sasol

POSITIONING FOR A **SUSTAINABLE FUTURE**

SASOL LIMITED

Annual Financial Statements

30 June 2019

Contents

1 Financial overview

2 Consolidated financial statements

3 Notes to the financial statements

4 Sasol Limited Company

Basis of preparation

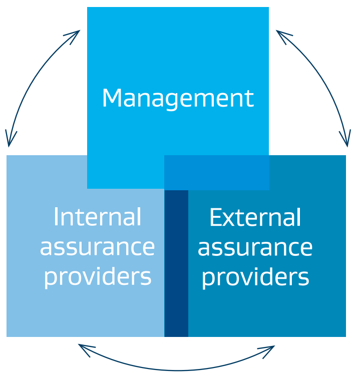
The Annual Financial Statements (AFS) of Sasol Limited have been audited in compliance with section 30 of the South African Companies Act. Paul Victor CA(SA), Chief Financial Officer is responsible for this set of AFS and has supervised the preparation thereof in conjunction with the Senior Vice President, Financial Control Services: Moveshen Moodley CA(SA).

The AFS are reviewed by management, the Sasol Disclosure Working Group, the Sasol Limited Audit Committee and the Board and are audited by the external auditors of the Group. Internal Audit performs specific procedures on certain account balances in the AFS.

Internal control framework

The Group follows a combined assurance model in assessing internal controls which is led by Internal Audit in terms of an assurance plan approved by the Audit Committee.

Combined assurance



Our suite of reports

IR

Integrated Report

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

SR

Sustainability Report

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

CCR

Climate Change Report

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

AFS

Annual Financial Statements

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

20-F

Form 20-F

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

CCP

Climate Change Presentation

Supplementary Information to support our Climate Change Report.

Overview of Sasol

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

Our vision

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

Our purpose

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

Our sustainability statement

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

Our values

- We ensure that **safety, health and environment** is a top priority
- We care for **our people** and support their development
- We value and promote **diversity and inclusion**
- We act with **respect and integrity** at all times
- We **comply** with all applicable legal requirements
- We take **ownership and accountability** for our individual and team performance
- We deliver what we promise to our **customers, shareholders and other stakeholders**

Message from our Group CFO

Paul Victor Chief Financial Officer

KEY MESSAGES

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

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

At 30 June 2019, our balance sheet reached gearing at 56%, slightly higher than forecast. We had to make decisions to protect and strengthen our balance sheet, some of which negatively impacted on our employee morale, growth momentum and investor perceptions. Through this difficult period, we continued to manage the balance sheet in accordance with our financial framework, which is aligned to our long-term strategy and drive towards a more balanced approach to returning value to shareholders through-the-cycle. We expect the balance sheet will be constrained over the next two years, allowing for very little expansion or growth.

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

Operational performance

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

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

Earnings Before Interest and Tax (EBIT) down **45%** due to higher remeasurement items

Earnings per share
R6,97

Capital expenditure
R55,8 billion

Favourable
Brent crude oil prices and exchange rate

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

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

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

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

Managing balance sheet risks

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

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

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

During the year, we refinanced the US$4 billion LCCP asset-based facility in two phases, initially by the issue of US$2,25 billion of US dollar denominated bonds (US$1,5 billion 5,5-year bond and a US$0,75 billion 10-year bond) and thereafter by a US$1,8 billion five-year bank loan financing (US$1,65 billion term loan and a RCF of US$150 million). This refinancing enabled Sasol to optimise its mix of funding instruments between bank loans and bond market, while at the same time extending the maturity of the debt profile from 2021 to as far out as 2028.

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

Governance

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

Looking forward

Looking forward, we expect a significant cash contribution from the LCCP and our balance sheet to deleverage by at least 2022. However, to fund our future growth ambitions, we aim to have a gearing ratio of at least 30%. This will mean having to source the appropriate funding mix at the most attractive rates in the market. We have implemented a dynamic funding plan which is based on our latest assumptions and capital requirements. We review the plan on an ongoing basis and report on it to the Audit Committee and Sasol Limited Board to ensure that we have sufficient liquidity and headroom on the balance sheet in the foreseeable future.

Strategically, we are assessing alternative gas supply options beyond our current reserves in Southern Mozambique and established an alternative gas supply programme in 2019 to explore opportunities to expand gas supply to our Southern Africa value chain until 2050.

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

Report of the Audit Committee

Colin Beggs
Chairman
of the Audit
Committee

FOCUS AREAS

- **Reviewing accounting matters relating to the Lake Charles Chemical Project (LCCP)** and assessing business readiness of accounting controls over the first units coming on line
- **Assessing management initiatives to respond to financial liquidity risks**
- **Assessing processes relating to** bonds raised on US capital markets
- Resolution of Sasol Oil tax dispute
- Implementation of new accounting standards and readiness for implementing IFRS 16 (leases) from 1 July 2019
- Considering controls relating to **digital transformation,** information security and improvement initiatives
- Assessing the **accounting** impact of **increasing environmental regulatory requirements** on Sasol's operations

Introduction

In 2019, the Audit Committee (the Committee) continued to monitor the integrity of financial reporting and disclosures through the review of judgements, estimates and accounting for significant transactions.

Areas of special focus that the Committee provided oversight on included:

- Assessing the progress on the LCCP in the United States and ensuring business readiness as the first units come on line. In regard to the project cost overruns identified during the second half of the financial year, the Committee with the Capital Investment Committee, reviewed the adequacy and effectiveness of the internal controls over financial reporting and project execution, focusing on the control and control environment deficiencies with respect to the capital cost estimation process and the proposed control improvements. Time was spent to obtain comfort, with input from external assurance providers, on the progress made in strengthening the project controls environment that will support the delivery of the project. The Capital Investment Committee is further overseeing improvements to the LCCP combined assurance plan to ensure key areas of concern are addressed and continue to closely monitor the progress of the project and the associated capital and schedule risks;
- Evaluating on a monthly basis management's proactive responses in relation to the financial liquidity risks stemming from the increased LCCP capital spend and volatility in the macroeconomic environment. This includes tracking the impact of these balance sheet management initiatives and the macroeconomic environment on gearing;
- Oversight of the process for bonds raised in the US capital markets and new revolving credit facilities obtained to smooth the maturity profile of the Group's debt;
- Mutual agreement reached with the South African Revenue Services in resolving the dispute around Sasol Oil's international crude procurement activities;
- Accounting provisions made relating to environmental regulatory requirements;
- Impairment and recoverability of the carrying value of assets; and
- Progress on the implementation of the new accounting standard IFRS 16 Leases.

In responding to these challenges during 2019, the Committee reviewed all significant financial risks and associated appetite statements and metrics and assessed the adequacy of controls and the combined assurance delivered over these identified risks. It monitored the effectiveness of the control environment through the review of reports from internal audit, management and the external auditor, and ensured the quality of financial reporting through review of the interim financial statements and the 2019 Annual Financial Statements.

The Committee is responsible for overseeing the:

- Quality and integrity of the company's integrated reporting, including its financial statements and public announcements in respect of the financial results;
- Overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process as a whole, including the approval of non-audit services by the external auditor;
- Effectiveness of the Group's internal audit function, the Group's finance function, Sasol's internal financial controls and systems of internal control and risk management;
- Compliance with legal and regulatory requirements to the extent that it might have an impact on the financial statements; and
- Systems in place to enable concerns to be raised by Sasol employees about possible improprieties in financial reporting or other issues and for those matters to be investigated.

The Committee considered scenarios that might impact the company's viability, stress testing the Sasol business against pertinent factors including oil price and rand/US$ exchange rates, identifying contingency actions for these scenarios. It further reviewed developments in the cybersecurity landscape to ensure that risk management is applied appropriately and that improvements are made to manage cyber risk.

The Committee continued to monitor key risks identified and mitigated and how segments and functions are performing to achieve the Group's strategy.

Composition and meeting

Members of the Committee are independent Non-executive directors, all of whom are financially skilled and have extensive audit committee experience. The members consist of Messrs C Beggs, MJN Njeke, S Westwell and Mss GMB Kennealy and NNA Matyumza. We believe that the experience of the Committee members gives perspective and insight to the Committee's considerations and decisions. The members have gained further knowledge and experience of the business through management presentations and various site visits since their respective appointments.

Mr C Beggs has been designated as the Audit Committee financial expert in accordance with the US Securities and Exchange Commission (SEC) rules. None of the members serve on audit committees of more than three listed public companies.

The Committee met five times during the financial year. All Committee members attended every meeting, and were joined at these meetings by the Chairman of the Board, the Joint Presidents and Chief Executive Officers and the Chief Financial Officer. The Chairman reports to the Board on key matters arising after each of these meetings. At each meeting, the Committee meets separately during closed sessions with the Joint Presidents and Chief Executive Officers, management, internal audit and external audit.

Statutory duties

The Committee is constituted as a statutory committee of Sasol Limited in line with the Companies Act and accountable in this regard to both the Board and Sasol's shareholders. It is a committee of the Board in respect of all other duties the Board and US legislation assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act and US corporate governance requirements. The Committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act and conforms with provisions as per paragraph 3.84(g) of the Johannesburg Stock Exchange Listings Requirements and the principles of King IV. The Committee also acts as the audit committee for all South African companies within the Sasol Group.

A copy of the Committee's terms of reference is available on the Sasol website (www.sasol.com).

Significant financial statement reporting issues

Assumptions and estimates or judgements are a significant part of the financial reporting process and are evaluated carefully by the Committee ahead of the finalisation of Sasol's results announcements. The Committee reviewed in detail the main judgements and assumptions made by management, relevant sensitivity analyses performed and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below. Where appropriate, the Committee sought input and views from the external auditor and encourages rigorous challenge on control, accounting and disclosure matters. In addition to these main areas of focus, the Committee also covered matters relating to cost savings programmes, budgeting and forecasting, taxation and accounting policy choices.

Areas of Focus in 2019

Financial Reporting

- Financial results announcements
- Annual Financial Statements, Integrated Report and Form 20-F
- Accounting judgements and estimates
- Tax provisions and contingencies
- Developments in financial reporting and accounting
- Oil and gas reserves disclosure
- Environmental financial aspects
- Compliance with legal and regulatory requirements and disclosure
- Quality and integrity of integrated reporting and disclosure

System of Internal Control and Risk Management

- Review effectiveness of Sasol's system of internal control over financial reporting
- Evaluate risk, significant deficiencies and material weaknesses
- Approve internal audit plans and monitor remediation of weaknesses reported
- Assess significant investigations and allegation reports
- Information technology controls including cybersecurity in conjunction with the Digital, Information Management and Hedging Committee
- Reviewed and assessed the planning for and effectiveness of Sasol's combined assurance model
- Assess ethics and compliance reports
- Going concern assumptions and solvency/liquidity

Governance

- Evaluate expertise, experience and performance of Sasol Group Chief Financial Officer and the Finance and Internal Audit Functions
- Review of the terms of reference of the Committee
- Assess the effectiveness of the Committee and its members
- Succession planning, transformation and people development in Finance Function and Internal Audit

External Audit

- Confirmation of external auditor independence
- Non-audit services and audit fees approval and policies
- Audit plan, fees and engagement
- Auditor performance and effectiveness
- Key areas of judgement for year-end audit and half year-end review
- Recommended the appointment of the external auditor at the Annual General Meeting

Significant matters considered by the Committee

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Fair, balanced and understandable reporting		• The Committee considered assurance from management that disclosures in Sasol's financial statements were fair, balanced and understandable. • The Committee evaluated the outputs of Sasol's Sarbanes Oxley Act section 404 internal control process and reviewed issues on control deficiencies and remediation efforts. • Established via reports that there were no indications of fraud relating to financial reporting matters. • Assessed disclosure controls and procedures. • Considered matters of accounting, tax and disclosure issues raised by the external auditors.	• Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of Sasol's published financial statements were appropriate. • This included an assessment of deficiencies arising from management's assessment of costs to completion relating the LCCP and as investigated by the Board's independent review, and consideration of remediation of such deficiencies and reviewing the results of the internal and external auditors' confirmation thereof. • The Committee considered a reportable irregularity that has been identified by the external auditors and the actions taken to remediate it. Refer Directors' report for further detail.
Impairment and recoverability of assets carrying values	• Judgements and assumptions are applied by management in calculating the recoverable amount of the Cash Generating Units ("CGUs") and determining the on-going appropriateness of the CGUs being used for the purpose of impairment testing. • These include assumptions on future pricing, net cash inflows and discount rates. • Judgements are also required in assessing the recoverability of overdue receivables and in deciding whether impairments are appropriate.	• The Committee assessed the appropriateness of the review of impairment triggers. • The Committee considered the impact of the rand/US$ exchange rate on the valuation of assets. • The Committee reviewed the discount rates for impairment testing and examined the assumptions including long-term oil and gas prices, refining margins and chemical prices. The pricing assumptions were benchmarked against external auditors and consultant views to ensure that they are reasonable and relevant. • For impairment reversals identified in the current year, the Committee assessed whether there has been a change in the underlying economic circumstances which caused the initial impairment.	• In respect of the Tetramerization and Ethylene Oxide/Ethylene Glycol (EO/EG) CGU's in the US, the Committee considered the increased LCCP costs and lower anticipated chemical prices to support management's recommended impairment of these CGU's to the amount of R12,9 billion (US$914 million). • On the South African integrated value chain, the Committee endorsed management's recommendation to impair the Ammonia value chain to the amount of R3,3 billion based on the pressure on sales prices in the short- to medium-term. • In respect of the Sasol Canada shale gas assets, the Committee considered the depressed gas price outlook and management's intention to divest from these assets, supporting management's proposal to impair the assets by R1,9 billion (CAD181 million).

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Impairment and recoverability of assets carrying values (continued)		• Key impairment assessments and reversals reviewed by the Committee includes: – The Tetramerization and EO/EG integrated value chains in North America; – The Southern Africa integrated value chain assets; – Canadian shale gas assets in Montney; and – Production Sharing Agreement (PSA) in Mozambique.	• The Committee supported management's proposal to partially reverse the previous impairment recognised on the Chlor Vinyls CGU to the amount of R949 million. This was based on the extension of the useful lives of the Sasolburg assets that are not gas dependent to 2050. Comfort was obtained on feedstock availability, technological changes and maintenance strategies that supports the extension of the useful lives. • The Committee reviewed management's sensitivity analyses of recoverable amounts to obtain comfort on impairment results as described in note 9. • The committee monitored the position of any material overdue receivables and any associated provisions.
Impact of reserves and resources on accounting	• Sasol uses judgement and estimations when accounting for oil and gas exploration, appraisal and development expenditure, and in determining the Group's estimated oil and gas reserves.	• The Committee reviewed judgemental accounting aspects of oil and gas exploration and appraisal activities. It also examined the governance framework for the oil and gas reserves process, the capabilities and objectivity of internal and external specialists involved, training for staff and developments in regulations and controls. • The Committee critically assessed the impact that any significant movements in reserves and resources estimates might have on impairment assessments, depreciation calculations and asset retirement obligations. • The Committee critically assessed the consistent application of principles and methodologies used by management for areas involving a high level of management judgement.	• The Committee supported management's disclosure of the reserves. • The Committee considered the views of the external auditor on the calculation of reserves. • The Committee considered the risks associated with oil and gas reserves, particularly in the PSA development in Mozambique and reviewed the calculations performed by management.

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Accounting for provisions	• **Post-retirement benefit obligations** – Valuation of the post-retirement benefit obligation requires the use of assumptions in relation to uncertain future factors i.e. inflation rates, discount rates, salary increases and mortality rates. Judgement is also required in the measurement of the fair value of certain pension assets. • **Rehabilitation provisions** – Provisions are recognised for the full future restoration and rehabilitation of production facilities to the end of its economic lives. The majority of these activities will occur in the long-term and the requirements that will have to be met in future might be uncertain. Judgement is required In estimating future cost and cash outflows, discount rates, settlement dates, technology and legal requirements.	• The Committee received an update on the status of funding, investment and governance of pensions and other retirement benefits provided to current and former employees of Sasol. In addition, the Committee examined the assumptions used by management as part of its annual reporting process. • The Committee received briefings on the Group's rehabilitation provisions and asset retirement obligations, environmental remediation strategies, including the key assumptions used, the governance framework applied (covering accountabilities and controls), discount rates and the movement in provisions over time. • Considered the external auditors' assurance process which included the use of their Specialists in pension and environmental matters.	• The Committee reviewed the net post-retirement benefit assets in South Africa, Europe and North America and the related surpluses. The Committee re-confirmed that Sasol is entitled to these surpluses in terms of the Pension Fund rules and supported the recognition thereof. The valuations are performed by qualifying independent third parties. • The Committee reviewed the rehabilitation provisions for compliance with legislation and consistent application of the accounting policy. • The Committee requested that an external review be performed every two years to confirm the completeness of the rehabilitation provision.
Accounting for financial instruments (in conjunction with the board's Digital, Information Management and Hedging Committee)	• **Derivative financial instruments** – Valuation of derivatives requires the use of assumptions in relation to uncertain future factors i.e. forward curves, volatility assumptions and discount curves. • **Hedge accounting** – Designated hedge relationships are evaluated for effectiveness at each reporting period. Judgement is required in the measurement of effectiveness, and the methodologies utilised to calculate the effectiveness.	• The Committee reviewed the assumptions in the calculations, and critically assessed the competence, independence and objectivity of the financial instruments specialists engaged to perform the valuations. • The Committee obtains updates at each reporting date as to the effectiveness of designated hedges, as well as risk factors for potential future ineffectiveness.	• The Committee considered the novation of the LCCP interest rate swaps with the settlement of the LCCP term loan and supported management's conclusion to discontinue hedge accounting based on the cancellation of the current hedge relationship. • The Committee reviewed the valuations undertaken by the external financial instruments specialists, which supported the accounting entries. • The Committee reviewed the adequacy of the disclosures relating to derivative financial instruments.

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Accounting for Income taxes	• Computation of the Group's Income tax expense and liability, provisions for potential tax liabilities, and recognition of deferred tax assets in terms of the Group's taxation policy. Recognition of deferred tax assets in respect of accumulated tax losses are underpinned by management judgement.	• The Committee reviewed the judgements exercised on tax provisions as part of its annual review of key provisions. • In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable profits and in considering management's position, the Committee took into account the work and views of external audit. • The Committee reviewed adherence to the Group taxation policy including transparency and due regard to commercial and reputational risks. The effective tax rate is analysed by country to ensure accuracy and completeness. • The Committee considered management's assessment of the Group's tax exposures and the appropriateness of provisions recognised.	• The Committee received a report during the year from management on the Group's tax policy, approach to tax management and status of compliance. • The Committee requested and received a report from management detailing the key tax exposures across the Group against which provisions had been made and the methodologies used to determine the appropriate level of each provision based on management's assessment of the facts, circumstances and advice from our external tax and legal advisers. • A particular focus of the Committee was on tax litigation claims related to Sasol Oil (Pty) Ltd and Sasol Financing International Limited. Following advice from external legal advisors and conclusions by management and external audit the Committee agreed with the accounting treatment and disclosures set out in note 12.
Going concern assessment	• The conclusion by the Board to prepare the annual group financial statements on a going concern basis requires management judgement on issues which includes uncertain future forecasts of net group cash inflows, net debt and financing facilities available to the Group. The assessment was based on current assumptions and stress tested against a number of scenarios.	• The Committee assessed the liquidity of Sasol based on the latest projected future cash flows and stress tested it using lower oil and product prices, stronger exchange rates, planned LCCP cost at the top end of the range and a slower rampup of new production capacity. These projections were compared with cash balances and committed facilities available to the Group and risk appetite.	• After examining the forecast and stress tested scenarios along with Sasol's ability to generate capital and raise funding in current market conditions, the Committee concluded that Sasol's liquidity and capital position was adequate to meet its obligations over the ensuing year and that the going concern basis of accounting is appropriate. • The external auditors have concluded that the going concern basis is appropriate. • Accordingly, the Committee recommended to the Board the adoption by the Group of the going concern basis of preparation.

