The company's expatriate remuneration policy enables global mobility of key management and specialists. | <ul style="list-style-type: none"> Employees in countries other than South Africa and employees in the SA collective bargaining sectors, are paid a base salary rather than a TGP. 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. Expatriate salaries are adjusted for cost-of-living and location differences and tax equalisation is mostly applied. |
|  <p>Benefits and allowances</p> | <ul style="list-style-type: none"> 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. Allowances are paid in terms of statutory compliance or as is applicable in a sector / jurisdiction. A number of special allowances including <i>inter alia</i>, housing, cost of living, home leave and child education are included in the group's expatriate policy. | <ul style="list-style-type: none"> Benefits are offered on retirement, for reasons of sickness, disability or death. 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. Allowances are linked to roles within specific locations and are paid together with salaries. With the exception of expatriates, there are no allowances paid to those in senior management and higher. |
|  <p>Short-term incentive (STI) plan</p> | <ul style="list-style-type: none"> 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. Target incentives align with median benchmarks. The STI structure consists of group, entity and individual performance targets set in advance of every financial year. 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. | <ul style="list-style-type: none"> Group targets for 2018: <ul style="list-style-type: none"> Growth in headline earnings Growth in production volumes Growth in cash fixed costs Improvement in working capital and gross margin Project delivery B-BBEE targets (for South African entities in respect of preferential procurement and employment equity) Safety and sustainability targets – recordable case rate (RCR), fires, explosions and releases (FERs) and energy efficiency in our South African manufacturing operations Operating Model Entity (OME) incentive targets are set in line with business plans approved by the responsible EVP. 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: <ul style="list-style-type: none"> safe transportation of hazardous chemicals, occupational health measures, carbon 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. Individual targets are agreed in the annual performance contract, performance against objectives are assessed bi-annually. |
|  <p>Long-term incentive (LTI) plan</p> | <ul style="list-style-type: none"> Equity-settled awards linked to the market value of a Sasol ordinary share (or American Depository Receipts (ADR) for international employees), subject to the vesting conditions. The Committee governs LTI awards and considers these in respect of: <ul style="list-style-type: none"> Internal and external promotions to qualifying roles; Annual awards to eligible employees; and Discretionary awards for purposes of retention. 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. | <ul style="list-style-type: none"> Of the total award, the following portion is linked to corporate performance targets (CPTs): <ul style="list-style-type: none"> Group Executive Committee: 100% Other participants: 60% CPTs include: <ul style="list-style-type: none"> Total shareholder return vs. two indices, namely the MSCI World Energy Index and the MSCI World Chemicals Index Efficiencies measuring increase in tons produced over staff growth Return on invested capital (ROIC) |

2.2 Total remuneration

This section provides detail on the different components of the reward mix offered.

2.2.1 Benchmarking

One of the Committee's key tasks is to preserve the relevance, integrity and consistency of benchmarking. Benchmark data is used for purposes of providing trend lines and for the comparison of practices but is indicative only.

Benchmarking sources:

| Employee group | Data source |
|--|---|
| GEC | Executive remuneration comparator group and data in executive surveys |
| Rest of employees in Southern Africa | Survey reports from PwC, Remchannel and Mercer |
| Employees in the international environment | Survey data from the Hay Group, ECA, Mercer and Towers Watson |

In the past year, we recognised that some of the companies that had been included in the peer group since 2015, were for various reasons, no longer relevant e.g. British Gas, ABInBev, DowDuPont, AngloGold Ashanti and Gold Fields. To allow for more comparability, we needed to include more chemicals companies from the MSCI World Chemicals Index. We also needed to exclude some of the companies with a market capitalisation much larger than that of Sasol.

The following 27 companies have now been included in the new peer group, to be used from 2019 for executive remuneration benchmarking as well as the setting of Non-executive Director fees:

| Previous comparator group | New comparator group |
|--|---|
| <ul style="list-style-type: none"> South African listed companies: Anglo American, AngloGold Ashanti, BHP Billiton, Gold Fields, Mondi, MTN Group, SAB Miller International listed companies: BASF, BG Group, BP, Dow Chemical, ENI, Hess, Imperial Oil, Lyondellbasell, Marathon Petroleum, Occidental Petroleum, Phillips 66 | <ul style="list-style-type: none"> South African listed companies: Anglo American, BHP Billiton, Kumba Iron Ore, Mondi, MTN Group International listed companies: Air Products and Chemicals, Akzo Nobel N.V., Albemarle, Anadarko Petroleum, Apache Corp, BASF, Continental Resources, Covestro AG, Devon Energy, Eastman Chemical, Evonik Industries AG, Hess, Imperial Oil, Linde AG, Lyondellbasell, Noble Energy, Origin Energy, Pioneer Natural Resources, Phillips 66, Solvay SA, Suncor Energy, and Williams. |

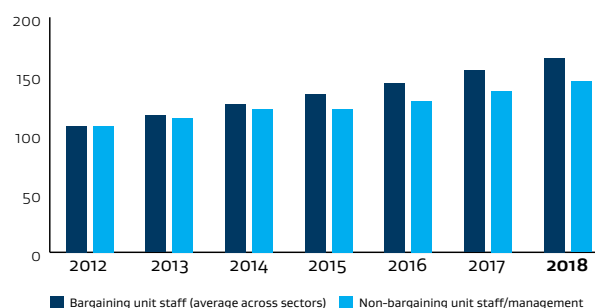
The Committee is comfortable that the new comparator group is more representative of our business model, product range and market capitalisation.