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Internal controls over financial reporting, including IT general controls	• Management's conclusion relating to the effectiveness of internal controls over financial reporting, including IT general controls require a certain degree of judgement. • A separate Board committee, the Digital, Information Management and Hedging Committee reviews the implementation of the digital roadmap for Sasol and the security control environment. • A separate Board committee, the Capital Investment Committee reviews investment decisions, reports on capital expenditure and progress on projects against budgets.	• On a quarterly basis, the Committee assesses feedback from management on the status of the effectiveness of internal controls over financial reporting, including IT general controls. This provides the Committee with an opportunity to directly challenge and question management on open and remediated material control issues and emerging risks. • The Committee scrutinises the status of specific material control issues, their associated remediation plans, including in particular those relating to segregation of duties, access management, security of confidential data, cyber risk, IT infrastructure, application issues and third party supplier management.	• Taking into account the results of combined assurance findings, the Committee considered responses to any fraudulent activity, results of SOX reviews and related remediation of deficiencies and the findings of internal and external audit. The Committee noted a material weakness with respect to the capital cost estimation process implemented in connection with the LCCP, as further described on page 12.

Executing on our statutory duties and other areas of responsibilities

The Committee is satisfied that the Annual Financial Statements fairly present our financial position

- The Committee reviewed the Interim Financial Results and Annual Financial Statements for the year ended 30 June 2019 and is satisfied that they fairly present the consolidated and separate results of operations, cash flows, and the financial position of Sasol Limited and comply, in all material respects, with the relevant provisions of the Companies Act, International Financial Reporting Standards (IFRS) and Interpretations of IFRS as issued by the International Accounting Standards Board.
- The Committee concluded that the going concern basis was appropriate in the preparation of the Annual Financial Statements.
- The Committee considered a reportable irregularity identified and reported by the external auditors in terms of the Auditing Profession Act, 2005, and determined that it has been fully remediated as at 30 June 2019.

The Committee is satisfied with the quality and Integrity of Sasol's integrated reporting

- The Committee guides the integrated reporting process, which includes reporting on sustainability matters, having regard to all factors and risks, including any significant legal and tax matters and any concerns identified that may impact on the integrity of the Integrated Report or could have a material impact on the financial statements. We also considered findings and recommendations from other Board committees who contributed their oversight to aspects of the Integrated Report insofar as they are relevant to the functions of the Committee.
- The Committee approved the appointment of PricewaterhouseCoopers Inc. (PwC) assisted by Indyebo Inc. to provide limited assurance for selected sustainability development indicators, supported by the internal audit function. In conjunction with the Safety, Social and Ethics Committee we considered the findings, made appropriate enquiries and, through this process, received the necessary assurances that material disclosures are reliable and do not conflict with financial information.

The Committee relies on management, the external auditor, internal audit as well as the Group's independent ethics reporting telephone line and email to highlight any concerns, complaints or allegations relating to internal financial controls, the content of the financial statements and potential violations of the law or questionable accounting or auditing practices. Separate meetings are also held with management, the external auditor and internal audit every quarter.

The Committee is satisfied with the reporting process and confirm that where matters were raised by stakeholders, management has responded promptly

- In regard to the LCCP, relative to further cost overruns identified during the second half of the financial year, the Committee in conjunction with the Capital Investment Committee, reviewed the adequacy and effectiveness of the internal controls over financial reporting and project execution, focusing on the control and control environment deficiencies with respect to the project's capital cost estimation process and the proposed control improvements.
- Input was obtained from internal and external assurance providers around the progress made in strengthening and remediating the project controls
- Current focus is on monitoring the implementation of the control remediation plan, with updates received at each meeting on progress, cost and delivery schedule.
- These Committees are further overseeing improvements to the LCCP combined assurance plan to ensure key areas of concern are addressed.
- The Committee provided input into the market communication relating to the cost overrun to ensure it was factual and transparent.

The Committee reviewed compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements and is satisfied that all matters with a material impact have been disclosed appropriately

- The Committee took into account, the views of internal and/or external counsel and management in considering legal and ethics matters that could have a material impact on the Group.
- The Committee reviewed reports on the Group's tax position, status of tax litigation claims and the status of the Group's tax compliance globally and relevant fiscal developments impacting the Group.
- Together with the Board's Governance Committee, the Committee reviewed the adequacy and effectiveness of the Group's procedures to ensure compliance with financial, legal and regulatory responsibilities.

The Committee is satisfied that our external auditor, PwC, is qualified and independent of the Group

- The Committee nominated PwC as the external auditor for the company and the Group for the financial year ended 30 June 2019 and their appointment complies with the companies Act, JSE listings requirements and all other applicable legal and regulatory requirements. PwC has been the auditor since 2014 and is in compliance with the relevant external audit partner JSE qualification and the rotation rules, whereby the lead engagement partner is required to rotate every five years. The lead partner that has been in place since 2014 rotated off the audit after the end of financial year 2018 with a suitably experienced lead partner taking over.
- Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies, PwC confirmed in an annual written statement that their independence has not been impaired.
- The Committee was assured that no member of the external audit team was hired by the company or any other company within the Group in a financial reporting oversight role during the year under review.
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by them for the company or any previous appointment as auditor of the company or any other company within the Group.
- The Committee is satisfied that there is adequate segregation between the external and internal audit functions and that the independence of the internal and external auditors is not in any way impaired or compromised.
- The auditor does not, except as external auditor, or in rendering of permitted non-audit services, receive any direct or indirect remuneration or other benefit from the company or any other company within the Group.
- The Committee satisfied itself that PwC, as well as the individual auditor determined by PwC to be responsible for performing the functions of auditor, were duly accredited as such on the JSE's list of auditors.
- PwC submitted reports relating to quality assessment reviews undertaken internally and by the Independent Regulatory Board for Auditors and the Public Company Accounting Oversight Board, together with progress on any remedial actions necessary.
- The external auditors raised a reportable irregularity, relating to the prompt identification and reporting of the Lake Charles Chemicals Project (LCCP) cost and schedule overruns. The external auditors concluded that these matters have been remediated and are no longer continuing.
- The quality of the external audit process was reviewed and the Committee concluded it to be satisfactory. It was confirmed that no unresolved issues of concern exist between the Group and the external auditors.

The Committee assessed the adequacy of the performance of the internal audit function and the adequacy of the available internal audit resources and found them to be satisfactory

- The Committee reviewed the assurance services charter and approved the risk-based integrated three-year rolling internal audit plan. We evaluated the independence, effectiveness, skills and experience and performance of the internal audit function and compliance with its charter and the Committee concluded it to be satisfactory. This review included the plans for increased resources at Lake Charles to meet the assurance requirements for the remainder of the LCCP contract and the ramp-up in production and sales activity.

The Committee is of the opinion that due to a material weakness identified in relation to the capital cost estimation process at the LCCP the Company's internal controls were ineffective as of 30 June 2019

- The Committee gave attention to management's evaluation of the effectiveness of the group's disclosure controls and procedures. Considering the results from the independent Board review, management has determined that, as of 30 June 2019, the Company's internal control over financial reporting was ineffective due to the existence of a material weakness with respect to the capital cost estimation process implemented in connection with the LCCP, which resulted from the aggregation of a series of individual control and project-related control environment deficiencies, the remediation of which had not been fully implemented and validated as of year-end. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of financial statements will not be prevented or detected on a timely basis.

  The Committee considered the analysis performed by management that identified the root causes, including aspects related to culture and tone at the top, that resulted in the control deficiencies and the efforts by management to implement measures to remediate the underlying causes that gave rise to the material weakness.

  While significant progress has been made to remediate the material weakness, as of 30 June 2019, the Company is still in the process of testing the operating effectiveness of certain of the new and enhanced controls, and is still in the process of implementing some of the longer-term remediation efforts to address culture and tone at the top. The Committee, in conjunction with the Capital Investment Committee, will continue to closely monitor the embedment and maintenance of such controls and believes that management's actions will be effective in remediating the material weakness, as they continue to devote significant time and attention to these efforts. The material weakness will not be considered remediated until the applicable remedial controls are embedded and operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Relating to the Group as a whole:

- Other than the material weakness noted above, Sasol has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- The Committee also considered fraud and IT risks and controls. We considered the performance of information management, which includes IT, against an approved governance framework and are comfortable that controls are in place and effective.
- The Committee considered the reports of the internal and external auditors on the Group's systems of internal control, including financial controls, enterprise risk management and maintenance of effective internal control systems. Significant issues raised and the adequacy of corrective action in response thereto, was reviewed.
- The Committee reviewed the plans and outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

Notwithstanding the material weakness noted above, the Committee believes that the consolidated annual financial statements for the year ended 30 June 2019, present fairly, in all material respects, the Company's financial position, results of operations and cash flows and are presented in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The committee is also satisfied that the annual financial statements for the year ended 30 June 2018 are satisfactory in all material respects with the exception of a revision to the comparatives of capital commitments disclosed in note 17.

The Committee assessed the finance function and Chief Financial Officer

- Our detailed assessment included the various specialist areas across the Group's finance function, and the Committee concluded that it is satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer and the expertise, resources, transformation, succession plans and experience of Sasol's finance function.

Conclusion

The Committee is satisfied that it has complied with all its terms of reference determined by the Board and statutory and other responsibilities.

Having had regard to all material risks and factors that may impact on the integrity of the Integrated Report and the Annual Financial Statements and following appropriate review, the Committee recommended the Company and Group Annual Financial Statements of Sasol Limited and Integrated Report for the year ended 30 June 2019 for approval to the Board.

On behalf of the Audit Committee

Colin Beggs
Chairman of the Audit Committee

28 October 2019

Approval of the financial statements

The Annual Financial Statements of the group and the company are the responsibility of the directors of Sasol Limited. In discharging this responsibility, the directors rely on the management of the group to prepare the consolidated and separate Annual Financial Statements presented on pages 22 to 162 in accordance with, and in compliance, in all material respects, with International Financial Reporting Standards (IFRS) and the Companies Act No 71 of 2008. As such, the consolidated and separate Annual Financial Statements include amounts based on judgements and estimates made by management.

The directors accept responsibility for the preparation, integrity and fair presentation of the consolidated and separate Annual Financial Statements and are satisfied that the systems and internal financial controls implemented by management are effective, except for control deficiencies in relation to the capital cost estimation of the LCCP. Refer to the Directors' report on page 22.

Based on forecasts and available cash resources, the directors believe that the group and company is solvent and has adequate resources to continue operations as a going concern in the ensuing year. The Annual Financial Statements support the viability of the group and the company. These results were made public on 28 October 2019.

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the consolidated and separate Annual Financial Statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 15.

The consolidated and separate Annual Financial Statements were approved by the Board of Directors on 28 October 2019 and were signed on its behalf by:

Mandla SV Gantsho
Chairman

Bongani Nqwababa
Joint President and
Chief Executive Officer

Stephen Cornell
Joint President and
Chief Executive Officer

Paul Victor
Chief Financial Officer

28 October 2019

The Company Secretary

Mr VD Kahla, the Executive Vice President: Advisory, Assurance and Supply Chain, is a member of the Group Executive Committee and our Company Secretary. The Board appointed him in accordance with the Companies Act, 71 of 2008. He reports to the Joint Presidents and Chief Executive Officers and is not a director. The role and responsibilities of the Company Secretary are described in the Board charter.

Having considered his competence, qualifications and experience at its meeting held on 16 August 2019, the Board is satisfied that he is competent and has the appropriate qualifications and experience to serve as the Company Secretary. Mr Kahla holds BA and LLB degrees and, in his professional career spanning over two decades he has held several senior executive leadership roles covering, amongst others, legal and regulatory services, corporate governance, assurance services, compliance and risk management within the private and public sector entities, including having served as the assistant legal advisor for the late former President Mandela.

The Board considered the interactions between the Company Secretary and the Board during the past year, and is satisfied that there is an arm's length relationship between the Board and the Company Secretary.

Certificate of the Company Secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, 71 of 2008, that for the year ended 30 June 2019, Sasol Limited has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act, 71 of 2008, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up-to-date.

Vuyo D Kahla

28 October 2019

Independent auditor's report

To the Shareholders of Sasol Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasol Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasol Limited's consolidated and separate financial statements set out on pages 24 to 162 comprise:

- the consolidated and separate statements of financial position as at 30 June 2019;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the document titled "Sasol Limited Annual Financial Statements 30 June 2019", rather than in the notes to the financial statements. These are cross-referenced from the consolidated and separate financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

Our audit approach

Overview

Materially

Overall group materiality
- Overall group materiality: R1 280 million, which represents 5% of profit before tax adjusted for once-off items.

Group scoping

Group audit scope
- We conducted full scope audit procedures at 12 business units and limited scope audit procedures at a further 10 business units.

Key audit matters

Key audit matters
- Impairment assessment of property, plant and equipment and assets under construction.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality

R1 280 million

How we determined it

5% of profit before tax adjusted for the following once-off items:

- Impairment of the Tetramerization and Ethylene Oxide/Ethylene Glycol value chains;
- Impairment of the Sasol Canada shale gas assets;
- Impairment of the Sasol Wilmar Alcohol Industries classified as held-for-sale; and
- Realised loss as a result of the novation of the interest rate swap.

Rationale for the materiality benchmark applied

We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Profit before tax is adjusted for the once-off impairments identified. These adjustments are not considered to be part of the Group's sustainable operating performance. We chose 5% which is consistent with quantitative materiality thresholds used for profit-orientated companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In scope business units were identified based on scoping benchmarks such as the business unit's contribution to key financial statement line items (profit before tax, turnover and total assets), risk associated with the business unit and known accounting matters related to the business unit. We conducted full scope audit procedures at 12 business units and limited scope audit procedures at a further 10 business units.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

The audits undertaken for group reporting purposes are in respect of the key reporting business units of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter listed below is applicable to the consolidated financial statements. We have determined that there are no key audit matters in respect of separate financial statements to communicate in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment and assets under construction This key audit matter relates to the consolidated financial statements. Refer to note 9 to the consolidated financial statements (Remeasurement items affecting operating profit). At 30 June 2019, the consolidated statement of financial position includes property, plant and equipment amounting to R233 549 million and assets under construction of R127 764 million. Fluctuating crude oil, gas and chemical prices, Rand/US Dollar exchange rate, weighted average cost of capital ("WACC"), a volatile macro-economic environment and the Lake Charles Chemical Project ("LCCP") increase in capital cost are impairment indicators which impact the Group's assessment of recoverable amounts of assets. A significant part of the Group's operations and plants in Southern Africa and North America are, by design, integrated. Significant processes throughout the value chain, from feedstock to end products, are interdependent and linked. Amongst others, management performed impairment assessments for the Sasol North American Operations ("SNAO") cash-generating units ("CGUs") linked to the ethane crackers, the Ammonia value chain in South Africa ("Ammonia value chain") and the Sasol Canada shale gas assets ("Sasol Canada") as disclosed in note 9 to the consolidated financial statements. Impairments of R12 863 million, R3 347 million and R1 947 million were recognised on two SNAO CGUs, the Ammonia value chain and Sasol Canada at 30 June 2019, respectively. The impairment of property, plant and equipment and assets under construction was considered to be a matter of most significance to the current year audit for the following reasons: • A misstatement of the impairment charge could have a significant impact on the earnings for the year, including the financial position of the Group at 30 June 2019; • The identification of CGUs within the Southern African and North American value chains and the related active market assessments as outlined in the Group's principal accounting policies in note 9 to the consolidated financial statements incorporates significant judgement; • The assets (and/or CGUs) and their related recoverable amounts are impacted by their own performance and the main assumptions and estimates used by management (such as crude oil prices, gas prices, chemical prices, growth rates, exchange rates and WACC, global economic conditions and market trends; and • The results of management's impairment assessments may not be adequately disclosed in the consolidated financial statements.	Identification of CGUs within the Southern African and North American value chains. We assessed the appropriateness of management's defined CGUs within the Southern African and North American integrated value chains with reference to whether an active market exists for the output produced by the assets or group of assets, the market's ability to absorb products produced and access to the market. We discussed the significant processes throughout the value chains with management in each of the business units to determine whether the markets available for feedstock and end products were consistent with our understanding of the business. Based on the results of our procedures, we determined that management's defined CGUs within the Southern African and North American integrated value chains were appropriate. Impairment assessments of property, plant and equipment and assets under construction for all CGUs. We benchmarked management's main assumptions used in the impairment calculations against external market and third party data and found management's assumptions to be consistent with such data. Management engaged external and internal experts to assess the reserves and resources used in the impairment calculations for reasonability. We assessed the competence, capabilities and objectivity of the external experts and verified their qualifications. We found management's external and internal experts had the necessary qualifications and there was no evidence to suggest that their objectivity was compromised. With the assistance of our corporate finance and financial modelling experts, we: • obtained an understanding and assessed the Group's valuation models used in management's impairment assessments and found they were materially consistent with best practice. • independently recalculated management's WACC with reference to relevant third party sources and found management's WACC to be within a reasonable range. We assessed the mathematical accuracy of the cash flow models and agreed relevant data to the latest long-term business plans used by management to manage and monitor the performance of the business. We found no material inaccuracies.

Key audit matter	How our audit addressed the key audit matter
	We tested the operating effectiveness of internal controls relating to management's impairment of property, plant and equipment and assets under construction. These procedures included, amongst others, controls over: • management's budgeting process to prepare, review and approve the long-term business plans; and • management's impairment trigger assessment and the preparation, review and approval of the impairment calculation. We assessed the Group's disclosure in respect of the impairment assessments and related results in note 9 to the consolidated financial statements against the requirements of the relevant accounting standards and found them to be adequate. In addition to our overall response to impairment risk described above, we performed the following procedures over specific CGUs: **SNAO CGUs (Tetramerization and Ethylene Oxide/ Ethylene Glycol value chains)** We obtained an understanding and tested the operating effectiveness of management's internal controls over the LCCP capital cost estimate at 30 June 2019. With the assistance of our engineering and quantity surveying experts, we assessed management's LCCP capital cost estimate for reasonability and found that management's estimate was within our independent cost estimate range. **Sasol Canada** We assessed whether Sasol Canada had been appropriately valued at the lower of its carrying value and its recoverable amount at 30 June 2019, given management's intent to divest from Sasol Canada as part of their strategic portfolio optimisation. We found management's valuation to be within a reasonable range.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasol Limited Annual Financial Statements 30 June 2019", which includes the Directors' Report, the Report of the Audit Committee and the Certificate of the Company Secretary as required by the Companies Act of South Africa, and in the documents titled "Sasol Limited Integrated Report 30 June 2019", "Sasol Limited Sustainability Report 30 June 2019" and "Sasol Limited Climate Change Report 2019". The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Sasol Limited for six years.

In accordance with our responsibilities in terms of Section 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularity has been described in note 17 to the financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Johan Potgieter
Registered Auditor
Johannesburg

28 October 2019

Shareholders' information

Shareholders' diary

Financial year-end	30 June 2019
Annual General Meeting	Wednesday, 27 November 2019

Dividends

Interim dividend

– rand per share	R5,90
– paid	18 March 2019

Final dividend

After careful consideration of our current leverage and the volatility in the macroeconomic environment, the Board decided to pass the final dividend in order to protect and strengthen our balance sheet. We continue to ensure that we deliver the key elements of our strategy, particularly the final completion of LCCP. The Board may further consider the passing of the 2020 interim dividend based on the health of the balance sheet credit metrics at that stage.

Share ownership
at 30 June 2019

Public and non-public shareholding of Sasol ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public[1]	119 434	99,98	533 226 944	85,36
Non-public	23	0,02	91 470 027	14,64
Directors and their associates	2		18 927	
Directors of subsidiaries and their associates	17		124 984	
The Sasol Khanyisa Employee Share Ownership Plan	1		2 082 520	
Sasol Employee Share Savings Trust	1		636 040	
Sasol Pension Fund	1		1 681 008	
Government Employees Pension Fund	1		86 926 548	
	119 457	100	624 696 971	100

1 The Sasol Foundation Trust forms part of Public.

Public and non-public shareholding of Sasol BEE ordinary shares*	Number of shareholders	% of shareholders	Number of shares	% of Sasol BEE ordinary shares
Public[1]	203 687	100,00	3 933 404	62,13
Non-public	7	0,00	2 397 943	37,87
Directors and their associates	3		211	
Directors of subsidiaries and their associates	3		1 684	
The Sasol Khanyisa Employee Share Ownership Plan	1		2 396 048	
	203 694	100	6 331 347	100

* The Sasol BEE Ordinary shares were listed on the JSE with effect from 7 February 2011.

1 The Sasol Foundation Trust forms part of Public.

Major categories of shareholders	Number of shares	% of total issued securities[1]
Category		
Unit trusts	192 056 137	30,44
Pension and provident funds	168 232 517	26,66
Government of South Africa	53 266 887	8,44
Sovereign wealth funds	33 134 452	5,25
Insurance companies	26 964 365	4,27
American Depository Receipt holders	16 330 737	2,59
Black Economic Empowerment transaction participants[2]	6 331 347	1,00

1 Includes 624 696 971 Sasol Ordinary shares and 6 331 347 Sasol BEE Ordinary shares.

2 Comprises Sasol BEE Ordinary shares held by the public, The Sasol Khanyisa Employee Share Ownership Plan Trust and The Sasol Foundation Trust.

Major shareholders

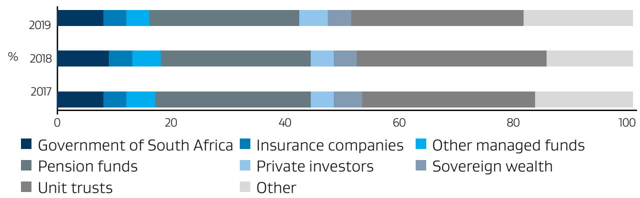
Pursuant to Section 56(7) of the South African Companies Act, 2008, the following beneficial shareholdings equal to or exceeding 5% as at 30 June 2019 were disclosed or established from enquiries:

Major categories of shareholders	Number of shares	% of total issued securities
Government Employees Pension Fund	86 926 548	13,78
Industrial Development Corporation of South Africa Limited	53 266 887	8,44

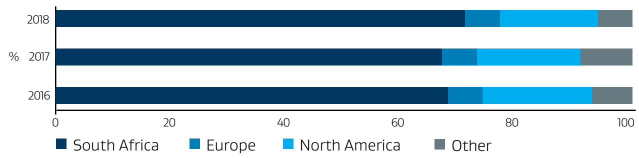
Furthermore, the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 30 June 2019, the following fund managers were responsible for managing investments of 3% or more of the share capital of Sasol Limited.

Fund Manager	Number of shares	% of total issued securities
PIC Equities	73 211 756	11,60
Industrial Development Corporation of South Africa Limited	53 266 887	8,44
Allan Gray Investment Counsel	47 410 170	7,51
Prudential Investment Managers	27 980 885	4,43
Black Rock Incorporated	23 877 674	3,78
The Vanguard Group Incorporated	21 677 779	3,44
Old Mutual Limited	19 868 126	3,15
Investec Asset Management	19 137 365	3,03

Beneficial ownership by fund type



Beneficial ownership by geographic region



Directors' report

(Sasol Limited: Company registration number 1979/003231/06)

Dear stakeholder,

The Board continued to closely consider our strategic direction and longer-term decisions to ensure we preserve and enhance the value of Sasol and, in so doing, protect the interests of all our stakeholders.

Nature of business

Sasol Limited, listed on the JSE Limited (JSE) on 31 October 1979 and on the New York Stock Exchange (NYSE) on 9 April 2003[1], is incorporated and domiciled in the Republic of South Africa and the ultimate holding company of the Group.

Sasol is a global 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 to create superior value for our customers, shareholders and other stakeholders.

More detail on the nature of our business and the businesses of our significant operating subsidiaries and incorporated joint arrangements (set out on pages 102 and 103) can be found in our Integrated Report.

Financial results

Earnings attributable to shareholders for the year ended 30 June 2019 decreased by 51% to R4,3 billion from R8,7 billion in the prior year. Earnings per share (EPS) decreased by 51% to R6,97 compared to the prior year.

Earnings before interest and tax (EBIT) decreased by 45% when compared to the prior year, despite a 19% increase in the rand per barrel price of Brent crude oil. This is mainly as a result of the negative EBIT contribution from the Lake Charles Chemicals Project (LCCP), the impact of softer chemical margins and the negative impact of remeasurement items.

As the LCCP progresses through the sequential beneficial operation schedule, the costs associated with relevant units are expensed while the gross margin contribution follows the ramp-up profile and inventory build. The largest remeasurement items were the impairments of our North American Ehtylene Oxider/Ethylene Glycol and Tetramerization cash generating units (CGUs), our Ammonia CGU in South Africa and our Canadian shale gas business. This is due to the softer outlook for global chemical and gas prices and the higher capital spend on the LCCP.

Share capital

Share repurchase programme

No shares were repurchased during the year.

Shares held in reserve

683 379 253 authorised but unissued ordinary shares of the company are held in reserve.

Note 15 of the consolidated financial statements provides further details regarding the share capital of Sasol Limited.

American depositary shares

At 30 June 2019, SASOL's ADR program (managed by J.P. Morgan Chase Bank, and listed on the NYSE) had 16 330 737 (2018 – 17 527 759) American depositary shares (ADS) in issue. Each ADS represents one ordinary share.

Note 34 and 35 provides detail on the various share-based payment schemes in place, including the Sasol Share Incentive schemes, Sasol Inzalo schemes and various cash settled share-based payment arrangements.

Details on the material shareholdings for the group, including any shareholdings of directors, are provided under shareholder's information on pages 20 to 21.

Dividends

An interim dividend of R5,90 per ordinary share (2018 – R5,00 per ordinary share) was paid on 18 March 2019.

After careful consideration of our current leverage and the volatility in the macroeconomic environment, the Board has decided to pass the final dividend in order to protect and strengthen our balance sheet. We continue to ensure that we deliver the key elements of our strategy, particularly the final completion of LCCP. The Board may further consider the passing of the 2020 interim dividend based on the health of the balance sheet credit metrics at that stage.

Board activities

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

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

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

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

PricewaterhouseCoopers Incorporated (PwC) reported a reportable irregularity to the Independent Regulatory Board for Auditors in South Africa and concluded that these matters have been remediated and are no longer continuing. PwC has expressed an unmodified opinion on the financial statements which is available for inspection at the company's registered office.

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

Notwithstanding the material weakness, management believes that the consolidated financial statements present fairly, in all material respects, our financial position, results of operations and cash flows as of and for the period presented in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

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

Change in directorate

Mr SA Nkosi was appointed as independent non-executive director and chairman designate with effect from 1 May 2019. Sasol announced in April 2019 that Dr MSV Gantsho and Mr MJN Njeke will retire as non-executive directors at the conclusion of the annual general meeting scheduled for 27 November 2019.

Auditors

PricewaterhouseCoopers Inc. (PwC) was the external auditor of Sasol Limited and its significant subsidiaries for the financial year ended 30 June 2019.

At the Annual General Meeting of 27 November 2019, shareholders will be requested to reappoint PwC as auditor of Sasol Limited and to note that Mr J Potgieter will be the individual responsible for performing the functions of the auditor, following the Audit Committee's decision to nominate the firm PwC as its independent auditor for the financial year commencing 1 July 2019.

Subsequent events

In May 2019, the Board commissioned an independent review into the circumstances that may have delayed the prompt identification and reporting of the LCCP cost and schedule overruns. The report from the Board Review is complete and the Board considered the findings and appropriate steps arising from these.

Sasol and Huntsman Corporation signed a definitive agreement for Sasol to dispose of our 50% equity interest in the Sasol-Huntsman maleic anhydride joint venture. The transaction closed on 30 September 2019. Refer to note 11.

A share purchase agreement was signed on 18 October 2019 for the disposal of Sasol's share in Sasol Wilmar Alcohol Industries. Refer to note 11.

During 2009, 942 employees of Sasol Mining (Pty) Ltd were charged with participation in an unprotected sit-in, threatening and forcing others to participate in an unprotected strike and for assaulting or attempting to assault others during an unprotected strike and they were subsequently dismissed. The applicants are disputing their dismissal. On 19 September 2019, the Labour Court passed a judgement directing inter alia Sasol Mining to re-instate the employees and pay certain past benefits. Refer to note 36.

Following certain complaints submitted to the South African Broad Based Black Economic Empowerment Commission (B-BBEE Commission) by direct and indirect shareholders in Tshwarisano Liquid Fuels Investments (Pty) Ltd (Tshwarisano) relating to Tshwarisano's 25% shareholding in Sasol Oil (Pty) Ltd (Sasol Oil), the B-BBEE Commission is investigating the compliance by Sasol Oil and other affected stakeholders with the South African B-BBEE Act, B-BBEE Act, 53 of 2003. While certain of these investigations are still ongoing, Sasol Oil has received findings and recommendations from the B-BBEE Commission in relation to a complaint by a particular shareholder. Refer to note 36.

Company Secretary

The company secretary of Sasol Limited is Mr VD Kahla. His business and postal addresses appear on the inside back cover.

1 Listed only in connection with the registration of American Depositary Shares pursuant to the requirements of the United States Securities and Exchange Commission.

Report of the Remuneration Committee

Mpho Nkeli Chairman

KEY MESSAGES

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

Dear stakeholder

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

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

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

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

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

KEY THEMES	SASOL'S RESPONSE
Incentive targets and weightings • The 30% weighting attached to core headline earnings is considered too high given that macroeconomic conditions have a major influence on this target. • The percentage allocated to project delivery is too low. • The targets linked to environmental factors required a review.	• One of the most difficult decisions for the Committee is to ensure that the incentive scorecard is balanced and encourages appropriate behaviour that will enable the achievement of strategic priorities. • The Committee has for the past five years maintained that a minimum weighting of 30% should be attached to headline or core headline earnings, to ensure that a material portion of the incentive is directly aligned with shareholders' experience. We have in light of this feedback, reconsidered our views and have agreed to reduce this weighting for FY20 to 25% in order to increase the weighting that is attached to the project delivery target to 15%. • Even though the weighting linked to the project delivery target appears to be low on the Group STI scorecard, the execution of the Lake Charles Chemical Project (LCCP) also directly influences the following targets in our short-term incentive (STI) and our long-term incentive (LTI) plans: – Production volumes; – Core headline earnings; and – Return on invested capital (ROIC). The Sasol share price is also a key determinant for the value to be derived under the LTI plan. In addition, the individual performance factor (IPF), which is an outcome of the personal incentive scorecard and a multiplier in the STI calculation, includes targets on the LCCP cost, schedule and quality, which were included in the personal incentive scorecards of all Prescribed Officers, the project management team, the USA Operations team as well as supporting employees globally. • In response to the schedule and budget overruns associated with the LCCP, the Committee has exercised its discretion to apply an additional penalty on the final incentive which resulted in a zero STI for the GEC and senior members of the LCCP project team, as well as a reduction in the STI calculation for senior leaders who supported the project. • Lastly, the Group has an increased focus on the environment, climate change and our commitment towards long-term sustainability. This commitment will result in new environmental/climate change targets being applied in the 2021 variable pay plans that will support the sustainability strategy that will be communicated over the first half of 2020.
Lack of sufficient detail in our disclosures • The disclosure of cost and volume targets and the achievement thereof require more supporting information to assist shareholders to reconcile the incentive outcomes. • The enforcement of the Clawback policy is not clearly stated in the disclosures.	• We have agreed to provide more detail in this year's report on the outcome of the cost and volume targets as well as the Clawback policy. • The Committee has again reviewed the Clawback policy and made some enhancements that will result in the policy being applied in a variety of situations. The Clawback policy has been extended to result in broader application to our Leadership role category (it was previously only applicable to our Group Executives and Senior Vice Presidents) and we included a malus clause. The Committee is satisfied that the policy aligns with the proposed Section 10D of the US Securities Exchange Act as well as the recommended practices in Principle 14 of King IV™.
Achievement of minimum shareholding requirements • From the previous remuneration report it appeared that the Executive Directors were not working aggressively enough towards the achievement of the minimum shareholding requirement.	• Three years after the appointment of our Joint Presidents and CEOs, and the CFO, progress was made towards the attainment of the five-year minimum shareholding requirement targets. Progress has however been hampered by the low level of achievement against the corporate performance targets. Details are included in the implementation report.

The impact of business performance on remuneration decisions

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

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

The following table sets out the outcomes of the Group factors in relation to the STI and LTI over the past 4 years:

STI Group Performance (for GEC)	2016	2017	2018	2019
Final score against targets	81,99%	72,97%	63,01%	**65,70%**

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

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

As far as the STI is concerned, the final incentive outcome mirrors the Sasol financial results for 2019. Production volumes were impacted by an extended shutdown at our Secunda Synfuels Operations as well as the slippage of the LCCP. We are grateful for a much improved safety performance, however, the three fatalities remain a serious concern and led to an additional penalty being applied. An additional LCCP penalty of between 20% and 100% was applied to executives who were either directly accountable for, involved with or supported the LCCP. To protect our cash flows and to prudently manage our costs, the Committee decided against declaring STI payments for senior management and only 50% of the calculated STI amount was paid out to middle management. The rest of the employees received their full STI amount.

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

The LTI corporate performance target achievement for 2019, which will impact the vesting of incentives in 2020, is 47% for the GEC members, a historic low. The Committee has considered this outcome and as the schedule and cost overruns on the LCCP are the major contributing factors to this low score, it concluded that the result is appropriate in the circumstances and has therefore, as in the past, agreed to not apply its discretion in changing the outcome of the formulaic incentive calculations.

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

Remuneration trends and future focus areas

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

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

Use of consultants

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

Our focus areas over the next financial year will be:

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

In closing

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

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

Mpho Nkeli
Chairman of the Remuneration Committee
17 October 2019

Key definitions

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

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

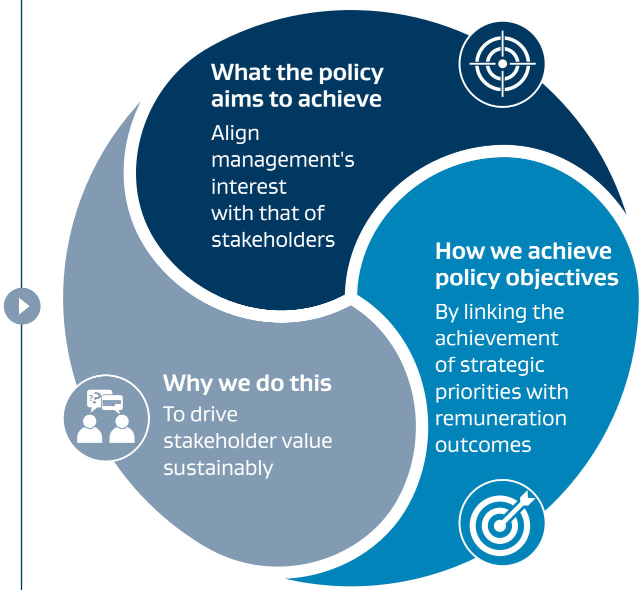
* Top management includes the Joint CEOs, GEC and Senior Vice Presidents.

Remuneration policy

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

Policy design principles

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



Remuneration philosophy

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

Enabling the achievement of key strategic priorities

Our remuneration policy sets the foundation for the development of fixed salary, variable pay plans and benefit structures that address our talent needs and enable the achievement of our strategic priorities. Through our variable pay plans, we drive a high performance culture where employees are encouraged to achieve at an individual, OME and Group level. The Committee annually reviews the targets set in our STIs and LTIs to ensure that these are relevant and aligned with the business priorities.

The following tables show the alignment between the Group's strategic priorities and the targets that were approved for 2019's STI and LTI awards.

Group STI targets

Alignment with the STI

FY19 Top priorities	High severity injuries & fatalities	Cash fixed growth	Production growth	Core headline earnings	Project delivery	Fires, explosions & releases	Energy efficiency	B-BBEE
Pursue zero harm	√		√			√		
Nurture foundation business	√	√	√	√	√		√	√
Sustainable growth & future investment		√	√	√	√			
Resilient organisation		√		√	√		√	√
Drive customer, operational and capital excellence			√		√			

Our top priorities are determined annually 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 strategic targets. This is how they link to value creation:

High severity injuries & fatalities	Safety of our employees is our priority. Our goal is zero harm.
Continuous Improvement (Cash fixed costs)	Enhancing our foundation business to remain relevant and competitive by improving our gross margin, reducing our cost base and optimising our Statement of Financial Position.
Production growth	Improving production volumes from our foundation businesses and ramp up production from our new operational facilities in Lake Charles to increase earnings.
Core headline earnings	We are committed to returning value to the shareholders and stakeholders before committing to further large growth projects.
Project delivery	We realise that there is room for improvement in our performance and have focused initiatives in place to entrench excellent capital investment and project practices to increase business value.
Fires, explosions & releases	Nothing matters more than everyone returning home safely and, as such, improving safety in our operations is of the utmost importance.
Energy efficiency	We have a long-standing commitment towards promoting energy efficiency (EE) as a key business driver. We strive to continuously improve the EE of all our manufacturing operations in support of asset integrity, and this year we committed to the global Energy Productivity 100 initiative.
B-BBEE	As a responsible corporate citizen, Sasol is committed to promoting inclusivity and diversity while growing the company.