We do not follow benchmarks slavishly, but use the information as an indicator when we design our plans and pay lines.

2.2.2 Total guaranteed package (TGP)

South African employees who are not covered by collective bargaining agreements receive a TGP which includes employer contributions towards retirement, risk and healthcare benefits. In terms of this model, all changes to benefit contribution levels are cost neutral to the employer and increases in the benefit pricing of employee and employer contributions reduce the net cash salary of employees. All other employees receive a basic salary. In some jurisdictions, a 13th cheque is payable.

Performance based increases are not applied for the South African bargaining sectors as across-the-board increases are applied with effect from 1 July each year. In all other jurisdictions, annual increases are distributed with reference to merit and the positioning in the pay range. Increases are also negotiated with trade unions and works councils in the USA, Germany and Italy. The following graph, shows the compound effect of higher increases that have been awarded to employees in the South African bargaining sectors, compared to the increases granted to employees who fall outside of the bargaining sectors including management.



In addition to higher increases in the Mining sector specifically, Sasol also offered an enhanced housing allowance benefit to our mining employees over the past year, at an annual cost of R19 million as well as a significant increase in the minimum salary offered. The revised minimum monthly salary of R8 800 per month, effective 1 July 2017, translates to an annual minimum total guaranteed package excluding incentives and overtime, of R173 840 or R14 487 per month. We are aware that our employees are highly indebted and therefore implemented two programmes over the past year to assist employees in the process of legally challenging garnishee orders, to restructure debt and to educate our employees on financial management.

In addition, we issued a 'Quality of Life' survey to all our South African employees to inter alia assess their living standards which includes the form of housing they use, understand more about the extent to which they have to support extended families, and which benefits they value most and least. This information is in the process of being analysed and will greatly inform future interventions to enhance the different components of our employee value proposition and re-inforce the feeling of care for our employees. Similar interventions will, as appropriate and required, be implemented in the different locations where we operate in, around the globe.

2.2.3 Short-term incentive plan

The configuration and weightings attached to the different parts of the STI formula differ to the extent that employees can influence the achievement of performance objectives either directly or indirectly.

Measurement of Executive Directors' performance

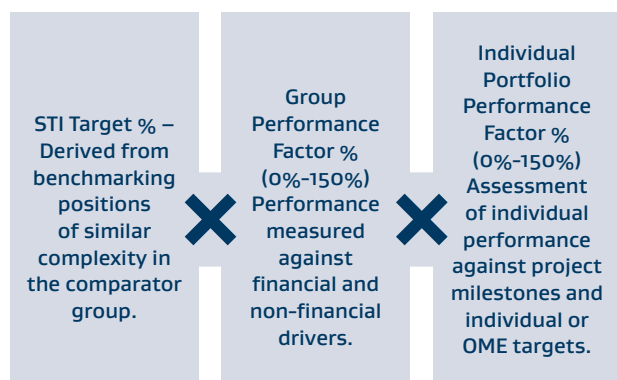


Measurement of Prescribed Officers (GEC) performance

The Joint CEOs table the performance outcomes of all Prescribed Officers to the Committee which is required to approve all incentive payouts and vesting of awards.

STI – Members of the GEC

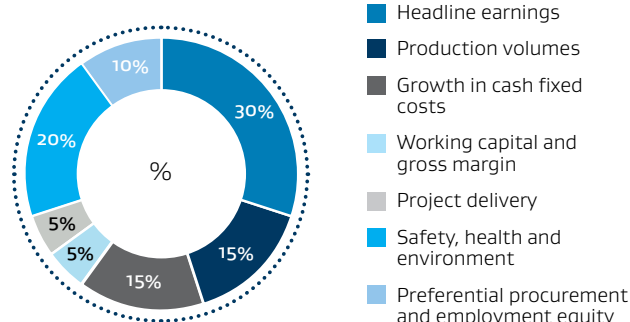
The following formula is used to calculate the STI amounts payable to the GEC:



The Committee and the Board have discretion to alter the outcome of the calculation and will disclose any changes made.

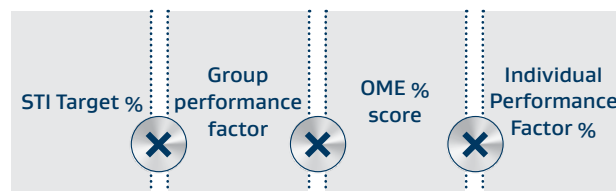
The following chart sets out the targets and weightings approved for the 2018 STI. The changes from 2017 are the inclusion of a project delivery measure and a focus on high-severity safety incidents.