LTI Corporate Performance Targets (CPTs)

Alignment with the LTI

2022 Strategic targets	Return on invested capital	Total shareholder return – MSCI Chemical Index	Total shareholder return – MSCI World Energy Index	Production volume growth/ headcount
ROIC	√	√	√	√
EBIT growth	√	√	√	√
Dividend returns	√	√	√	√
Zero ham	√	√	√	√

These CPTs link to our long-term strategic targets and create value in the following ways:

Growth in production volumes per head	Through production improvements and an efficient workforce, we increase earnings for our shareholders.
Return on Invested Capital (excluding assets under construction AUC)	ROIC reflects an earnings return measure in respect of capital investments, effective capital allocation and driving timely project completion.
TSR vs MSCI World Energy Index **TSR vs MSCI Chemicals Index**	Total shareholder return (TSR) is a measure of the performance of the Group's share price over time relative to peers, and combines both share price appreciation and dividends paid to indicate the total value created to shareholders.

Remuneration governance and fair pay practices

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

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

Risk management

Risk management

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

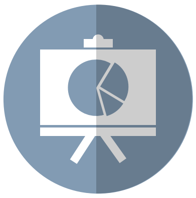
- The Remuneration Committee **ensures effective risk management oversight** in relation to material risks within the Committee's scope and will exercise its discretion within the Group's overall risk framework.
- The remuneration **policy** is **transparent** to all stakeholders.
- All incentive plans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

The use and application of remuneration benchmarks

We use benchmark data for purposes of developing pay bands, incentive plans and for the comparison of employee benefits. One of the Committee's key tasks is to preserve the relevance, integrity and consistency of benchmarking. Management also consults survey reports from various large remuneration firms. The data sources for the following employee groups are:

GEC

Executive remuneration comparator group and data in executive surveys



Rest of SA employees

Survey reports from PwC Remchannel and Mercer

Employees in international environment

Survey data from Korn Ferry, ECA, Mercer and Willis Towers Watson

In 2019, we used data from the revised peer group that was selected at the end of 2018. Although the peer group had changed extensively, this did not have a big impact on the remuneration benchmarks. This peer group was selected on the basis that it appropriately reflects Sasol's business composition, geographical footprint and model, as well as market capitalisation and the inclusion of more specialty chemical companies. We considered for inclusion companies in the MSCI global energy index, chemicals index and the JSE Top 40.

We use the following peer group in the benchmarking of executive pay lines and variable pay plans as well as the setting of fees for Non-executive Directors.

PEER GROUP

The group comprises 26 companies, which represent more relevant size and sector comparators

Comparator group rationale

We recognised that some of the companies that had been included in the peer group since 2015, were for various reasons, no longer relevant.

To allow for more compatibility, 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.

Comparator companies

- Air Products & Chemicals Inc
- Akzo Nobel NV
- Albemarle Corporation
- Anadarko Petroleum corporation
- Anglo American PLC
- Apache Corporation
- BASF SE
- BHP Billiton PLC
- Continental Resources Inc
- Covestro AG
- Devon Energy Corporation
- Eastman Chemical Company
- Evonik Industries AG
- Hess Corporation
- Imperial Oil Ltd
- Kumba Iron Ore Ltd
- Lyondell basell Industries NV
- Mondi PLC
- MTN Group Ltd
- Noble Energy Inc
- Origin Energy Ltd
- Phillips 66
- Pioneer Natural Resources Co
- Solvay SA
- Suncor Energy Inc
- Williams Companies Inc

Key remuneration elements

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

COMPONENT	POLICY	APPLICATION
Total guaranteed package or base salary	TGP = Total guaranteed package = Base salary + cost of all employer contributions. Broad pay bands set with reference to location and sector-specific median benchmark points. The total cost of annual increases is approved by the Committee and set in accordance with market movement, affordability and forecast inflation.	Employees in countries other than South Africa and employees in the South African collective bargaining sectors are paid a base salary rather than a TGP. 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. 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 Group's expatriate remuneration policy enables global mobility of key management and specialists.	Expatriate salaries are adjusted for cost-of-living and location differences and tax equalisation is mostly applied.
Benefits and allowances	Benefits include, but are not limited to, membership of a retirement plan, healthcare 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, inter alia, housing, cost of living, home leave and child education are included in the Group's expatriate policy.	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. There are no allowances paid to positions in senior management and higher, except for expatriates.

COMPONENT	POLICY	APPLICATION	WEIGHTING (GEC)	WEIGHTING (BELOW GEC)
STI	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. The Committee can exercise its discretion to pay incentives as deemed appropriate, and based on affordability.	Growth in core headline earnings	30%	30%
		Growth in production volumes	20%	30%
		Cost efficiency to support Continuous Improvement	20%	30%
		Project delivery	5%	10%
		Energy efficiency	5%	–
		B-BBEE targets (for South African entities in respect of preferential procurement (5%) and employment equity (5%))	10%	–
		Safety and sustainability targets – Fatalities, High Severity Injuries (5%), fires, explosions and releases (FERs) (5%)	10%	–
		Total	**100%**	**100%***
		* OME incentive targets are set in line with business plans approved by the responsible EVP. These include safety and energy efficiency targets set at the OME level and for South African OMEs, B-BBEE targets.		
		Sustainability is a key performance objective and measured at Group and OME levels. In addition to the Group targets, the following objectives are included in operational STI scorecards, as applicable: safe transportation of hazardous chemicals, occupational health measures, 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.		
		The Board has discretion to impose additional penalties for fatalities.		
		Individual targets are agreed in the annual individual performance contract, and performance against objectives is assessed bi-annually.		

COMPONENT	POLICY	APPLICATION	GEC	OTHER PARTICIPANTS
LTI	Equity-settled awards linked to the market value of a Sasol ordinary share (or American Depository Receipts (ADR) for international employees), subject to vesting conditions. The Committee governs LTI awards and considers these in respect of: • Internal promotions to qualifying roles and external appointments; • 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.	Growth in production volumes per head (25%)	√	√
		Return on invested capital (excluding AUC) (25%)	√	√
		TSR vs MSCI World Energy Index (25%)	√	√
		TSR vs MSCI Chemicals Index (25%)	√	√
		Retention shares	**0%**	**40%**
		Performance shares	**100%**	**60%**
		Vesting	50% after 3 years	100% after 3 years except SVPs that have the same vesting periods as members of the GEC
			50% after 5 years	–

Detail of key remuneration components

Base salary/total guaranteed package (TGP) and benefits

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 thirteenth cheque is payable.

Performance-based increases are not applied for the South African collective 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 band. Increases are also negotiated with trade unions and works councils in the USA, Germany and Italy.

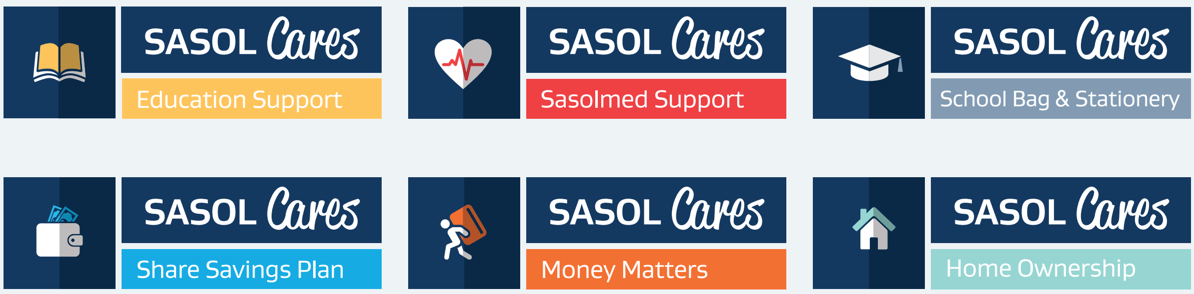
In the SA mining sector, 2019 was the second year of a three-year wage increase agreement for Sasol. The revised minimum monthly salary of R9 300 per month, effective 1 July 2018, translates to an annual minimum total guaranteed package excluding incentives and overtime, of R217 260 or R18 105 per month – the difference between this amount and the base salary of R9 300 per month is the cost of employer contributions towards benefit plans as well as allowances payable.

Aware that our employees were highly indebted, in 2019 we implemented programmes to assist employees in the process of legally challenging garnishee orders, to restructure debt and to educate employees on financial management.

In addition, in 2018/19, we administered a 'Quality of Life' survey in South Africa and Mozambique to assess the living standards of our employees. This survey includes questions on the form of housing employees use, the extent to which they support extended families, and which benefits they value the most and the least. This information was processed and analysed, and then informed the decision by the GEC to implement Sasol Cares. Employees in leadership positions are not eligible for participation in Sasol Cares.

SASOL Cares

Sasol Cares not only enhances our employee value proposition, but also seeks to help employees alleviate some of the challenges they face. The initiative assists employees in the following areas:



Short-Term Incentive plan (STI)

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.

STI Factors

Members of the GEC

STI target %
Derived from benchmarking positions of similar complexity in the comparator group

X

Group performance factor (0% to 150%)
Performance measured against financial and non-financial drivers

X

Individual portfolio performance factor (0% to 150%)*
Assessment of individual performance against project milestones, individual and OME targets

Members below the GEC

STI target %
Derived from benchmarking positions of similar complexity in the comparator group

X

Group performance factor (50% to 150%, 80% to 120%)
Performance measured against financial and non-financial drivers

X

OME Score (0% to 100%)
Performance measured against financial and non-financial drivers for the specific OME

X

Individual portfolio performance factor (0% to 150%)*
Assessment of individual performance against project milestones, and individual targets

* The individual performance factor ranges from 0% to 150%, but must balance at 100% across the Group.

Long-Term Incentive plans (LTI)

Sasol offers eligible employees in middle management, senior management and top management, the opportunity to participate in a LTI plan to enhance retention over the long term and align these participants' interests with that of our shareholders. LTIs form an important part of our pay mix.

Equity-settled LTI plan

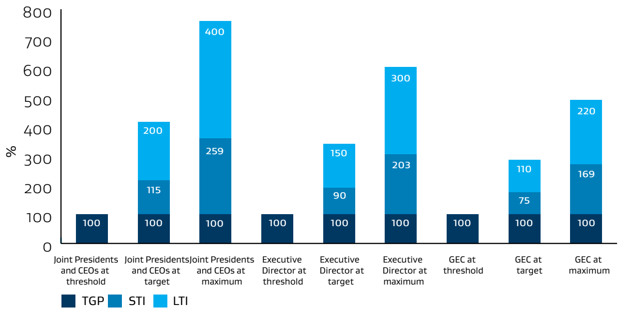
The equity-settled LTI plan gives participating employees the opportunity, subject to the vesting conditions, to receive Sasol ordinary shares or ADRs. Participants have the option to sell or retain the shares after the vesting period. A split vesting period applies to top management, where 50% of the 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.

Cash-settled LTI plan

In regions where we do not offer an equity-settled plan due to legislative restrictions or logistical reasons, eligible employees may participate in a cash-settled LTI plan with the same conditions that are applicable to equity instruments, except that they are settled with cash.

Pay mix – minimum, on-target, and maximum performance for executive management

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



The graph indicates 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 reviewed annually.

Measurement of Prescribed Officers and Executive Directors' performance

The Joint CEOs table the performance outcomes of all Prescribed Officers to the Committee to inform the award and vesting of annual increases and incentives. The Chairman of the Board tables the performance outcomes and proposed rewards for the executive directors at the committee which recommends it to the Board.

Strategic leadership

includes objectives linked to financial and non-financial results, project performance, stakeholder relationships, culture and values, approved at the start of the financial year.

Performance against targets

is assessed bi-annually and the final scores for the directors are recommended by the Chairman of the Board to the Committee for consideration.

Reward outcomes

supported by the performance review are tabled at the Board by the Chairman of the Board, resulting in rewards that are approved by the Board prior to any pay-out or vesting thereof.

Retention and sign on payments

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

Minimum shareholding requirements

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 achieved within five years from the date of appointment and the Board holds the directors accountable to meet this requirement.

Clawback and malus policy

The Sasol Clawback policy has been in effect since 2015 and was previously applicable to SVPs, EVPs and Executive Directors.

The Committee has now extended the application of the policy to include VPs, clarified trigger events, and included a malus clause.

The clawback and/or malus clauses can be triggered at the discretion of the Sasol Limited Board or Remuneration Committee, in the event of the following conditions:

- Where there has been an overpayment of an incentive grant due to a material misstatement in the Company's financial reports;
- Where the Company discovers that an error was made in the calculation of any performance condition;
- As a result of events that occurred prior to the grant or vesting that have led to material downturn in performance, corporate failure and/or reputational damage;
- Serious misconduct on the part of the employee; and
- Where there has been a material misrepresentation or non-disclosure on the part of the employee.

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 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 they are requested by the Board to extend their term. Perquisites available to the members of the GEC are disclosed in the implementation report.

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 day of service including the notice period either in exchange for service or in lieu of the notice period.	Payable up to the last day of service including a three to six month notice period.
Healthcare	Benefit continues up to the last of service.	Benefit continues up to last day of service; employees who qualify for the post-retirement subsidy continue to receive the employer's contribution.
Retirement and Risk plans	Employer contributions are paid up to the last day 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 for consideration of the STI which may be applicable for the past financial year, subject to the achievement of performance targets. No pro rata incentive is due if the executive leaves prior to the end of the financial year for reasons of dismissal, resignation or mutual separation.	A pro rata incentive may be considered for the period in service during the financial year subject to the meeting of performance targets.
Long-term incentive	All vested Share Appreciation Rights (SARs) to be exercised by the last date of service. All unvested LTIs are forfeited.	The original 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 a service penalty will be applied at the end of the vesting period. No pro rata awards are made.

Non-executive Director (NED) fees

Non-resident directors (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 long-term incentive 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 special purpose committees of the Board. Actual fees and the fee structure are reviewed annually. A travel allowance is payable for international travel but was not implemented in 2019.

The Board was of the view that the different fee structures for resident and non-resident NEDs was not justifiable. Therefore, in 2018, we consulted with our large institutional investors on a proposal for a single currency fee structure.

At the November 2018 AGM, shareholders voted on the requisite resolution, which was duly passed. The new structure has been implemented and is being phased in until 2021.

The phased approach comprises a staggered progression of fees up to 2021 at which point the standard dollar-based structure will be applied to both resident and non-resident NEDs uniformly.

The fee structure and levels were informed by the data collected from the revised peer group.

Where current NEDs' fees are higher than the new single currency fee structure, their fees are kept unchanged up to a maximum of three years from the implementation date of the new single currency fee structure.

Annual Non-executive Directors' (NED) fees:

	2018 excl. VAT (1 July 2017 to 15 November 2018) Chairman	Member
Resident NEDs		
Non-executive Directors		R723 000
Audit Committee	R398 000	R199 000
Remuneration Committee	R272 000	R136 000
Capital Investment Committee	R234 000	R117 000
Digital, IM and Hedging Committee	R234 000	R117 000
Nomination and Governance Committee	R234 000	R117 000
Safety, Social and Ethics Committee	R234 000	R117 000
Lead Independent Director (additional fee)[8]		R253 050
Attendance of out-of-cycle formal Board and Committee meeting (per meeting)[7]		R21 000
Non-resident NEDs		
Non-executive Directors		$150 000
Audit Committee	$54 000	$27 000
Remuneration Committee	$41 000	$20 500
Capital Investment Committee	$37 000	$18 500
Digital, IM and Hedging Committee	$37 000	$18 500
Nomination and Governance Committee	$37 000	$18 500
Safety, Social and Ethics Committee	$37 000	$18 500
Lead Independent Director (additional fee)[8]		$52 500
Attendance of out-of-cycle formal Board and Committee meeting (per meeting)[7]		$1 615

	2019 Fees incl. VAT with effect from 16 November 2018[2,4] Chairman	**Member**
Chairman[1, 6]	**$445 000**	
Non-executive Directors		**$150 000**
Audit Committee	**$40 000**	**$20 000**
Remuneration Committee	**$20 000**	**$12 000**
Capital Investment Committee	**$16 000**	**$11 000**
Digital, IM and Hedging Committee	**$16 000**	**$11 000**
Nomination and Governance Committee	**$16 000**	**$11 000**
Safety, Social and Ethics Committee	**$16 000**	**$11 000**
Lead Independent Director (additional fee)[8]		**$40 000**
Member of Special purpose ad hoc Board Committees (per meeting)[3]		**$2 000**

Travel allowance[5]	**Once off allowance payable per cycle**
Less than 10 hours travel	**$5 000**
Between 10 and 15 hours travel	**$10 000**
More than 15 hours travel	**$15 000**

Notes
1 Chairman of the Board fee, inclusive of all fees payable for attendance or membership of Board Committees and directorship of the company.
2 Fees including VAT to be phased in over a period of two to three years with effect from 16 November 2018.
3 Fee introduced as at 16 November 2018.
4 For the fee structure applicable from 16 November 2018 for non-resident Non-executive Directors, the following rule applies: where the total prior year fees inclusive of VAT (on a like-for-like basis), are higher than the new structure, the previous fee will be retained to ensure that the Non-executive Director is not financially worse off with the implementation of the new fee structure.
5 Travel allowance implemented for all directors as appropriate when travel is required.
6 Chairman fee of $445 000 to be phased in over a three-year period.
7 Fee removed from 16 November 2018.
8 Lead Independent Director fee prior to 16 November 2018 calculated at 35% of Board fee for both non-resident and resident Lead Independent Director roles.

Sasol Khanyisa Employee Share Ownership

Sasol Khanyisa was approved by our shareholders in November 2017. It is a B-BBEE scheme designed to enable Sasol to receive the required accreditation under the Department of Trade and Industry Codes scheme and is not considered to be part of our benefit or reward structures due to the nature thereof.

18 282 employees received a Tier 1 Khanyisa award of R100 000 with a three-year vesting period, and 18 301 employees received a Tier 2 Khanyisa award which has a 10-year vesting period which value will be determined over time.

Implementation report

This section provides a view on how our remuneration policy was implemented, and also sets out the relationship between company performance and Executive Directors’ and Prescribed Officers' remuneration outcomes against incentive plan targets as well as minimum shareholding requirements.

The tables contained in this section, provide information on all amounts received/receivable by members of the GEC (including the Presidents and J-CEOs).

The structure of the implementation report, is as follows:

General

- Resultant outcomes of the group performance factor for 2019 as well as an overview of performance against targets for the past three financial years
- Resultant outcomes for the CPTs set for the LTIs that are due to vest in 2020, as at 30 June 2019 as well as an overview of the performance against the CPTs set for the past financial years and unvested LTIs

Executive Directors

- Determination of annual STI award which was calculated but not paid
- Remuneration and benefits paid disclosed in terms of the single total figure methodology
- Outstanding LTI holdings
- Minimum shareholding requirements

Prescribed Officers

- Determination of annual STI award which was calculated but not paid
- Remuneration and benefits paid disclosed in terms of the single total figure methodology
- Outstanding LTI holdings

Other share-holding

- Khanyisa shareholding
- Beneficial shareholding

Non-executive Directors

- Fees paid over 2019

As indicated in the remuneration policy, Sasol operates a STI and LTI plan, and any value derived from these are tied to value creation in different forms.

The following table provides the outcomes against the 2019 group performance targets that were set for the STI plan.