2018 Group STI targets for GEC



30% of the group scorecard applicable to members of the GEC is now made up of environmental, social and governance (ESG) measures.

STI – Below the GEC



The individual performance factor ranges from 0% to 100% but must balance at 100% across the Group.

All scores are audited by Sasol Assurance Services and payment is approved by the Committee.

2.2.4 Long-term incentive plan

Equity-settled plan

To align the interest of executives with the interest of shareholders, Sasol provides qualifying employees with the opportunity to participate in the LTI-plan.

The equity-settled LTI gives participating employees the opportunity, subject to the vesting conditions, to receive Sasol ordinary shares or ADR. Participants have the option to sell or retain the shares after the vesting period.

A split vesting period applies to top management, where 50% of the award vests subject to the achievement of CPTs after three years from the date of grant (performance period). The balance is released to the participant after a five-year period subject to the vesting conditions. Accelerated vesting principles in cases of termination for 'good leavers' do not apply to top management. A service penalty is applied for all participants whose services are terminated under 'good leaver' conditions before the end of the performance period.

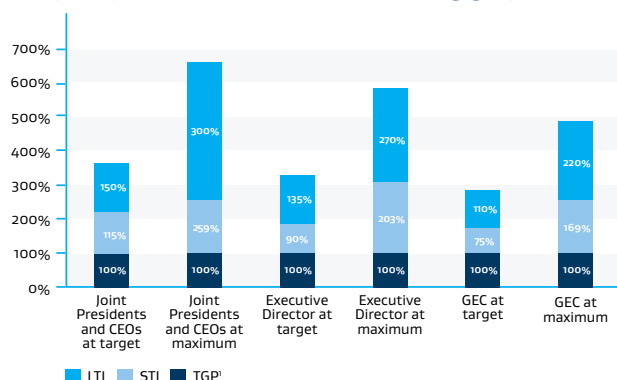
In line with the practice of our peer companies, the growth in attributable earnings target was replaced with a Return On Invested Capital (ROIC) target, thereby incentivising effective capital allocations.

The following table summarises the weightings and CPTs under which the 2018 LTI awards were granted.

| Measures ¹ | Weighting (of the portion linked to the CPTs) | Threshold | Target (at which 100% of the awards vest) | Stretch (at which 200% of the awards vest) |
|---|--|--|--|--|
| Increase in tons produced per head | 25% | 0% improvement on base | 1% improvement on base | 2% improvement on base |
| Return on invested capital (ROIC) ² | 25% | 3-year average ROIC (excluding AUC ⁴) at 1 x times WACC ⁵ | 3-year average ROIC (excluding AUC ⁴) at 1,3 times WACC ⁵ | 3-year average ROIC (excluding AUC ⁴) at 1,5 times WACC ⁵ |
| TSR ³ – MSCI World Energy Index | 25% | 40th percentile of the index | 60th percentile of the index | 75th percentile of the index |
| TSR ³ – MSCI World Chemicals Index | 25% | 40th percentile of the index | 60th percentile of the index | 75th percentile of the index |

1. Vesting on a straight-line basis between threshold and target and between target and maximum.
2. ROIC replaced compound growth in attributable earnings in 2017.
3. TSR = Total shareholders' return measured separately against the two indices; vests on a ranked relative basis between threshold and target and between target and maximum.
4. AUC = Assets under construction.
5. WACC = Weighted average cost of capital.

The threshold, target and maximum reward outcomes that could be derived under the terms of the policy are indicated in the following graph:



1. Joint Presidents and CEOs, Executive Directors and GEC members at threshold performance will only receive TGP.

The graphs indicate a balanced portfolio of rewards allocated in terms of base salary/TGP, short-term and long-term incentives, tied to the achievement of group and individual targets set over the short and long term to ensure sustainable focus on the Group's strategic objectives. The pay mix is annually reviewed.

2.3 Clawback policy

Clawbacks may be implemented by the Board for material misstatements of financial statements or errors in calculations that led to the overpayment of incentives to executives and gross misconduct on the part of the employee leading to dismissal. Clawbacks may be

implemented from all gains derived from any short-term or long-term incentive award in the form of a reduction in the value of these awards in future years, or (other than for executive directors) in the form of a repayment plan over a period of up to 12 months. Executive directors are required to repay the amount in full. In the event that an employee has left the services of the company, or there is limited possibility of recovering amounts from future incentive awards, the company may institute proceedings to recover such amounts.

2.4 Share ownership by executive directors

The share ownership guideline effective 1 July 2016 requires the following holdings:

- Joint Presidents and Chief Executive Officers: 300% of annual pensionable remuneration
- Chief Financial Officer and other executive directors: 200% of annual pensionable remuneration

The requirement must be fully achieved within five years from the date of appointment.

| Executive directors | Date of appointment | Annual pensionable remuneration on date of appointment | Required value of share ownership | Value of direct beneficial Sasol ordinary share-holding ¹ | Year-end value of unvested LTIs |
|---------------------|---------------------|--|-----------------------------------|--|---------------------------------|
| SR Cornell | 1 July 2016 | \$900 000 | \$2 700 000 | – | \$4 581 000 |
| B Nqwababa | 1 July 2016 | R6 580 000 | R19 740 000 | R6 538 689 | R61 517 000 |
| P Victor | 1 July 2016 | R4 340 000 | R8 680 000 | – | R38 420 000 |

1. 13 003 Sasol ordinary Shares valued at the closing share price of R502,86 on 30 June 2018.
















2.5 Retention and sign-on payments

The sign-on payment and retention policy may be used in the recruitment of candidates in highly specialised or scarce skill positions, mostly in senior levels, or to retain critical skills. These payments are linked to retention periods of at least two years.

2.6 Executive service contracts

The term of office of the Joint Presidents and CEOs is not specified in the company's memorandum of incorporation. Members of the GEC have permanent employment contracts with notice periods of three to six months. The contracts provide for salary and benefits to be offered to them as well as participation in incentive plans on the basis of group and individual performance and as approved by the Board. EVPs who are members of the South African Sasol Pension Fund are required to retire from the Group and as directors from the Board at the age of 60, unless requested by the Board to extend their term. Apart from security benefits, there are no other special perquisites for members of the GEC.

Termination arrangements applicable to GEC

|  REMUNERATION POLICY COMPONENT |  VOLUNTARY TERMINATION i.e. resignation |  INVOLUNTARY TERMINATION (i.e. retrenchment, redundancy, retirement or other reasons included under the definition of 'good leaver') |
|--|---|--|
|  Base salary |  Payable up to the last date of service including the notice period either in exchange for service or in lieu of the notice period. | Payable up to the last date of service including a four-month notice period. |
|  Health insurance |  Benefit continues up to the last date of service. | Benefit continues up to last date of service; employees who qualify for the post-retirement plan continue to receive the employer's contribution. |
|  Retirement and risk plans |  Employer contributions are paid up to the last date of service. The employee is entitled to the full value of the investment fund credit and any returns thereon. | |
|  Other benefits |  Not applicable. | A severance package equal to three weeks' salary per completed year of service is offered which may be increased for voluntary retrenchments or mutually agreed terminations. |
|  Short-term incentive |  If the executive resigns on or after 30 June, there is an entitlement to the STI which may be applicable for the past financial year, subject to the achievement of performance targets. No <i>pro-rata</i> incentive is due if the executive leaves prior to the end of the financial year for reasons of dismissal or resignation. | A <i>pro rata</i> incentive is payable for the period in service during the financial year. |
|  Long-term incentives |  All vested Share Appreciation Rights (SARs) to be exercised by the last date of service. All unvested SARs and LTIs are forfeited. | The original SAR vesting period remains unchanged up to the normal date of retirement and then vests subject to the achievement of CPTs as well as an application of a service penalty for the period not worked during the vesting period. No accelerated vesting applies to long-term incentives but service penalty will be applied at the end of the vesting period. |

2.7 Non-binding advisory votes on the remuneration policy and implementation report

In the event that less than 75% support for these reports is achieved at the AGM, Sasol will invite dissenting shareholders to submit reasons for such votes in writing, whereafter further engagements may be scheduled.

2.8 Non-executive Director (NED) fees

NEDs are appointed to the Sasol Limited Board based on their ability to contribute competence, insight and experience appropriate to assisting the Group to set and achieve its objectives. Consequently, fees are set at levels to attract and retain the calibre of director necessary to contribute to a highly effective board. They do not receive short-term incentives, nor do they participate in LTI plans. No arrangement exists for compensation in respect of loss of office.

NEDs are paid a fixed annual fee in respect of their board membership, as well as supplementary fees for committee membership and an additional committee fee for formally scheduled board and committee meetings that do not form part of the annual calendar of meetings. Actual fees and the fee structure are reviewed annually.

Six years ago, the Board agreed that the ever-widening gap in the fees earned by resident and non-resident directors needed to be closed. Although approval was received for several higher-than-inflation increases to the resident NED fees, the volatility of the rand/US dollar currency negated any progress made in this regard. Also, over the past few years, the continued low Brent crude oil price and balance sheet constraints due to the advancement of our growth project in the US did not create an opportune time for any big changes in the NED fee structuring approach. Sasol is a global company and needs to attract and retain a diverse mix of South African and global directors to its board. Our remuneration policy allows for justified discrimination in remuneration. The Board does not believe that different fee structures for resident and non-resident directors is justifiable. Therefore, we have recently held consultations with our large institutional investors on a proposal for a single currency fee structure. We have considered all the feedback received and will request shareholders to vote on the new NED fee structure at the November 2018 Annual General Meeting. We anticipate phasing in the new structure over time.

Details of annual Non-executive Directors' fees on page 32 of the Annual Financial Statements.