	KPI – Key performance indicator	Group targets	Weighting	Threshold (Rating = 0%)	Target (Rating = 100%)	Stretch target (Rating = 150%)	Achievement	Weighted achievement
	Cost-efficiency to support Continuous improvement[1]	YoY increases in Cash fixed costs excl LCCP (Foundation business)	20%	Approved Group FY19 CFC budget including efficiencies derived from Continuous Improvement Projects and Digitisation (2018 CFC + 6,5%)	Approved Group FY19 CFC budget including efficiencies derived from Continuous Improvement projects and Digitisation (2018 CFC + 5%)	Approved Group FY19 CFC budget including efficiencies derived from Continuous Improvement Projects and Digitisation (2018 CFC + 4%)	CFC 1,6% below target	0%
	YoY growth in Core headline earnings[1]	% Core headline earnings growth	30%	2019 = 2018 Core Headline Earnings; this equals the 2019 budget	2018 Core Headline Earnings + 2%	2018 Core Headline Earnings + 5%	Core headline earnings increased by 5,6%	45%
	YoY growth in production volumes (normalised for planned shut downs; excl Gabon, Natref & Mining)[2]	Volume growth in fuel equivalent tons	20%	2018 Volumes + 1%	2018 Volumes + 2%	2018 Volumes + 4%	0,8% below previous year	0%
	Project delivery	On time & budget delivery	5%	Weighted average of project scores according to EOJ[4] as estimated at the start of the FY Threshold: 50%	Weighted average of project scores according to EOJ as estimated at the start of the FY Target: 80%	Weighted average of project scores according to EOJ as estimated at the start of the FY Stretch: 150%	Missed 6 milestones	0%
ESG measures	**ESG: Safety & Environment**	Safety (high severity injuries including fatalities)	5%	9 (injuries incl fatalities): 0%	6 (injuries incl fatalities): 100%	3 (injuries incl fatalities): 150%	3 fatalities and 2 high severity injuries[3]	5%
		SHE safety lagging indicators – occupational safety	5%	19 FERs	17 FERs	15 FERs	19 significant FERs	0%
		SHE environmental & sustainability – energy efficiency index in South African operations	5%	Group Energy Intensity improvements on 2018: Consolidated Group Threshold Target from individual hubs: 0,3%	Group Energy Intensity improvements on 2018: Consolidated Group Threshold Target from individual hubs: 0,5%	Group Energy Intensity improvements on 2018: Consolidated Group Threshold Target from individual hubs: 0,8%	>1% improvement	7,5%
	B-BBEE (Group)	B-BBEE Preferential procurement	5%	16,38 for PP on the B-BBEE scorecard (out of 25)	17,38 for PP on the B-BBEE scorecard (out of 25)	18,38 for PP on the B-BBEE scorecard (out of 25)	20,79	7,5%
		Employment equity – African and Coloured appointments in senior positions	5%	50% of all opportunities employed in the targeted groups	70% of all opportunities employed in the targeted groups	80% of all opportunities employed in the targeted groups	Utilised 53% of opportunities to appoint Coloured and African males and females in senior positions	0,7%
			100%					**65,70%**

1 The cost of STIs not paid, added back to ensure a consistent baseline against 2020.
2 Volumes normalised for planned shutdown periods and factors caused outside of management's control e.g. force majeure declared by service providers in Eurasia and Eskom electricity outages in South Africa.
3 Additional penalty applied for fatalities to reduce the scoring from "Stretch" to "On Target".
4 End-of-Job (EOJ).

For comparative purposes the following table sets out the Group's performance on a weighted basis against STI targets for the previous two years.

Period	Growth in headline earnings	Production volumes	Growth in cash fixed costs	Working capital and gross margin	Project delivery	Safety & environment	Preferential procurement and employment equity	Total
2018	0%	13,5%	18,2%	3,7%	5,0%	15,1%	7,5%	**63%**
2017	0%	28%	19,4%	4,1%	n/a	10,1%	11,3%	**73%**

The following table provides the outcomes against the corporate performance targets (CPTs) which were linked to the 2017 Long-Term Incentive awards, which are due to vest in 2020. The vesting percentage is determined by the Group's performance against CPTs over the period 1 July 2016 to 30 June 2019.

Measure	Weighting	Threshold (0%)	Target (100%)	Stretch (200%)	Performance	Weighted achievement
Increase in tons produced/head	25%	0% improvement on base	1% improvement on base	2% improvement on base	**1,45% improvement on base**	**36,2%**
Return on invested capital (ROIC)	25%	Three-year average ROIC (excl. AUC[3]) at 1 x times WACC (hurdle)	Three-year average ROIC (excl. AUC) at 1,3 times WACC	Three-year average ROIC (excl. AUC) at 1,5 times WACC	**Three-year average ROIC (excl. AUC) at 9,14%**	**0%**
TSR – MSCI World Energy Index	25%	Below the 40th percentile of the Index	60th percentile of the Index	75th percentile of the Index	**41st percentile of the Index**	**10,8%**
TSR – MSCI Chemicals Index	25%	Below the 40th percentile of the Index	60th percentile of the Index	75th percentile of the Index	**6th percentile of the Index**	**0%**
Achievement						0% to 200% range[1] = 47% 40% to 160%[2] = 68,2%

1 Executive Vice-Presidents, CFO and Joint CEOs.
2 All other participants.
3 AUC = Assets under construction.

The following table sets out the outstanding unvested LTI awards that are in issue as well as the weightings linked to the respective CPTs:

Outstanding unvested LTI awards

Financial year of allocation	Vesting year (financial year)	Vesting range	Return on invested capital	Increase in tons produced/head	TSR vs MSCI World Chemicals index	TSR vs MSCI World Energy Index
2018	2021 & 2023	0% to 200%[1] 40% to 160%[2]	25%	25%	25%	25%
2019	2022 to 2024	0% to 200%[1] 40% to 160%[2]	25%	25%	25%	25%

1 Executive Vice-Presidents, CFO and Joint CEOs.
2 All other participants.

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

Executive Directors:

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

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

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

Although an STI amount could have been paid in terms of the meeting of the different targets, the Board made a decision to not make any payment of STIs to executive directors, prescribed officers and senior members of the LCCP project management team.

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

1 Gross US dollar salary.
2 Actual score determined by performance against individual scorecard, in range of 0% – 150% (IPF).

This penalty was considered in terms of the performance in 2019, as well as the factors that were considered in the respective performance factors in 2018.

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

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

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

	SR Cornell[3, 4, 5] (J–CEO and President)		B Nqwababa[6] (J–CEO and President)		P Victor (CFO)	
Executive Directors	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000	**2019 R'000**	2018 R'000
Salary	**17 918**	15 215	**9 621**	8 955	**4 655**	4 538
Risk & Retirement Funding	**825**	819	**1 029**	857	**2 686**	2 216
Vehicle benefit	**332**	309	**–**	–	**100**	100
Healthcare	**362**	331	**87**	82	**94**	88
Vehicle insurance fringe benefit	**–**	–	**6**	6	**6**	6
Security benefit	**1 228**	1 266	**467**	406	**–**	–
Other benefits	**7 498**	8 491	**27**	35	**7**	–
Total salary and benefits	**28 163**	26 431	**11 237**	10 341	**7 548**	6 948
Annual short-term incentive[1]	**–**	10 882	**–**	7 798	**–**	4 407
Long-term incentive gains[2, 7]	**8 972**	8 956	**9 173**	7 754	**6 880**	2 744
Total annual remuneration	**37 135**	46 269	**20 410**	25 893	**14 428**	14 099

From the single total figure table the following can be seen:

- No cash STI was awarded.
- The LTI gains, which are calculated at the share price of $19,03 (ADRs), R284,78 (JSE) on 17 October 2019 (but due to vest over 2020), is as a result of the CPT achievement of 47%. These include the on-appointment/promotional LTI awards that were granted in 2016 to on-appointment/promotional LTI awards were granted to the J-CEOs and Presidents as well as the CFO when they were appointed into these positions. As per the policy at the time, the on-appointment/promotional LTI award was linked in full to CPTs although the intention was to provide a significant opportunity for these directors to build-up shareholding in meeting the minimum shareholding requirements. Due to the low vesting, this intention has not been fully achieved.

1 No STI payment was approved for 2019.

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

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

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

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

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

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

The following tables set out the number and intrinsic value of the unvested LTI holdings that have been awarded to the Executive Directors.

c. Unvested LTI holdings (number):

Executive Directors	Cumulative balance at the beginning of the year	Granted[1] in 2019	Effect of corporate performance targets	Dividend equivalents	Long-term incentives settled[2]	Cumulative balance at the end of the year
SR Cornell	125 372	**43 555**	(7 130)	1 319	(9 254)	153 862
B Nqwababa	122 328	**39 062**	(6 200)	1 277	(8 177)	148 290
P Victor	76 396	**20 833**	(1 116)	452	(2 894)	93 671
Total	324 096	**103 450**	(14 446)	3 048	(20 325)	395 823

1 LTIs granted on 3 September 2018.

2 50% of the award that vest in 2019 is still subject to a continued employment period of two years.

d. Unvested LTI holdings (intrinsic value):

Executive Directors	Intrinsic cumulative value at beginning of year[1] $'000 and R'000	Intrinsic value of awards made during the year $'000 and R'000	Change in intrinsic value for the year[2] $'000 and R'000	Effect of corporate performance targets $'000 and R'000	Dividend equivalents $'000 and R'000	LTIs settled[3] $'000 and R'000	Intrinsic cumulative value at end of year $'000 and R'000
SR Cornell	$4 581	$1 665	($1 841)	($275)	$51	($357)	$3 824
B Nqwababa	R61 513	R22 250	(R24 622)	(R3 411)	R703	(R4 498)	R51 935
P Victor	R38 416	R11 867	(R15 519)	(R614)	R249	(R1 592)	R32 807

1 Intrinsic values at beginning and end of year have been determined using the closing share price of R350,21 (US$24,85) and R502,86 (US$36,54) on 30 June 2019 and 30 June 2018.
2 Change in intrinsic value for the year results from changes in share price.
3 Long-term incentives settled represent long-term incentives that vested with reference to the group results for 2018 that was settled in the 2019 financial year. Difference between long-term incentive gains disclosed in 2018 and amount settled in 2019 is due to differences in actual share price at vesting date and the share price on 17 August 2018 being the disclosure date.

There are no outstanding Share Appreciation Rights to Executive Directors on 30 June 2019.

e. Progress against minimum shareholding requirement (MSR):

The following table indicates progress against the MSR three years after the appointment of the executive directors.

						Vested shares subject to continued employment only until 2020/2021[4] (excluding accrued dividend equivalents)			
Beneficial Shareholding	Minimum Shareholding Requirement (MSR) to be achieved by 2022	Beneficial shareholding – 30 June 2019[3]	Post-tax vesting – 30 October 2019 (47%)[5]	Beneficial shareholding value (including 30 October 2019 post tax vesting)	% MSR Achieved	Number of shares to vest – 21 September 2020	Number of shares to vest – 26 September 2021	Total nr of vested shares subject only to continued employment	Pre-tax value of vested shares subject only to continued employment[5]
SR Cornell[1]	$2 700 000	–	$336 584	**$336 584**	12%	7 935	14 100	22 035	**$419 326**
B Nqwababa[2]	R19 740 000	R8 944 939	R2 836 624	**R11 781 563**	60%	6 900	14 100	21 000	**R5 980 380**
P Victor[2]	R8 680 000	R851 950	R2 127 468	**R2 979 418**	34%	2 442	10 575	13 017	**R3 706 981**

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

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

Prescribed Officers

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

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

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

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

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

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

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

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

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

	HC Brand[4]		FR Grobler[3, 5]		JR Harris[3, 6, 10]		VD Kahla	
Prescribed Officers	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Salary	**766**	–	**8 391**	7 523	**9 458**	7 920	**5 901**	5 530
Risk & Retirement Funding	**224**	–	**823**	750	**462**	464	**772**	729
Vehicle benefit	**58**	–	**228**	227	**254**	63	**–**	–
Healthcare	**22**	–	**195**	197	**195**	73	**94**	88
Vehicle insurance fringe benefit	**2**	–	**6**	6	**–**	–	**6**	6
Security benefit	**–**	–	**–**	–	**14**	4	**490**	451
Other benefits	**188**	–	**2 037**	1 864	**2 180**	2 763	**–**	–
Total salary and benefits	**1 260**	–	**11 680**	10 567	**12 563**	11 287	**7 263**	6 804
Annual short-term incentive[1]	**–**	–	**–**	4 486	**–**	2 844	**–**	3 202
Long-term incentive gains[2]	**3 028**	–	**2 752**	5 234	**–**	–	**2 752**	6 203
Total annual remuneration	**4 288**	–	**14 432**	20 287	**12 563**	14 131	**10 015**	16 209

	BE Klingenberg		CK Mokoena[7]		M Radebe		SJ Schoeman[3, 8, 9]	
Prescribed Officers	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Salary	**5 771**	5 419	**4 789**	4 641	**4 726**	4 504	**9 533**	7 151
Risk & Retirement Funding	**1 971**	1 857	**772**	603	**764**	660	**585**	550
Vehicle benefit	**212**	212	**–**	–	**264**	264	**264**	241
Healthcare	**94**	88	**–**	–	**94**	88	**283**	304
Vehicle insurance fringe benefit	**6**	6	**–**	–	**6**	6	**6**	6
Security benefit	**363**	356	**103**	–	**–**	28	**–**	–
Other benefits	**–**	64	**13**	4 095	**–**	77	**4 103**	3 211
Total salary and benefits	**8 417**	8 002	**5 677**	9 339	**5 854**	5 627	**14 774**	11 463
Annual short-term incentive[1]	**–**	3 640	**–**	2 391	**–**	2 518	**–**	3 774
Long-term incentive gains[2]	**3 363**	7 173	**2 229**	–	**2 752**	5 428	**2 752**	9 072
Total annual remuneration	**11 780**	18 815	**7 906**	11 730	**8 606**	13 573	**17 526**	24 309

1 No STI payment was approved for 2019.

2 Long-term incentives for 2019 represent the award made on 26 September 2016. The amount is calculated in terms of the number of LTIs x corporate performance target achieved (47% for Executive Vice-Presidents and 68,2% for Mr Brand relating to this tenure as a Senior Vice-President) x closing share price on 17 October 2019. The actual vesting date for the annual awards made on 26 September 2016 is 30 October 2019. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTIs vest. 50% of the vested LTIs and accrued dividends will be released in October 2019 and the balance in September 2021, subject to the rules of the LTI plan. As there are no further performance conditions attached to the balance of 50%, the full amount is disclosed in the single figure table. Ms Mokoena did not receive an annual award but an on-appointment award partially compensating for shares forfeited when she resigned from her previous employer.

3 The 2018 'Salary' was restated to include the expatriate tax on salary (Grobler: R3 161 594, Harris: R1 154 354, Schoeman: R2 420 030) previously disclosed under 'Other Benefits' which has been reduced by the corresponding value. The Total Salary and Benefits remain unchanged.

4 Mr Brand was appointed to the GEC as Acting EVP: Group Technology with effect from 1 April 2019. Pro rata earnings disclosed. Other benefits comprise an acting allowance (R187 500) paid over the pro rata period. Long-term incentive gains includes a special LTI award.

5 Other benefits include a housing allowance (R582 953), home leave allowance (R176 576), relocation services (R60 432), social security (R35 246), spousal allowance (R28 134), utilities (R38 864), transport allowance (R3 886), private accommodation (R37 135) and tax on expatriate allowances and benefits (R1 073 487).

6 Other benefits include home leave allowance (R118 410), utilities allowance (R36 210), accommodation (R775 290) and tax on expatriate allowance and benefits (R1 250 179). Mr Harris' expatriate assignment commenced in March 2018.

7 50% of the On-appointment LTI award made in February 2017 due to vest in February 2020; balance in February 2022, subject to the rules of the LTI plan.

8 Other benefits include accommodation (R1 079 715), home leave allowance (R368 239), tax consulting fees (R176 024), social security taxes (R227 590), medicare taxes (R660 988) and tax on expatriate benefits and allowances (R1 590 168).

9 Mr Schoeman has been removed from all his duties to work and is on extended leave. There is an ongoing employment dispute.

10 Mr Harris' 2018 salary includes a UK tax gross up on salary (R1 849 945) which is subject to recovery from the UK tax authorities. No UK tax gross up is included for 2019, only SA tax gross up.

The following tables set out the number and intrinsic value of the unvested LTI holdings that have been awarded to the Prescribed Officers.

c. Unvested LTI holdings (number):

Prescribed Officers	Cumulative balance at beginning of year (number)	Granted (number)[2]	Effect of corporate performance targets (number)	Dividend equivalents (number)	Long-term incentives settled (number)	Effect of change in Prescribed Officers	Cumulative balance at end of year (number)
HC Brand[1]	–	–	–	–	–	21 608	21 608
FR Grobler	47 609	11 657	(4 185)	862	(5 519)	–	50 424
JR Harris	17 393	12 572	–	–	–	–	29 965
VD Kahla	51 548	12 321	(4 960)	1 021	(6 541)	–	53 389
BE Klingenberg	61 445	14 707	(5 735)	1 181	(7 563)	–	64 035
CK Mokoena	22 936	11 254	–	–	–	–	34 190
M Radebe	45 726	10 709	(4 340)	894	(5 724)	–	47 265
SJ Schoeman	57 869	12 633	(6 045)	1 759	(10 487)	–	55 729
Total	**304 526**	**85 853**	**(25 265)**	**5 717**	**(35 834)**	**21 608**	**356 605**

d Unvested LTI holdings (intrinsic value):

Prescribed Officers	Cumulative Intrinsic value at beginning of year[3, 4] R'000 and $'000	Intrinsic value of awards made during the year[3] R'000 and $'000	Change in intrinsic value for the year[4] R'000 and $'000	Effect of corporate performance targets R'000 and $'000	Dividend equivalents R'000 and $'000	Long-term incentives settled[5] R'000 and $'000	Effect of change in Prescribed Officers	Cumulative Intrinsic value at end of year[3] R'000 and $'000
HC Brand[1]	–	–	–	–	–	–	R7 567	R7 567
FR Grobler	R23 941	R6 640	(R8 057)	(R2 302)	R474	(R3 036)	–	R17 660
JR Harris	$635	$482	($372)	–	–	–		$745
VD Kahla	R25 921	R7 018	(R8 481)	(R2 729)	R562	(R3 598)	–	R18 693
BE Klingenberg	R30 898	R8 377	(R10 187)	(R3 155)	R650	(R4 161)	–	R22 422
CK Mokoena	R11 534	R6 411	(R5 969)	–	–	–	–	R11 976
M Radebe	R22 994	R6 100	(R7 498)	(R2 388)	R492	(R3 149)	–	R16 551
SJ Schoeman	R29 100	R7 196	(R9 916)	(R3 025)	R812	(R4 650)	–	R19 517

1 Mr Brand was appointed as the Acting EVP: Group Technology effective 1 April 2019.
2 LTIs granted on 3 September 2018.
3 Intrinsic values at beginning and end of year have been determined using the closing share price of R350,21 ($24,85) and R502,86 ($36,54) on 30 June 2019 and 30 June 2018.
4 Change in intrinsic value for the year results from changes in share price.
5 Long-term incentives settled represent long-term incentives that vested with reference to the group results for 2018 that was settled in the 2019 financial year. Difference between long-term incentive gains disclosed in 2018 and amount settled in 2019 is due to differences in actual share price at vesting date and the share price on 17 August 2018 being the disclosure date.

e Share appreciation rights holdings – outstanding (vested)[4]