ALIGNING REMUNERATION TO OUR STRATEGIC TARGETS

To drive our top priorities which are aligned to delivery of our strategy, we make executives accountable through key performance indicators (KPIs) aligned with our strategy and also align their remuneration with these KPIs.

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 pay-out to 40% of Core HEPS (2,5x cover) by 2022 thereafter moving pay-out 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 annually determined 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 are:

- pursue zero harm;
- nurture our foundation business and secure license to operate;
- deliver sustainable growth and clarify future investment opportunities;
- build a resilient organisation for the future; and
- drive customer, operational and capital excellence.

SHORT-TERM INCENTIVES (STI)

2018 key performance targets

| | |
|---|--|
| Year-on-year growth in headline earnings – 2017 CPI +2% | |
| 2% year-on-year growth in production volumes (fuel equivalent tons) | |
| Year-on-year growth in cash fixed costs including BPEP savings | |
| Working capital and gross margin | |
| Project delivery | |
| Preferential procurement (PP) score of 11 out of 25 | |
| Employment equity – African and Coloured appointments into senior positions | |
| RCR = 0,27 | |
| 19 FERs | |
| Injuries and fatalities below six | |
| Energy efficiency improvement of 0,5% in South African operations | |
| Fatalities | |
| GEC STI score | |

LONG-TERM INCENTIVES (LTI)

Corporate performance targets (CPT)

| | |
|-----------------------------------|--|
| Increase in tons produced/head | |
| Growth in attributable earnings | |
| TSR vs. MSCI World Chemical Index | |
| TSR vs. JSE Resi 10 Index | |
| TSR vs. MSCI World Energy Index | |
| GEC CPT score for LTI | |

| How does it link to value creation | Weighting % | 2018 Achievement | Score | 2017 | 2016 |
|--|-------------|-----------------------------------|--------|-------------------------------|--|
| Growth in earnings create value for shareholders and stakeholders | 30% | 16% below target | 0% | Below threshold | Below threshold |
| Through production improvements and an efficient workforce we increase earnings for our shareholders | 15% | 0,9% growth | 13,50% | 1,8% growth | 1,25% growth |
| Reduced cash fixed costs increase earnings and make cash available for other projects or incremental projects which can create value for all stakeholders | 15% | R216m above target | 18,22% | On target | Exceed stretch target |
| Increase in gross margin translate into increased earnings and increased value to all stakeholders | 5% | 4% below target | 3,66% | 8,8% below target | 99,7% of target |
| Delivering projects within estimated time and budget increase cash available for other projects and ensure increase in outputs | 5% | On target | 5,00% | – | – |
| 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% | PP score of 16 | 7,50% | Exceed stretch target | Exceed stretch target |
| Integral to our aspirational culture is that we value and promote diversity and inclusion | 5% | 49% of opportunities utilised | 0% | 53% of opportunities utilised | 77% of senior external appointments African and Coloured |
| Nothing matters more than everyone returning home safely and, as such, improving safety in our operations is of the utmost importance | 5% | RCR of 0,27 | 5,00% | RCR of 0,28 | RCR of 0,29 |
| The decrease in the number of significant fires, explosions and releases is important to us as it ensures safe and reliable operations | 5% | 15 FERs | 7,50% | Achieved stretch target | Exceed stretch target |
| Given our commitment and approach to safety we believe zero harm is possible | 5% | 10 injuries and 4 fatalities | 0% | | |
| 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 in support of asset integrity, and this year we committed to the global Energy Productivity 100 initiative | 5% | 0,4% energy intensity improvement | 2,63% | 1,67% improvement | |
| | | 4 | | 5 | 1 |
| | | | 63,01% | 72,79% | 81,99% |

| How does it link to value creation | | 2018 Achievement | Score | 2017 | 2016 |
|---|-----|-----------------------------|-------|-----------------------------|-----------------------------------|
| Through production improvements and an efficient workforce we increase earnings for our shareholders | 25% | 72% | 50% | Achieved stretch target | Achieved stretch target |
| Growth in earnings create value for shareholders and stakeholders | 25% | Below threshold | 0% | Below threshold | Below threshold |
| 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 value created to shareholders | 50% | 31 st percentile | 0% | | Between median and lower quartile |
| | | | | 6 th in group | |
| | | 52 nd percentile | 19% | 47 nd percentile | |
| | | | 69% | 90% | 93% |

Executive Directors

Factors considered in the final determination of the annual STI award. The final individual performance factors (IPFs) are disclosed in a range:

| Executive Directors | TGP/Base salary as at 30 June 2018 A | Target % B | Group factor % C | Individual performance factor % range D | 2018 STI value E = AxBxCxD |
|-------------------------|---|---------------|---------------------|--|-------------------------------|
| SR Cornell ¹ | \$945 000 | 115% | 63,01% | 100% – 110% | \$746 390 |
| B Nqwababa | R10 058 000 | 115% | 63,01% | 100% – 110% | R7 798 350 |
| P Victor | R7 064 900 | 90% | 63,01% | 100% – 110% | R4 407 078 |

1. Gross US dollar salary

Remuneration and benefits paid (disclosed in rands) and approved in respect of 2018 for Executive Directors:

| Executive Directors | SR Cornell | | B Nqwababa | | P Victor ⁵ | | VN Fakude ⁶ | |
|--|------------|--------|------------|--------|-----------------------|--------|------------------------|--------|
| R'000 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Total salary and benefits ¹ | 26 431 | 25 833 | 10 341 | 16 678 | 6 948 | 8 611 | – | 4 651 |
| Annual short-term incentive ² | 10 882 | 9 291 | 7 798 | 7 318 | 4 407 | 4 951 | – | – |
| Long-term incentive gains ^{3,4} | 8 956 | 2 107 | 7 754 | 12 013 | 2 744 | 4 538 | – | 6 312 |
| Total annual remuneration | 46 269 | 37 231 | 25 893 | 36 009 | 14 099 | 18 100 | – | 10 963 |

1. Details of benefits offered on page 34 of the Annual Financial Statements.

2. Short-term incentives approved based on the Group results for the 2018 financial year and payable in the 2019 financial year. Incentives are calculated as a percentage of total guaranteed package/base salary as at 30 June 2018.

3. Long-term incentives for the 2018 financial year represent the number of units x corporate performance target achieved (2018) x closing share price on 16 August 2018. The actual vesting date for the annual awards made on 21 September 2015 is 21 September 2018. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTI units vest. It represents: number of units awarded x corporate performance targets achieved during financial year 2018 x dividend equivalents up to 21 September 2018.

4. Long-term incentive grants made in 2016 vest in 2019 with a vesting result of 69%; 50% of the vested shares are subject to a further holding period of two years.

5. Long-term incentives granted in 2016 to Mr P Victor, whilst he was a Senior Vice President will vest in 2019.

6. Ms Fakude resigned from the Group with effect from 31 December 2016.

Details of long-term incentives and share appreciation rights on page 34 of the Annual Financial Statements.

Prescribed Officers

Factors considered in the final determination of the annual STI award. The final individual performance factors (IPFs) are disclosed in a assignment range:

| Prescribed Officers | TGP/Base salary/ Net indicative assignment salary as at 30 June 2018 A | Target % B | Group factor % C | Individual performance factor % range ⁴ D | 2018 STI value E = AxBxCxD |
|--------------------------|--|---------------|---------------------|---|-------------------------------|
| FR Grobler ¹ | €286 032 | 75% | 63,01% | 100% – 110% | €141 930 |
| JR Harris ² | £350 000 | 75% | 63,01% | 90% – 99% | £133 247 |
| VD Kahla | R6 452 180 | 75% | 63,01% | 100% – 110% | R3 201 596 |
| BE Klingenber | R7 701 570 | 75% | 63,01% | 100% – 110% | R3 639 569 |
| CK Mokoena | R5 325 000 | 75% | 63,01% | 90% – 99% | R2 390 639 |
| M Radebe | R5 607 886 | 75% | 63,01% | 90% – 99% | R2 517 639 |
| CF Rademan ³ | R6 390 474 | 75% | 63,01% | 90% – 99% | R905 993 |
| SJ Schoeman ¹ | \$367 752 | 75% | 63,01% | 90% – 99% | \$165 101 |

1. STI based on Net Indicative Assignment Salary (NIAS) and net STI value.

2. Pro rata STI value for the period 7 August 2017 to 30 June 2018, STI based on gross salary and NIAS. STI indicated as a gross value.

3. Mr Rademan retired with effect from 31 October 2017.

4. Actual score determined by performance against individual scorecard, in a range of 0% – 150%.

Remuneration and benefits paid (disclosed in rands) and approved in respect of 2018 for Prescribed Officers:

| Prescribed Officers | FR Grobler | | JR Harris | | VD Kahla | | BE Klingenber | |
|--|------------|--------|-----------|------|----------|--------|---------------|--------|
| R'000 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Total salary and benefits ¹ | 10 567 | 7 832 | 11 287 | – | 6 804 | 6 370 | 8 002 | 7 410 |
| Annual short-term incentive ² | 4 486 | 3 515 | 2 844 | – | 3 202 | 3 292 | 3 640 | 3 929 |
| Long-term incentive gains ^{3,4} | 5 234 | 3 094 | – | – | 6 203 | 3 713 | 7 173 | 3 713 |
| Total annual remuneration | 20 287 | 14 441 | 14 131 | – | 16 209 | 13 375 | 18 815 | 15 052 |

| Prescribed Officers | CK Mokoena | | M Radebe | | CF Rademan ⁵ | | SJ Schoeman | |
|--|------------|-------|----------|--------|-------------------------|--------|-------------|--------|
| R'000 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Total salary and benefits ¹ | 9 339 | 6 378 | 5 627 | 5 394 | 2 159 | 6 319 | 11 463 | 10 118 |
| Annual short-term incentive ² | 2 391 | 1 137 | 2 518 | 2 575 | 906 | 3 314 | 3 774 | 3 366 |
| Long-term incentive gains ^{3,4} | – | – | 5 428 | 3 713 | 6 591 | 4 538 | 9 072 | 3 094 |
| Total annual remuneration | 11 730 | 7 515 | 13 573 | 11 682 | 9 656 | 14 171 | 24 309 | 16 578 |

1. Details of benefits offered on page 35 of the Annual Financial Statements.

2. Short-term incentives approved based on the Group results for the 2018 financial year and payable in the 2019 financial year. Incentives are calculated as a percentage of total guaranteed package/base salary/net indicative expatriate salary as at 30 June 2018.