Prescribed Officers	Balance at beginning of year (number)	SARs exercised (number)	Effect of change in Prescribed Officers	Balance at end of year (number)
HC Brand	–	–	16 724	16 724
FR Grobler	53 913	(18 500)	–	35 413
BE Klingenberg	159 142	(75 700)	–	83 442
M Radebe	100 491	(100 491)	–	–
SJ Schoeman	62 813	(45 284)	–	17 529
Total	**376 359**	**(239 975)**	**16 724**	**153 108**

f Fair value of share appreciation rights holdings[4]

Prescribed Officers	Fair value at beginning of year[2] R'000	Gain on exercise of share appreciation rights R'000	Change in fair value for the year[3] R'000	Effect of change in Prescribed Officers R'000	Fair value R'000
HC Brand[1]	–	–	–	909	909
FR Grobler	9 486	(2 645)	(4 894)	–	1 947
BE Klingenberg	29 698	(18 455)	(6 640)	–	4 603
M Radebe	16 706	(18 339)	1 633	–	–
SJ Schoeman	10 285	(9 492)	149	–	942
Total	**66 175**	**(48 931)**	**(9 752)**	**909**	**8 401**

1 Mr Brand was appointed with effect from 1 April 2019.
2 Fair values at the beginning and end of year have been determined using the IFRS 2 option values on 30 June 2018 and 30 June 2019.
3 Change in intrinsic value for the year results from changes in share price.
4 Plan closed since 2015.

g Share appreciation rights (SARs) exercised[1]

Prescribed Officers	Grant dates	Exercise dates	SARs exercised (number)	Offer price per SAR (Rand)	Exercise price per SAR (Rand)	Gain on exercise of share appreciation rights 2019 R'000s
FR Grobler	17-Sep-09	05-Sep-18	4 500	299,90	578,68	1 255
FR Grobler	03-Jun-10	31-May-19	14 000	278,74	378,00	1 390
BE Klingenberg	04-Dec-09	27-Aug-18	67 400	289,99	547,00	17 322
BE Klingenberg	04-Dec-09	26-Nov-18	8 300	289,99	426,50	1 133
M Radebe	24-Nov-10	31-Aug-18	58 887	322,60	562,65	14 136
M Radebe	15-Sep-11	15-Mar-19	19 854	334,53	436,75	2 029
M Radebe	13-Sep-12	30-Apr-19	21 750	376,46	476,42	2 174
SJ Schoeman	17-Sep-09	22-Aug-18	700	299,90	534,27	164
SJ Schoeman	25-Nov-09	22-Aug-18	17 300	299,98	534,27	4 053
SJ Schoeman	16-Sep-10	22-Aug-18	4 812	298,65	534,27	1 134
SJ Schoeman	02-Jun-11	22-Aug-18	19 380	352,50	534,27	3 523
SJ Schoeman	15-Sep-11	22-Aug-18	3 092	334,53	534,27	618
			239 975			**48 931**

1 Share appreciation rights lapse nine years after the grant date.

Beneficial shareholding

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

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

1 Unvested Long-term incentives for Executive directors not included.

2 The Sasol Inzalo Public (RF) Limited portion of the Sasol Inzalo transaction reached its maturity on 7 September 2018.

3 Direct beneficial shareholding comprises of Sasol BEE ordinary shares.

4 Resigned with effect from 17 November 2017.

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

1 Unvested Long-term incentives not included.

2 The Sasol Inzalo Public (RF) Limited portion of the Sasol Inzalo transaction reached its maturity on 7 September 2018.

3 Appointed Acting EVP with effect from 1 April 2019.

4 Retired with effect from 31 October 2017.

Non-Executive Directors	Board Meeting Fees[1] R'000	Lead Independent Director Fees[1] R'000	Committee fees[1] R'000	Ad Hoc or special purpose board committee[1, 6] R'000	Total[1, 7] 2019	Total[1] 2018
MSV Gantsho (Chairman)	6 030	–	–	–	**6 030**	5 827
MJN Njeke (Lead Independent Director)	1 206	387	363	48	**2 004**	1 374
C Beggs	1 206	–	727	77	**2 010**	1 755
MJ Cuambe[2]	2 186	–	539	–	**2 725**	2 473
HG Dijkgraaf[2, 3]	–	–	–	–	**–**	2 805
MDN Dube[2]	2 186	–	608	–	**2 794**	629
M Floël[2]	2 186	–	838	–	**3 024**	1 082
GMB Kennealy	1 206	–	363	–	**1 569**	1 211
NNA Matyumza	1 206	–	520	48	**1 774**	1 525
IN Mkhize[4]	–	–	–	–	**–**	777
ZM Mkhize	1 143	–	218	–	**1 361**	943
MEK Nkeli	1 206	–	582	–	**1 788**	1 256
SA Nkosi[5]	365	–	34	–	**399**	–
PJ Robertson[2]	2 186	–	1 108	–	**3 294**	2 840
S Westwell[2]	2 186	–	1 472	25	**3 683**	3 326
Total	24 498	387	7 372	198	**32 455**	27 823

1 Fees include VAT where applicable.
2 Board and Committee fees paid in US Dollars.
3 Mr Dijkgraaf retired from the Board on 30 April 2018.
4 Ms Mkhize retired from the Board on 17 November 2017.
5 Mr Nkosi joined the Board on 1 May 2019.
6 Ad hoc Board or Committee meeting fee terminated 15 November 2018. Special purpose Board Committee fee effective 16 November 2018.
7 Phase-in of fees approved on 16 November 2018.

Income statement

for the year ended 30 June

2017* US$m	2018* US$m	2019* US$m		Note	2019 Rm	2018 Rm	2017 Rm
12 668	14 121	**14 336**	**Turnover**	2	**203 576**	181 461	172 407
(5 249)	(5 961)	**(6 380)**	Materials, energy and consumables used	3	**(90 589)**	(76 606)	(71 436)
(471)	(549)	**(552)**	Selling and distribution costs		**(7 836)**	(7 060)	(6 405)
(636)	(713)	**(720)**	Maintenance expenditure		**(10 227)**	(9 163)	(8 654)
(1 794)	(2 138)	**(2 108)**	Employee-related expenditure	4	**(29 928)**	(27 468)	(24 417)
(36)	(27)	**(47)**	Exploration expenditure and feasibility costs		**(663)**	(352)	(491)
(1 190)	(1 278)	**(1 265)**	Depreciation and amortisation		**(17 968)**	(16 425)	(16 204)
(922)	(1 192)	**(1 344)**	Other expenses and income		**(19 097)**	(15 316)	(12 550)
(88)	(1)	**43**	Translation gains/(losses)	5	**604**	(11)	(1 201)
(834)	(1 191)	**(1 387)**	Other operating expenses and income	6	**(19 701)**	(15 305)	(11 349)
79	112	**76**	Equity accounted profits, net of tax	20	**1 074**	1 443	1 071
2 449	2 375	**1 996**	**Operating profit before remeasurement items and Sasol Khanyisa share-based payment**		**28 342**	30 514	33 321
(119)	(771)	**(1 313)**	Remeasurement items	9	**(18 645)**	(9 901)	(1 616)
–	(223)	**–**	Sasol Khanyisa share-based payment**	35	**–**	(2 866)	–
2 330	1 381	**683**	**Earnings before interest and tax (EBIT)**		**9 697**	17 747	31 705
115	133	**55**	Finance income	7	**787**	1 716	1 568
(240)	(292)	**(88)**	Finance costs	7	**(1 253)**	(3 759)	(3 265)
2 205	1 222	**650**	**Earnings before tax**		**9 231**	15 704	30 008
(624)	(432)	**(222)**	Taxation	12	**(3 157)**	(5 558)	(8 495)
1 581	790	**428**	**Earnings for the year**		**6 074**	10 146	21 513
			Attributable to				
1 497	679	**303**	Owners of Sasol Limited		**4 298**	8 729	20 374
84	111	**125**	Non-controlling interests in subsidiaries		**1 776**	1 417	1 139
1 581	790	**428**			**6 074**	10 146	21 513
US$	US$	**US$**			**Rand**	Rand	Rand
			Per share information				
2,45	1,11	**0,49**	Basic earnings per share	8	**6,97**	14,26	33,36
2,44	1,10	**0,49**	Diluted earnings per share	8	**6,93**	14,18	33,27

* Supplementary non-IFRS information. US dollar convenience translation, converted at average exchange rate of R14,20/US$1 (2018 – R12,85/US$1; 2017 – R13,61/US$1). The income statement has been translated from rand to US dollar for convenience purposes in order to enable offshore shareholders to interpret the financial performance in an universally measured currency. This constitutes pro-forma financial information in terms of the JSE Listings Requirements and should be read in conjunction with the basis of preparation see note 1.

** 2018 relates to the implementation of Sasol Khanyisa in relation to SOLBE1, Inzalo Public, Inzalo Groups and Khanyisa Public participants.

The notes on pages 53 to 145 are an integral part of these Consolidated Financial Statements.

Statement of comprehensive income
for the year ended 30 June

	2019 Rm	2018 Rm	2017 Rm
Earnings for the year	**6 074**	10 146	21 513
Other comprehensive income, net of tax			
Items that can be subsequently reclassified to the income statement	**1 353**	6 068	(8 931)
Effect of translation of foreign operations	**1 533**	5 237	(10 074)
Effect of cash flow hedges*	**(287)**	1 233	1 821
Fair value of investments available-for-sale	**–**	13	11
Tax on items that can be subsequently reclassified to the income statement**	**107**	(415)	(689)
Items that cannot be subsequently reclassified to the income statement	**(265)**	(54)	743
Remeasurement on post-retirement benefit obligation***	**(531)**	(80)	1 114
Fair value of investments through other comprehensive income	**136**	–	–
Tax on items that cannot be subsequently reclassified to the income statement	**130**	26	(371)
Total comprehensive income for the year	**7 162**	16 160	13 325
Attributable to			
Owners of Sasol Limited	**5 377**	14 727	12 234
Non-controlling interests in subsidiaries	**1 785**	1 433	1 091
	7 162	16 160	13 325

* These amounts include the loss of R1 400 million (2018 – R286 million; 2017 – R302 million) on the revaluation of the cash flow hedge pertaining to the interest rate swap and a gain of R1 115 million relating to the reclassification of the swap to profit and loss on termination of the hedge relationship.

** The amount is mainly on the cash flow hedge.

*** Includes the effect of a loss/(gain) of R58 million (2018 – R1 051 million; 2017 – (R105 million)) relating to the movement in the asset limitation, as well as a loss/(gain) of R83 million (2018 – R1 million; 2017 – R50 million) on reimbursive rights related to post-retirement benefits, recognised in long-term receivables.

The notes on pages 53 to 145 are an integral part of these Consolidated Financial Statements.

Statement of financial position
at 30 June

2018* US$m	2019* US$m		Note	2019 Rm	2018 Rm
		Assets			
12 196	**16 587**	Property, plant and equipment	17	**233 549**	167 457
12 044	**9 074**	Assets under construction	18	**127 764**	165 361
196	**238**	Goodwill and other intangible assets		**3 357**	2 687
801	**701**	Equity accounted investments	20	**9 866**	10 991
69	**88**	Other long-term investments		**1 248**	951
109	**91**	Post-retirement benefit assets	33	**1 274**	1 498
339	**449**	Long-term receivables and prepaid expenses	19	**6 317**	4 646
21	**1**	Long-term financial assets	40	**15**	291
298	**608**	Deferred tax assets	14	**8 563**	4 096
26 073	**27 837**	**Non-current assets**		**391 953**	357 978
8	**182**	Assets in disposal groups held for sale	11	**2 554**	113
6	**–**	Short-term investments		**–**	85
2 139	**2 105**	Inventories	23	**29 646**	29 364
240	**52**	Tax receivable	13	**730**	3 302
2 166	**2 029**	Trade and other receivables	24	**28 578**	29 729
112	**45**	Short-term financial assets	40	**630**	1 536
1 247	**1 128**	Cash and cash equivalents	27	**15 877**	17 128
5 918	**5 541**	**Current assets**		**78 015**	81 257
31 991	**33 378**	**Total assets**		**469 968**	439 235
		Equity and liabilities			
16 240	**15 619**	Shareholders' equity		**219 910**	222 985
410	**418**	Non-controlling interests		**5 885**	5 623
16 650	**16 037**	**Total equity**		**225 795**	228 608
6 512	**9 045**	Long-term debt	16	**127 350**	89 411
530	**529**	Finance leases	16	**7 445**	7 280
1 104	**1 251**	Long-term provisions	31	**17 622**	15 160
867	**902**	Post-retirement benefit obligations	33	**12 708**	11 900
64	**66**	Long-term deferred income		**924**	879
10	**102**	Long-term financial liabilities	40	**1 440**	133
1 887	**1 959**	Deferred tax liabilities	14	**27 586**	25 908
10 974	**13 854**	**Non-current liabilities**		**195 075**	150 671
3	**35**	Liabilities in disposal groups held for sale	11	**488**	36
1 071	**269**	Short-term debt	16	**3 783**	14 709
255	**233**	Short-term provisions	32	**3 289**	3 508
169	**74**	Tax payable	13	**1 039**	2 318
2 707	**2 803**	Trade and other payables	25	**39 466**	37 150
16	**15**	Short-term deferred income		**210**	220
140	**54**	Short-term financial liabilities	40	**765**	1 926
6	**4**	Bank overdraft	27	**58**	89
4 367	**3 487**	**Current liabilities**		**49 098**	59 956
31 991	**33 378**	**Total equity and liabilities**		**469 968**	439 235

* Supplementary non-IFRS information. US dollar convenience translation, converted at a closing exchange rate of R14,08/US$1 (2018 - R13,73/US$1).
The statement of financial position has been translated from rand to US dollar for convenience purposes in order to enable offshore shareholders to interpret the financial performance in an universally measured currency. This constitutes pro-forma financial information in terms of the JSE Listings Requirements and should be read in conjunction with the basis of preparation see note 1.

The notes on pages 53 to 145 are an integral part of these Consolidated Financial Statements.

Statement of changes in equity
for the year ended 30 June

	Share capital Note 15 Rm	Share repurchase programme Note 15 Rm	Share-based payment reserve Note 35 Rm	Investment fair value reserve Rm	Foreign currency translation reserve Rm	Cash flow hedge accounting reserve Rm	Remeasurement on post-retirement benefits Rm	Retained earnings Rm	Shareholders' equity Rm	Non-controlling interests Rm	Total equity Rm
Balance at 30 June 2016	**29 282**	**(2 641)**	**(13 582)**	**26**	**33 316**	**(1 788)**	**(2 533)**	**164 917**	**206 997**	**5 421**	**212 418**
Share-based payment expense	–	–	463	–	–	–	–	–	463	–	463
Long-term incentive scheme converted to equity-settled*	–	–	645	–	–	–	–	–	645	–	645
Long-term incentives vested and settled	–	–	(51)	–	–	–	–	51	–	–	–
Total comprehensive income for the year	–	–	–	7	(10 031)	1 141	743	20 374	12 234	1 091	13 325
profit	–	–	–	–	–	–	–	20 374	20 374	1 139	21 513
other comprehensive income for the year	–	–	–	7	(10 031)	1 141	743	–	(8 140)	(48)	(8 188)
Dividends paid	–	–	–	–	–	–	–	(8 628)	(8 628)	(989)	(9 617)
Balance at 30 June 2017	**29 282**	**(2 641)**	**(12 525)**	**33**	**23 285**	**(647)**	**(1 790)**	**176 714**	**211 711**	**5 523**	**217 234**
Transactions with non-controlling shareholders	–	–	–	–	–	–	–	–	–	(51)	(51)
Movement in share-based payment reserve	–	–	989	–	–	–	–	–	989	–	989
Share-based payment expense	–	–	823	–	–	–	–	–	823	–	823
Deferred tax	–	–	166	–	–	–	–	–	166	–	166
Unwind of Sasol Inzalo transaction	(12 698)	–	6 999	–	–	–	–	6 256	557	(557)	–
Repurchase of shares	(12 698)	–	12 698	–	–	–	–	557	557	(557)	–
Share-based payment reserve to retained earnings	–	–	(5 699)	–	–	–	–	5 699	–	–	–
Long-term incentives vested and settled	–	–	(605)	–	–	–	–	605	–	–	–
Implementation of Sasol Khanyisa transaction	1 832	–	1 121	–	–	–	–	–	2 953	–	2 953
Share-based payment expense	–	–	2 953	–	–	–	–	–	2 953	–	2 953
Shares issued to Sasol Khanyisa Employee Trust	1 832	–	(1 832)	–	–	–	–	–	–	–	–
Repurchase of shares	(2 641)	2 641	–	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	10	5 215	827	(54)	8 729	14 727	1 433	16 160
profit	–	–	–	–	–	–	–	8 729	8 729	1 417	10 146
other comprehensive income for the year	–	–	–	10	5 215	827	(54)	–	5 998	16	6 014
Dividends paid	–	–	–	–	–	–	–	(7 952)	(7 952)	(725)	(8 677)
Balance at 30 June 2018	**15 775**	**–**	**(4 021)**	**43**	**28 500**	**180**	**(1 844)**	**184 352**	**222 985**	**5 623**	**228 608**
Disposal of business	–	–	–	–	(52)	–	–	–	(52)	–	(52)
Movement in share-based payment reserve	–	–	1 552	–	–	–	–	–	1 552	–	1 552
Share-based payment expense	–	–	707	–	–	–	–	–	707	–	707
Sasol Khanyisa transaction	–	–	952	–	–	–	–	–	952	–	952
Deferred tax	–	–	(107)	–	–	–	–	–	(107)	–	(107)
Unwind of Sasol Inzalo transaction	(5 887)	–	3 452	–	–	–	–	1 063	(1 372)	–	(1 372)
Repurchase of shares	(5 887)	–	5 887	–	–	–	–	–	–	–	–
Final distribution to Sasol Inzalo Public	–	–	–	–	–	–	–	(1 372)	(1 372)	–	(1 372)
Share-based payment reserve to retained earnings	–	–	(2 435)	–	–	–	–	2 435	–	–	–
Long-term incentives vested and settled	–	–	(573)	–	–	–	–	573	–	–	–
Total comprehensive income for the year	–	–	–	89	1 530	(180)	(360)	4 298	5 377	1 785	7 162
profit	–	–	–	–	–	–	–	4 298	4 298	1 776	6 074
other comprehensive income for the year	–	–	–	89	1 530	(180)	(360)	–	1 079	9	1 088
Dividends paid	–	–	–	–	–	–	–	(8 580)	(8 580)	(1 523)	(10 103)
Balance at 30 June 2019	**9 888**	**–**	**410**	**132**	**29 978**	**–**	**(2 204)**	**181 706**	**219 910**	**5 885**	**225 795**

* Refer to note 35 for further detail on the conversion of the long-term incentive scheme.

The notes on pages 53 to 145 are an integral part of these Consolidated Financial Statements.