3. Long-term incentives for the 2018 financial year represent the number of units x corporate performance target achieved (2018) x closing share price on 16 August 2018. The actual vesting date for the annual awards made on 21 September 2015 is 21 September 2018. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTI units vest. It represents: number of units awarded x corporate performance targets achieved during financial year 2018 x dividend equivalents up to 21 September 2018.

4. Long-term incentive grants made in 2016 vests in 2019 with a vesting result of 69%; 50% of the vested shares are subject to a further holding period of two years.

5. Mr Rademan retired with effect from 31 October 2017. A service penalty of 15% was applied on Long-term incentives.

Details of long-term incentives and share appreciation rights on page 36 and 37 of the Annual Financial Statements.

Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2018 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:

| | 2018 | | | 2017 | | |
|--------------------------------------|-------------------|----------------------------------|-------------------------------|-------------------|----------------------------------|-------------------------------|
| Beneficial shareholding ¹ | Direct beneficial | Indirect beneficial ² | Total beneficial shareholding | Direct beneficial | Indirect beneficial ² | Total beneficial shareholding |
| Executive Directors | | | | | | |
| SR Cornell ³ | – | – | – | 19 000 | – | 19 000 |
| VN Fakude ⁴ | – | – | – | 4 269 | – | 4 269 |
| B Nqwababa ⁵ | 13 003 | – | 13 003 | – | – | – |
| Non-executive Directors | | | | | | |
| MBN Dube ^{6,7} | 24 | 233 | 257 | – | – | – |
| NNA Matyumza ⁷ | 6 | 56 | 62 | – | 56 | 56 |
| IN Mkhize ^{7,8} | 1 844 | 18 435 | 20 279 | – | 18 435 | 18 435 |
| ZM Mkhize ⁷ | 181 | 330 | 511 | – | 330 | 330 |
| Prescribed Officers | | | | | | |
| FR Grobler ⁹ | 13 500 | – | 13 500 | 13 500 | – | 13 500 |
| CF Rademan ^{9,10} | 1 300 | – | 1 300 | 4 000 | – | 4 000 |
| M Radebe ¹¹ | 5 299 | 2 850 | 8 149 | – | 3 357 | 3 357 |
| Total | 35 157 | 21 904 | 55 061 | 40 769 | 22 178 | 62 947 |

- There has been no change in the above shareholding between the end of the financial year and the date of approval of the Annual Financial Statements. Interest in Employee Share Savings Trust and Long-term Incentives excluded.
- Sasol Inzalo Public (RF) Limited shares.
- Direct beneficial shareholding comprise of American Depository Receipts.
- Ms Fakude resigned with effect from 31 December 2016, no disclosure required for 2018.
- Direct beneficial shareholding comprise of Sasol ordinary shares.
- Appointed with effect from 1 April 2018.
- Direct beneficial shareholding comprise of Sasol BEE ordinary shares.
- Resigned with effect from 17 November 2017.
- Direct beneficial shareholding comprise of Sasol ordinary shares.
- Retired with effect from 31 October 2017.
- Direct beneficial shareholding comprise of 5 014 Sasol ordinary shares and 285 Sasol BEE ordinary shares.

Non-executive Directors' remuneration for the year was as follows:

| | Board meeting fees ¹ | Lead Independent Director fees ¹ | Committee fees ¹ | Ad hoc or special meeting ¹ | Total 2018 ¹ | Total 2017 |
|---|---------------------------------|---|-----------------------------|--|-------------------------|---------------|
| Non-executive Directors | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| MSV Gantscho (Chairman) | 5 827 | – | – | – | 5 827 | 4 900 |
| HG Dijkgraaf ^{2,3} (Lead Independent Director) | 1 594 | 558 | 632 | 21 | 2 805 | 3 567 |
| MJN Njeke ⁴ (Lead Independent Director) | 826 | 49 | 361 | 138 | 1 374 | 1 039 |
| C Beggs | 826 | – | 722 | 207 | 1 755 | 1 301 |
| MJ Cuambe ² | 1 950 | – | 481 | 42 | 2 473 | 2 437 |
| MDN Dube ^{2,5} | 505 | – | 124 | – | 629 | – |
| M Flöel ^{2,6} | 951 | – | 131 | – | 1 082 | – |
| GMB Kennealy | 826 | – | 361 | 24 | 1 211 | 165 |
| NNA Matyumza | 826 | – | 516 | 183 | 1 525 | 1 175 |
| IN Mkhize ⁷ | 314 | – | 391 | 72 | 777 | 1 410 |
| ZM Mkhize | 743 | – | 179 | 21 | 943 | 819 |
| MEK Nkeli | 826 | – | 382 | 48 | 1 256 | 165 |
| PJ Robertson ² | 1 950 | – | 869 | 21 | 2 840 | 3 140 |
| S Westwell ² | 1 950 | – | 1 313 | 63 | 3 326 | 2 961 |
| Total | 19 914 | 607 | 6 462 | 840 | 27 823 | 23 079 |

- Fees include value added tax (VAT) paid from 1 June 2017.
- Board and committee fees paid in US dollars.
- Mr Dijkgraaf retired from the Board on 30 April 2018.
- Mr Njeke was appointed as Lead Independent Director on 1 May 2018.
- Ms Dube appointed effective 1 April 2018.
- Dr Flöel appointed effective 1 January 2018.
- Ms Mkhize retired from the Board on 17 November 2017.

CONTACT DETAILS AND SHAREHOLDERS' DIARY

Contact information

Shareholder helpline

Information helpline: 0800 000 222
Email: sasolmail@computershare.co.za

Assistance with AGM queries and proxy forms

Telephone: +27 (0) 11 373 0033
Email: proxy@computershare.co.za
Telefax: +27 (0) 11 688 5238

Shareholder enquiries

Telephone: +27 (0) 86 110 0926
Telefax: +27 (0) 11 688 5237
Email: #ZACSJHBSasol@computershare.co.za

Depository bank

The Bank of New York Mellon
Depository Receipts Division
101 Barclay Street
New York, NY 10286
United States of America

Direct purchase plan

The Bank of New York Mellon maintains a sponsored dividend reinvestment and direct purchase programme for Sasol's depository receipts. As a participant in Global BuyDIRECTSM, investors benefit from the direct ownership of their depository receipts, the efficiency of receiving corporate communications directly from the depository receipt issuer, and the savings resulting from the reduced brokerage and transaction costs. Additional information is available at www.mybnymdr.com.

Questions or correspondence about Global BuyDIRECTSM should be addressed to:

The Bank of New York Mellon Shareowner Services
PO Box 505000 Louisville
KY 40233-5000
United States of America

Toll-free telephone for US Global BuyDIRECTSM participants:
1-888-BNY-ADRS
Telephone for international callers: 1-201-680-6825
Email: shrrelations@cpushareownerservices.com
Website: www.mybnymdr.com

Share registrars

Computershare Investor Services (Pty) Ltd
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Rosebank 2196
Republic of South Africa

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Marshalltown 2107
Republic of South Africa

Telephone: +27 (0) 11 370 5000
Email: #ZACSJHBSasol@computershare.co.za

Sasol contacts

Postal and electronic addresses and telecommunication numbers

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Website: www.sasol.com

Business address and registered office

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50 Katherine Street
Sandton 2090
Republic of South Africa

Company registration number

1979/003231/06

Investor Relations

Sasol's contacts with the security analyst and investor community are through the Investor Relations office:

Email: Investor.Relations@sasol.com
Telephone: +27 (0) 10 344 9280

Corporate Affairs

Telephone: +27 (0) 10 344 6505

Shareholders' diary

Annual General Meeting

Friday, 16 November 2018

Dividend

Interim dividend

SA rand per ordinary share
– paid

R5,00
19 March 2018

Final dividend

– rand per share
– date declared
– last date to trade cum dividend
– payable

R7,90
20 August 2018
4 September 2018
10 September 2018

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, 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 and cost reductions, including in connection with our BPEP, RP and our 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 are discussed more fully in our most recent annual report on Form 20-F filed on 28 August 2018 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Please note:

A billion is defined as one thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is clearly articulated as such.

Abbreviations

mm bbl – million barrels
mm tons – million tons
bscf – billion standard cubic feet
m bbl – thousand barrels
ktpa – thousand tons per annum
Rm – rand millions
\$/ton – US dollar per ton
R/ton – rand per ton
mm³ – million cubic meters
BPEP – Business Performance Enhancement Project
EGTL – Escravos Gas-to-Liquids
HEPS – Headline Earnings Per Share
HDPE – High-density Polyethylene
LCCP – Lake Charles Chemicals Project
PSA – Production Sharing Agreement
RP – Response Plan
SSO – Secunda Synfuels Operations

Sustainable Development Goals (SDG)

SDG 4: Ensure inclusive and quality education for all and promote lifelong learning
SDG 6: Ensure access to water and sanitation for all
SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all
SDG 12: Ensure sustainable consumption and production patterns
SDG 13: Take urgent action to combat climate change and its impacts

Core headline earnings are calculated by adjusting headline earnings with once-off items, period close adjustments and depreciation and amortisation of significant 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. 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 and may not be comparable with similarly titled measures reported by other companies.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

is calculated by adjusting earnings before interest and taxation for depreciation, amortisation, remeasurement items, share-based payments and unrealised gains and losses on our 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