Statement of cash flows
for the year ended 30 June

	Note	2019 Rm	2018 Rm	2017 Rm
Cash receipts from customers		**203 613**	178 672	172 061
Cash paid to suppliers and employees		**(152 215)**	(135 795)	(127 992)
Cash generated by operating activities	28	**51 398**	42 877	44 069
Dividends received from equity accounted investments	20	**1 506**	1 702	1 539
Finance income received	7	**682**	1 565	1 464
Finance costs paid*	7	**(6 222)**	(4 797)	(3 612)
Tax paid	13	**(3 946)**	(7 041)	(6 352)
Cash available from operating activities		**43 418**	34 306	37 108
Dividends paid	30	**(9 952)**	(7 952)	(8 628)
Dividends paid to non-controlling shareholders in subsidiaries		**(1 523)**	(725)	(989)
Cash retained from operating activities		**31 943**	25 629	27 491
Additions to non-current assets		**(56 734)**	(55 891)	(56 812)
additions to property, plant and equipment	17	**(1 229)**	(714)	(390)
additions to assets under construction	18	**(54 552)**	(52 635)	(59 892)
additions to other intangible assets		**(19)**	(35)	(61)
(decrease)/increase in capital project related payables		**(934)**	(2 507)	3 531
Net cash movements in equity accounted investments		**66**	(164)	(444)
Proceeds on disposals and scrappings	10	**567**	2 316	788
Net cash disposed of on disposal of businesses	10	**–**	(36)	–
Purchase of investments		**(222)**	(124)	(96)
Proceeds from sale of investments		**142**	114	28
Increase in long-term receivables		**(231)**	(194)	(141)
Cash used in investing activities		**(56 412)**	(53 979)	(56 677)
Proceeds from long-term debt	16	**93 884**	24 961	9 277
Repayment of long-term debt	16	**(70 000)**	(9 199)	(2 364)
Proceeds from short-term debt		**977**	1 957	4 033
Repayment of short-term debt		**(1 730)**	(2 607)	(1 410)
Cash generated by financing activities		**23 131**	15 112	9 536
Translation effects on cash and cash equivalents		**162**	954	(3 207)
Decrease in cash and cash equivalents		**(1 176)**	(12 284)	(22 857)
Cash and cash equivalents at the beginning of year		**17 039**	29 323	52 180
Reclassification to disposal groups held for sale		**(44)**	–	–
Cash and cash equivalents at the end of the year	27	**15 819**	17 039	29 323

* Included in finance costs paid is amounts capitalised to assets under construction. Refer note 7.

The notes on pages 53 to 145 are an integral part of these Consolidated Financial Statements.

Notes to the financial statements

The Annual Financial Statements outlined below provide a full overview of our financial results, in the context of our strategy, while enabling more effective analysis of the group's performance.

Segment information

	Mining		Exploration and Production International		Energy		Base Chemicals***		Performance Chemicals***	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
Statement of financial position										
Non-current assets	**26 485**	25 197	**13 542**	14 217	**67 325**	64 526	**141 160**	124 826	**126 949**	116 945
Current assets	**1 809**	2 547	**2 475**	2 339	**19 727**	20 657	**19 478**	15 714	**25 007**	26 335
Non-current liabilities	**1 701**	1 629	**6 782**	5 684	**11 561**	11 616	**10 612**	38 749	**11 763**	36 538
Current liabilities	**2 601**	2 801	**1 685**	2 371	**13 160**	11 462	**10 234**	9 883	**12 462**	12 584

	Group Functions		Total		Deferred tax assets and liabilities		Net tax receivable/ payable		Post-retirement benefit assets		Total per statement of financial position	
	2019 Rm	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
Statement of financial position												
Non-current assets	**6 655**	6 673	**382 116**	352 384	**8 563**	4 096	**–**	–	**1 274**	1 498	**391 953**	357 978
Current assets	**8 789**	10 363	**77 285**	77 955	**–**	–	**730**	3 302	**–**	–	**78 015**	81 257
Non-current liabilities	**125 070**	30 547	**167 489**	124 763	**27 586**	25 908	**–**	–	**–**	–	**195 075**	150 671
Current liabilities	**7 917**	18 537	**48 059**	57 638	**–**	–	**1 039**	2 318	**–**	–	**49 098**	59 956

	Mining			Exploration and Production International			Energy		
	2019 Rm	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
Income statement									
External turnover	**3 222**	3 446	2 946	**1 815**	1 610	1 750	**82 977**	69 110	64 254
Total turnover	**20 876**	19 797	18 962	**5 184**	4 198	4 084	**83 803**	69 773	64 772
Intersegmental turnover	**(17 654)**	(16 351)	(16 016)	**(3 369)**	(2 588)	(2 334)	**(826)**	(663)	(518)
Earnings before interest and tax	**4 701**	5 244	3 725	**(889)**	(3 683)	585	**16 566**	14 081	11 218
Earnings attributable to owners of Sasol Limited	**3 021**	3 336	2 266	**(1 800)**	(4 168)	47	**11 970**	8 558	6 395
Effect of remeasurement items*	**45**	34	6	**1 976**	4 241	(6)	**247**	971	1 844
Depreciation and amortisation	**1 805**	1 677	1 905	**1 582**	1 465	2 053	**5 331**	4 817	4 496
Statement of cash flows									
Cash flow from operations	**7 025**	6 877	5 401	**2 528**	2 665	1 726	**23 247**	17 158	17 996
Additions to non-current assets**	**2 912**	3 729	2 839	**1 086**	2 525	2 600	**7 484**	6 650	6 781
Other disclosures									
Capital commitments*	**2 372**	2 640	3 099	**19 795**	18 811	19 431	**10 390**	10 320	10 327

	Base Chemicals***			Performance Chemicals***			Group Functions			Total		
	2019 Rm	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm	**2019 Rm**	2018 Rm	2017 Rm
Income statement												
External turnover	**48 113**	43 269	41 582	**67 389**	63 986	61 359	**60**	40	516	**203 576**	181 461	172 407
Total turnover	**48 813**	43 951	42 288	**68 296**	64 887	62 185	**78**	52	516	**227 050**	202 658	192 807
Intersegmental turnover	**(700)**	(682)	(706)	**(907)**	(901)	(826)	**(18)**	(12)	–	**(23 474)**	(21 197)	(20 400)
Earnings before interest and tax	**(1 431)**	918	6 888	**(7 040)**	7 853	8 737	**(2 210)**	(6 666)	552	**9 697**	17 747	31 705
Earnings attributable to owners of Sasol Limited	**1 622**	2 075	5 899	**(3 516)**	7 434	7 124	**(6 999)**	(8 506)	(1 357)	**4 298**	8 729	20 374
Effect of remeasurement items*	**3 190**	4 512	(374)	**13 182**	103	136	**5**	40	10	**18 645**	9 901	1 616
Depreciation and amortisation	**4 788**	4 422	4 050	**3 739**	3 299	2 965	**723**	745	735	**17 968**	16 425	16 204
Statement of cash flows												
Cash flow from operations	**6 343**	9 017	11 476	**9 743**	12 303	12 272	**102**	(1 382)	(2 635)	**48 988**	46 638	46 236
Additions to non-current assets**	**23 065**	20 299	24 182	**20 403**	19 384	23 055	**850**	797	886	**55 800**	53 384	60 343
Other disclosures												
Capital commitments*	**16 504**	21 125	30 375	**10 434**	16 432	26 743	**600**	599	761	**60 095**	69 927	90 736

* Excludes equity accounted investments.

** Includes capital accruals.

*** The comparative financial results have been restated for the transfer of the Phenolics, Ammonia and Specialty Gases businesses from Performance Chemicals to Base Chemicals. The restatements were performed to align with the current strategy and to best reflect the basis in which the Chief Operating Decision Maker reviews and makes decisions.

Geographic segment information

External turnover*	Mining 2019 Rm	Mining 2018 Rm	Mining 2017 Rm	Exploration and Production International 2019 Rm	Exploration and Production International 2018 Rm	Exploration and Production International 2017 Rm	Energy 2019 Rm	Energy 2018 Rm	Energy 2017 Rm
South Africa	**–**	–	–	**–**	–	–	**77 345**	65 827	60 814
Rest of Africa	**–**	–	–	**652**	341	355	**4 665**	3 282	3 438
Europe	**2 819**	2 691	2 040	**924**	985	835	**967**	1	2
North America	**–**	–	–	**239**	284	560	**–**	–	–
South America	**–**	–	–	**–**	–	–	**–**	–	–
Asia, Australasia and Middle East	**403**	755	906	**–**	–	–	**–**	–	–
Total operations	**3 222**	3 446	2 946	**1 815**	1 610	1 750	**82 977**	69 110	64 254

External turnover*	Base Chemicals** 2019 Rm	Base Chemicals** 2018 Rm	Base Chemicals** 2017 Rm	Performance Chemicals** 2019 Rm	Performance Chemicals** 2018 Rm	Performance Chemicals** 2017 Rm	Group Functions 2019 Rm	Group Functions 2018 Rm	Group Functions 2017 Rm	Total 2019 Rm	Total 2018 Rm	Total 2017 Rm
South Africa	**22 561**	21 336	19 891	**1 049**	1 297	1 292	**–**	–	–	**100 955**	88 460	81 997
Rest of Africa	**2 573**	2 142	2 751	**900**	790	786	**24**	–	34	**8 814**	6 555	7 364
Europe	**7 324**	7 037	5 922	**33 168**	33 008	29 261	**–**	–	–	**45 202**	43 722	38 060
North America	**8 039**	5 894	3 228	**19 459**	16 926	19 375	**–**	–	–	**27 737**	23 104	23 163
South America	**584**	513	396	**1 501**	1 415	1 669	**–**	–	–	**2 085**	1 928	2 065
Asia, Australasia and Middle East	**7 032**	6 347	9 394	**11 312**	10 550	8 976	**36**	40	482	**18 783**	17 692	19 758
Total operations	**48 113**	43 269	41 582	**67 389**	63 986	61 359	**60**	40	516	**203 576**	181 461	172 407

* The analysis of turnover is based on the location of the customer.

** The comparative financial results have been restated for the transfer of the Phenolics, Ammonia and Specialty Gases businesses from Performance Chemicals to Base Chemicals. The restatements were performed to align with the current strategy and to best reflect the basis in which the Chief Operating Decision Maker reviews and makes decision.

Earnings before interest and tax*	Mining 2019 Rm	Mining 2018 Rm	Mining 2017 Rm	Exploration and Production International 2019 Rm	Exploration and Production International 2018 Rm	Exploration and Production International 2017 Rm	Energy 2019 Rm	Energy 2018 Rm	Energy 2017 Rm
South Africa	**3 273**	3 796	2 775	**1 458**	1 008	1 307	**15 243**	13 064	12 248
Rest of Africa	**–**	–	–	**164**	(1 282)	707	**259**	926	(85)
Europe	**1 249**	1 131	658	**223**	194	(503)	**14**	–	(47)
North America	**–**	–	–	**(2 739)**	(3 595)	(728)	**–**	(1 010)	(1 756)
South America	**–**	–	–	**–**	–	–	**–**	–	–
Asia, Australasia and Middle East	**179**	317	292	**5**	(8)	(198)	**1 050**	1 101	858
Total operations	**4 701**	5 244	3 725	**(889)**	(3 683)	585	**16 566**	14 081	11 218

Earnings before interest and tax*	Base Chemicals** 2019 Rm	Base Chemicals** 2018 Rm	Base Chemicals** 2017 Rm	Performance Chemicals** 2019 Rm	Performance Chemicals** 2018 Rm	Performance Chemicals** 2017 Rm	Group Functions 2019 Rm	Group Functions 2018 Rm	Group Functions 2017 Rm	Total 2019 Rm	Total 2018 Rm	Total 2017 Rm
South Africa	**(843)**	(3 213)	2 899	**449**	1 547	1 340	**(1 004)**	(7 617)	(125)	**18 576**	8 585	20 444
Rest of Africa	**120**	416	220	**189**	22	86	**(25)**	553	26	**707**	635	954
Europe	**526**	812	734	**2 754**	3 530	2 984	**251**	345	84	**5 017**	6 012	3 910
North America	**(1 724)**	430	1 221	**(11 844)**	1 809	3 049	**(1 436)**	50	85	**(17 743)**	(2 316)	1 871
South America	**7**	141	100	**111**	138	160	**–**	–	–	**118**	279	260
Asia, Australasia and Middle East	**483**	2 332	1 714	**1 301**	807	1 118	**4**	3	482	**3 022**	4 552	4 266
Total operations	**(1 431)**	918	6 888	**(7 040)**	7 853	8 737	**(2 210)**	(6 666)	552	**9 697**	17 747	31 705

* Includes equity accounted profits/(losses) remeasurement items and once-off share-based payment expenses.

** The comparative financial results have been restated for the transfer of the Phenolics, Ammonia and Specialty Gases businesses from Performance Chemicals to Base Chemicals. The restatements were performed to align with the current strategy and to best reflect the basis in which the Chief Operating Decision Maker reviews and makes decision.

Non-current assets

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
South Africa	**147 688**	143 493	139 398
Rest of Africa	**19 323**	18 443	17 856
Europe	**15 944**	15 389	13 925
North America	**189 560**	165 742	125 983
South America	**1**	1	1
Asia, Australasia and Middle East	**9 600**	9 316	10 118
Total operations	**382 116**	352 384	307 281
Deferred tax asset	**8 563**	4 096	3 082
Post-retirement benefit assets	**1 274**	1 498	622
Total non-current assets	**391 953**	357 978	310 985

Reporting segments

The group has six main reportable segments that reflects the structure used by the Joint Presidents and Chief Executive Officers to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market (referred to as business segments). The group evaluates the performance of its reportable segments based on earnings before interest and tax (EBIT).

The operating model structure reflects how the results are reported to the Chief Operating Decision Maker (CODM). The CODM for Sasol are the Joint Presidents and Chief Executive Officers.

Operating business units

Mining
Mining is responsible for securing coal feedstock for the Southern African value chain, mainly for gasification, but also to generate electricity and steam. Coal is sold for gasification and utility purposes to Secunda Synfuels, for utility purposes to Sasolburg Operations; and to third parties in the export market.

Mining sells coal under both long- and short-term contracts at a price determinable from the agreements. Turnover is recognised upon delivery of the coal to the customer, which, in accordance with the related contract terms is the point at which the control passes to the customer. Prices are fixed or determinable and collectability is probable.

The date of delivery related to Mining is determined in accordance with the contractual agreements entered into with customers. These are summarised as follows:

Delivery terms	Control passes to the customer
Free on Board	At the point in time when the coal is loaded onto the vessel at Richards Bay Coal Terminal; the customer is responsible for shipping and handling costs.

The related costs of sales are recognised in the same period as the supply of the coal and include any shipping and handling costs incurred. All inter-segment sales are conducted at market related prices.

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 in Mozambique, South Africa, Canada and Gabon.

E&PI sells Mozambican gas under long-term contracts to both Sasol and external customers, condensate on short-term contracts and Canadian gas into the market at spot prices. Oil is sold to customers under annual contracts. Turnover is recognised upon delivery to the customer, which, in accordance with the related contract terms is the point at which control passes to the customer. Prices are determinable from the agreements and on the open market.

Delivery terms	Control passes to the customer
On-delivery	At the point in time when the: ■ Gas reaches the inlet coupling of the customer's pipeline. ■ Condensate is loaded onto the customer's truck. These are the points when the customer controls the gas or condensate, or directs the use of it. The customer is responsible for transportation and handling costs.

Strategic business units

Performance Chemicals
Performance Chemicals markets commodity and differentiated performance chemicals. The key product lines are organics, waxes and advanced materials. These are produced in various Sasol production facilities around the world.

Base Chemicals
Base Chemicals markets commodity chemicals based on the group's upstream Fischer-Tropsch, ethylene, propylene and ammonia value chains. The key product lines are polymers, solvents and ammonia-based explosives and fertilisers. These are produced in various Sasol production facilities around the world.

The Base and Performance Chemicals businesses sell the majority of their products under contracts at prices determinable from such agreements. Turnover is recognised upon delivery which, in accordance with the related contract terms, is the point at which control transfer to the customer. Prices are determinable and collectability is probable.

The point of delivery is determined in accordance with the contractual agreements entered into with customers which are as follows:

Delivery terms	Control passes to the customer:
Ex-tank sales	At the point in time when products are loaded into the customer's vehicle or unloaded from the seller's storage tanks.
Ex-works	At the point in time when products are loaded into the customer's vehicle or unloaded at the seller's premises.
Carriage Paid To (CPT); Cost Insurance Freight (CIF); Carriage and Insurance Paid (CIP); and Cost Freight Railage (CFR)	Products – CPT: At the point in time when the product is delivered to a specified location or main carrier.
	Products – CIF, CIP and CFR: At the point in time when the products are loaded into the transport vehicle.
	Carriage, freight and insurance: Over the period of transporting the products to the customer's nominated place – where the seller is responsible for carriage, freight and insurance costs, which are included in the contract.
Free on Board	At the point in time when products are loaded into the transport vehicle; the customer is responsible for shipping and handling costs.
Delivered at Place	At the point in time when products are delivered to and signed for by the customer.
Consignment Sales	As and when products are consumed by the customer.

Energy
Energy is responsible for the sales and marketing of liquid fuels, pipeline gas and electricity. In South Africa, Energy sells approximately nine billion liters of liquid fuels annually, blended from fuel components produced by the Secunda Synfuels operations, crude oil refined at Natref, as well as some products purchased from other refiners. Energy markets approximately 55 billion standard cubic feet (bscf) of natural and methane-rich gas a year.

Energy sells liquid fuel products under both short- and long-term agreements for both retail sales and commercial sales, including sales to other oil companies. The prices for retail sales are regulated and fixed by South African law. For commercial sales and sales to other oil companies, the prices are fixed and determinable according to the specific contract, with periodic price adjustments.

Turnover for the supply of fuel is based on measurement through a flow-meter into customers' tanks. Turnover is derived from the sale of goods produced by the operating facilities and is recognised when, in accordance with the related contract terms, control passes to the customer. Prices are fixed or determinable and collectability is probable. Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of the products. Turnover is also derived from the rendering of engineering services to external partners in joint ventures upon the proof of completion of the service.

Gas is sold under long-term contracts at a price determinable from the supply agreements in accordance with the pricing methodology used by the National Energy Regulator of South Africa (NERSA). Gas analysis and tests of the specifications and content are performed prior to delivery.

Turnover is recognised under the following arrangements:

Service/good	Delivery terms	Control passes to the customer:
Sale of fuel	On-delivery	At the point in time when the fuel is delivered onto the rail tank car, road tank truck or into the customer pipeline.
	Free Carrier	At the point in time when the goods are unloaded to the port of shipment; Sasol is not responsible for the freight and insurance.
	Carriage Paid To	Products: At the point in time when the product is delivered to a specified location or main carrier.
		Freight: Over the period of transporting the goods to the customer's nominated place – where the seller is responsible for freight costs, which are included in the contract.
Sale of gas	On-delivery	At the point in time when the gas has reached the inlet coupling of the customer's pipeline.
Sale of electricity	On-delivery	At the point in time when the electricity passes through the supply points to the customer's transmission line.

The Energy business also develops, implements and manages the group's international business ventures based on Sasol's proprietary gas-to-liquids (GTL) technology. Sasol holds 49% in ORYX GTL in Qatar, and an indirect 10% share in Escravos GTL in Nigeria.

Group Functions
Group Functions includes head office and centralised treasury operations.

1 Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the South African Companies Act, 2008. The consolidated financial statements were approved for issue by the Board of Directors on 28 October 2019 and will be presented to shareholders at the Annual General Meeting on 27 November 2019.

Basis of preparation of financial results

The consolidated financial statements are prepared using the historic cost convention except that, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and financial assets designated at fair value through other comprehensive income, are stated at fair value. The consolidated financial results are presented in rand, which is Sasol Limited's functional and presentation currency, rounded to the nearest million.

The consolidated financial statements are prepared on the going concern basis.

The comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements. Refer note 17 for revised 2018 capital commitments.

Certain additional disclosure has been provided in respect of the current year, as described on page 164 "Pro-forma financial information". To the extent practicable, comparative information has also been provided.

Accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2018, except for the adoption of IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and an amendment to IAS 23 'Borrowing Costs' with effect from 1 July 2018. Both IFRS 9 and IFRS 15 were adopted using the modified transition approach, where the comparative financial information is not restated as permitted by the standard. The amendment to IAS 23 is applied prospectively. These accounting policies are consistently applied throughout the group.

Accounting standards, interpretations and amendments to published accounting standards

IFRS 9 'Financial Instruments'

IFRS 9 provides a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. The group's financial assets are classified as measured at amortised cost, fair value through profit or loss, or fair value through other comprehensive income. The group elected to recognise the fair value gains and losses on its current equity investments through other comprehensive income as they are held for long-term strategic purpose. Due to the limited unlisted investments held, this change in measurement basis from amortised cost to fair value had an insignificant effect on Sasol's accounting, and therefore no transition adjustment is presented.

For financial liabilities the existing classification and measurement requirements of IAS 39 will remain the same.

Impairments of financial assets classified as measured at amortised cost are recognised on an expected loss basis which incorporates forward-looking information when assessing credit risk, with the expected losses recognised in profit or loss. The effect of the change was inconsequential due to the stringent debtor management policies currently applied by Sasol, and therefore no transition adjustment is presented. Refer to note 40 for the expected credit loss calculation.

The adoption of IFRS 9 did not have a significant impact on the group's accounting policies relating to financial assets and financial liabilities.

The IFRS 9 hedge accounting requirements are not effective for the group until the International Accounting Standards Board's macro hedging project is finalised.

IFRS 15 'Revenue from contracts with customers'

Under IFRS 15, revenue from contracts with customers is recognised when a performance obligation is satisfied by transferring promised goods or services to customers. Goods or services are transferred when the customer obtains control of the goods or services. The transfer of control of Sasol's energy and chemical products usually coincides with title passing to the customer and the customer taking physical possession, with the group's performance obligations primarily satisfied at a point in time. Amounts of revenue recognised relating to performance obligations over time are not significant. The accounting for revenue under IFRS 15 therefore represents an inconsequential change from the group's previous practice for recognising revenue from sales with customers, and therefore no transition adjustment is presented.

An analysis of revenue from contracts with customers by product is presented on note 2. Amounts presented for comparative periods include revenues determined in accordance with the group's previous accounting policies, but the differences are inconsequential.

IAS 23 'Borrowing Costs'

The amendment to IAS 23 clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Previously, if any specific borrowing remained outstanding after the related asset was ready for its intended use or sale, Sasol recognised the finance costs related to this borrowing in profit and loss.

The adoption of the amendment has been applied prospectively from 1 July 2018 and had a material impact on the group's earnings for the period as Sasol has a large number of projects to which borrowing costs are capitalised. The impact of applying the amendment for the period ended 30 June 2019 is:

	Results excluding amendment Rm	Adjustment on IAS 23 amendment Rm	Results after amendments Rm
Non-current assets			
Property, plant, equipment and assets under construction	358 135	1 998	360 133
Income statement			
Finance costs	(3 251)	1 998	(1 253)

Accounting standards, interpretations and amendments not yet effective

IFRS 16 'Leases' (Effective for the group from 1 July 2019)

IFRS 16 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The finance charge to unwind the lease liability and depreciation of the leased asset are recognised in the income statement based on the implied interest rate and contract terms respectively.

This standard does not apply to leases to explore for or use minerals, oils, natural gas and similar non-regenerative resources, including the intangible right to explore for those natural resources and rights to use the land in which those natural resources are contained.

Previously, the group planned to adopt the standard from 1 July 2019 on a full retrospective basis and was in the process of completing this adoption method. However, with the new standard indirectly impacting the accounting of a number of other business areas, including the valuation of inventory and the value-in-use of cash generating units, the group decided from a cost/benefit perspective that it would be preferable to apply the modified retrospective approach as applied by almost all of our peers. This approach allow the cumulative effect of initially applying the standard to be recognised at the date of initial application, with no restatement of comparative financial information required.

The identification and classification of leases and the analysis of the effect on the group's consolidated financial statements have largely been completed. A new software program has been introduced to manage and measure leases going forward and the results from the solution, used to determine the impact disclosed below, is currently being assessed. Accounting policies and processes have been updated and the impact on key performance indicators and financial metrics have been quantified.

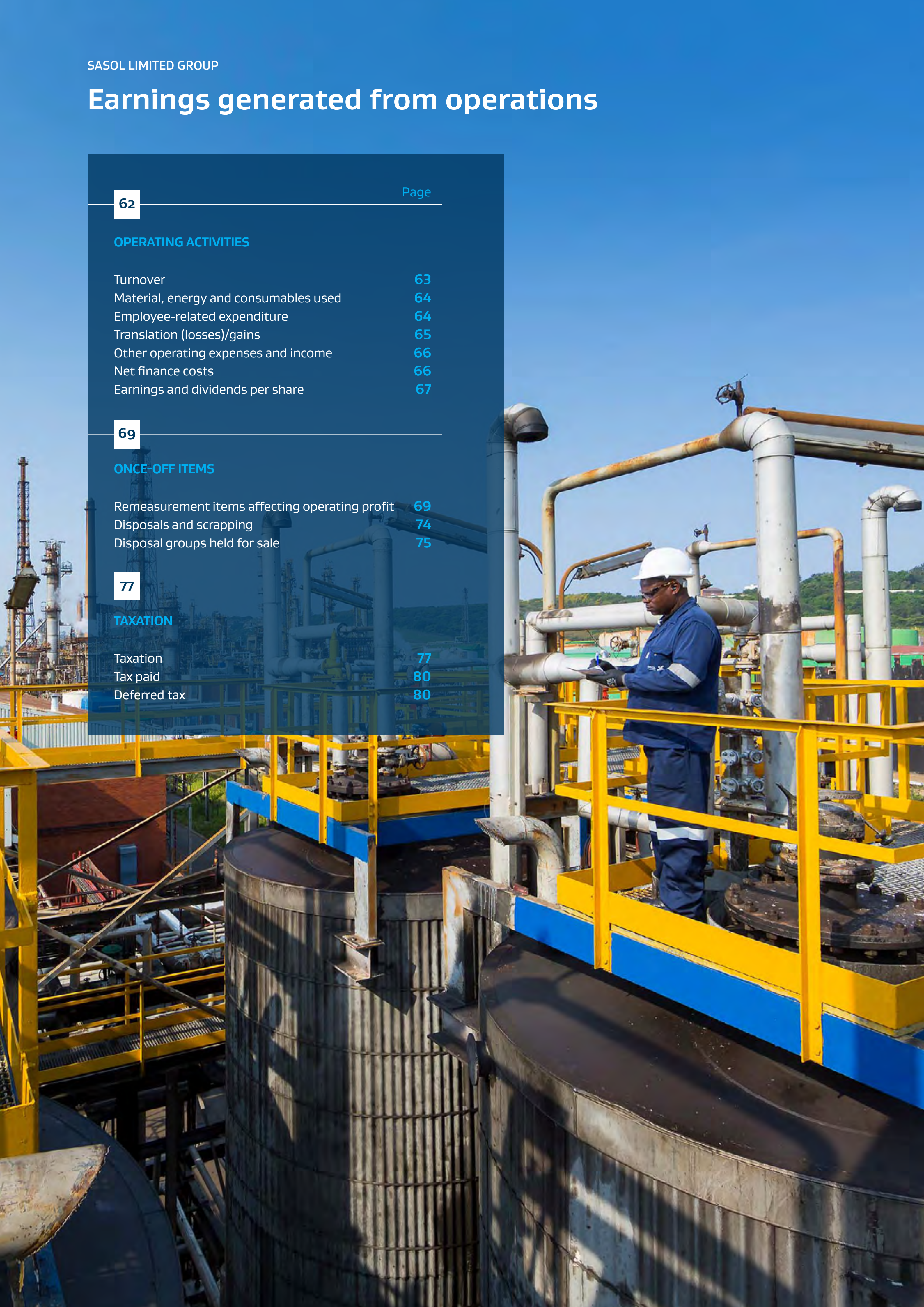
The adoption of the standard will have a material effect on the group's financial statements, significantly increasing the group's recognised assets and liabilities. Upon adoption, the most significant impact will be the present value of the operating lease commitments as per note 37, which are not currently recognised on the statement of financial position and provides an indication of the magnitude of assets and liabilities that will be recognised on the statement of financial position on adoption. We expect an increase in the depreciation expense and also in cash flows from operating activities as the lease payments will be reflected as financing outflows in our cash flow statement.

The discount rates applied on operating leases in determining the lease liabilities recognised are based on the incremental borrowing rates as appropriate for each lease considering factors such as the lessee country of operation, lease term, nature of asset and commencement date. Currently across the group, the incremental borrowing rates applicable to the significant portion of the undiscounted lease cash flows range from 8,2% – 11,5% (South Africa), 0,9% –3,6% (Eurasia) and 3,7% – 5,6% (United States).

Based on the group's current assessment, the impact on 2020 is expected to be as follows:

- Between R8,4 billion and R9,0 billion of additional lease liabilities would be recognised in the statement of financial position and a corresponding right-of-use asset of between R8,4 billion and R9,0 billion at 1 July 2019.
- Net income before interest and tax would increase between zero and R0,4 billion and interest expense increased by between R0,3 billion and R0,6 billion, the net results having an immaterial impact on earnings. Depreciation would increase by between R1,4 billion and R1,7 billion.
- The additional lease liabilities are expected to add approximately 5% on gearing.

Earnings generated from operations



Operating activities

for the year ended 30 June	2019 Rm	2018* Rm	2017* Rm
2 Turnover			
Revenue by major product line			
Base Chemicals	**48 113**	43 262	41 573
Polymers	**25 864**	22 332	22 206
Solvents	**13 178**	12 948	11 619
Fertilisers and explosives	**4 718**	4 145	4 021
Other base chemicals**	**4 353**	3 837	3 727
Performance Chemicals	**67 228**	63 916	61 322
Organics	**51 405**	49 005	47 122
Waxes	**8 474**	8 456	8 197
Advanced materials	**7 349**	6 455	6 003
Upstream, Energy and Other			
Coal	**3 222**	3 446	2 946
Liquid fuels and crude oil***	**75 819**	62 555	57 640
Gas (methane rich and natural gas) and condensate***	**5 986**	5 411	5 625
Other (Technology, refinery services)****	**2 308**	1 933	2 418
Revenue from contracts with customers	**202 676**	180 523	171 524
Revenue from other contracts (franchise rentals, use of fuel tanks and fuel storage)	**900**	938	883
	203 576	181 461	172 407

* Sale of goods (2018 – R178 463 million; 2017 – R169 115 million), services rendered (2018 – R1 612 million; 2017 – R1 549 million) and other trading income (2018 – R1 386 million; 2017 – R1 743 million).

** Phenolics, Ammonia and Speciality Gases.

*** Relate to the Exploration and Production International and Energy segments.

**** Other includes revenue in relation to different insignificant performance obligations mainly for the Energy and Performance Chemicals segments.

Accounting policies:

IFRS 15 applicable in 2019:

Revenue from contracts with customers is recognised when the control of goods or services has transferred to the customer through the satisfaction of a performance obligation. Group performance obligations are satisfied at a point in time and over time, however the group mainly satisfies its performance obligations at a point in time.

Revenue recognised reflects the consideration that the group expects to be entitled to for each distinct performance obligation after deducting indirect taxes, rebates and trade discounts and consists primarily of the sale of oil, natural gas and chemical products, services rendered, license fees and royalties. The group allocates revenue based on stand-alone selling price.

The group enters into exchange agreements with the same counterparties for the purchase and sale of inventory that are entered into in contemplation of one another. When the items exchanged are similar in nature, these transactions are combined and accounted for as a single exchange transaction. The exchange is recognised at the carrying amount of the inventory transferred.

Revenue from arrangements that are not considered contracts with customers, mainly pertaining to franchise rentals, use of fuel tanks and fuel storage, is presented as revenue from other contracts.

The period between the transfer of the goods and services to the customer and the payment by the customer does not exceed 12 months and the group does not adjust for time value of money.

For further information on revenue recognition, refer to Segment information on pages 58 to 59.

2 **Turnover** continued

IAS 18 applicable to prior periods:

Revenue is recognised at the fair value of the consideration received or receivable net of indirect taxes, rebates and trade discounts and consists primarily of the sale of products, services rendered, licence fees and royalties.

Revenue is recognised when the following criteria are met:

- evidence of an arrangement exists;
- delivery has occurred or services have been rendered and the significant risks and rewards of ownership have been transferred to the purchaser;
- transaction costs can be reliably measured;
- the selling price is fixed or determinable; and
- collectability is reasonably assured.

The timing of revenue recognition is as follows. Revenue from:

- the sale of products is recognised when the group has substantially transferred all the risks and rewards of ownership and no longer retains continuing managerial involvement associated with ownership or effective control;
- services rendered is based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total cost of the project; and
- licence fees and royalties are recognised on an accrual basis.

The group enters into exchange agreements with the same counterparties for the purchase and sale of inventory that are entered into in contemplation of one another. When the items exchanged are similar in nature, these transactions are combined and accounted for as a single exchange transaction. The exchange is recognised at the carrying amount of the inventory transferred.

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
3 Materials, energy and consumables used			
Cost of raw materials	**79 774**	66 928	63 291
Cost of energy and other consumables used in production process	**10 815**	9 678	8 145
	90 589	76 606	71 436

Costs relating to items that are consumed in the manufacturing process, including changes in inventories and distribution costs up until the point of sale.

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
4 Employee-related expenditure				
Analysis of employee costs				
Labour		**30 706**	28 448	26 646
salaries, wages and other employee-related expenditure		**28 665**	26 388	24 814
post-retirement benefits		**2 041**	2 060	1 832
Share-based payment expenses		**1 219**	1 565	226
equity-settled	35	**1 659**	910	463
cash-settled	34	**(440)**	655	(237)
Total employee-related expenditure		**31 925**	30 013	26 872
Costs capitalised to projects		**(1 997)**	(2 545)	(2 455)
Per income statement		**29 928**	27 468	24 417

The total number of permanent and non-permanent employees, in approved positions, including the group's share of employees within joint operation entities and excluding contractors, joint ventures' and associates' employees, is analysed below:

for the year ended 30 June	2019 Number	2018 Number	2017 Number
Permanent employees	**31 112**	31 020	30 600
Non-permanent employees	**317**	250	300
	31 429	31 270	30 900

The number of employees by area of employment is analysed as follows:

for the year ended 30 June	2019 Number	2018 Number	2017 Number
Business segmentation			
Mining	**7 402**	7 471	7 483
Exploration and Production International	**419**	430	416
Energy	**5 118**	5 069	5 008
Base Chemicals	**8 090**	7 724	7 438
Performance Chemicals	**5 667**	5 600	5 435
Group Functions	**4 733**	4 976	5 120
Total operations*	**31 429**	31 270	30 900

* Increase mainly due to LCCP.

Accounting policies:

Remuneration of employees is charged to the income statement, except where it is capitalised to projects in line with the accounting policy for assets under construction.

Short-term employee benefits

Short-term employee benefits includes salaries, wages and costs of temporary employees, paid vacation leave, sick leave and incentive bonuses.

Long-term employee benefits

Long-term employee benefits are those benefits that are expected to be wholly settled more than 12 months after the end of the annual reporting period, in which the services have been rendered and are discounted to their present value.

Post-retirement benefits

Further information on these benefits is provided in Note 33, and include defined benefit contribution plans, as well as defined benefit plans.

5 Translation gains/(losses)

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
Arising from			
Trade and other receivables	**98**	132	(909)
Trade and other payables	**(372)**	(354)	237
Foreign currency loans	**965**	(103)	313
Other	**(87)**	314	(842)
	604	(11)	(1 201)
Business segmentation			
Mining	**(19)**	(18)	(19)
Exploration and Production International	**(79)**	289	337
Energy	**(337)**	(45)	(299)
Base Chemicals	**(124)**	(5)	(394)
Performance Chemicals	**51**	45	(299)
Group Functions	**1 112**	(277)	(527)
Total operations	**604**	(11)	(1 201)

Differences arising on the translation of monetary assets and liabilities into functional currency.

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
6 Other operating expenses and income			
Rentals	**1 845**	1 497	1 367
Insurance	**514**	432	511
Computer costs	**2 155**	2 042	1 991
Hired labour	**786**	838	878
Audit remuneration	**97**	88	89
Derivative losses/(gains) (including foreign exchange contracts)[1]	**2 465**	3 927	(635)
Professional fees	**2 226**	1 971	1 383
Enablement of digital and continuous improvement initiatives	**454**	409	17
Other	**1 772**	1 562	1 366
Changes in rehabilitation provisions	**1 096**	(804)	472
Other expenses[2]	**9 880**	6 724	6 981
Other operating income	**(1 363)**	(1 410)	(1 688)
	19 701	15 305	11 349

1 Relates mainly to the group's hedging activities which includes a loss of R1,5 billion on the reclassification of the interest rate swap to profit and loss on termination of the hedge relationship, refer note 40.

2 Increase relates mainly to growth cost relating to the LCCP and high-density polyethyline (HDPE) plants that have reached beneficial operation.

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
7 Net finance costs				
Finance income				
Dividends received from investments		**42**	520	59
Notional interest received		**–**	5	1
Interest received on		**745**	1 191	1 508
other long-term investments		**27**	32	36
loans and receivables		**334**	359	349
cash and cash equivalents		**384**	800	1 123
Per income statement		**787**	1 716	1 568
Less: notional interest		**–**	(5)	(1)
Less: interest received on tax		**(105)**	(146)	(103)
Per the statement of cash flows		**682**	1 565	1 464
Finance costs				
Debt		**6 088**	4 166	3 463
debt		**6 044**	3 880	3 162
interest rate swap – net settlements		**44**	286	301
Preference share dividends		**116**	963	989
Finance leases (refer note 16)		**871**	483	86
Other[1]		**(462)**	291	378
		6 613	5 903	4 916
Amortisation of loan costs	16	**725**	462	279
Notional interest	31	**857**	962	834
Total finance costs		**8 195**	7 327	6 029
Amounts capitalised to assets under construction[2]	18	**(6 942)**	(3 568)	(2 764)
Per income statement		**1 253**	3 759	3 265
Total finance costs before amortisation of loan costs and notional interest		**6 613**	5 903	4 916
Add: modification gain		**109**	–	–
Less: interest accrued on long-term debt	16	**(1 025)**	(878)	(956)
Less: interest reversed/(accrued) on tax payable[1]		**525**	(228)	(348)
Per the statement of cash flows		**6 222**	4 797	3 612

1 Interest (reversed)/accrued on tax payable relates mainly to our tax litigation claim. Refer to note 12.
2 Finance costs capitalised increased due to higher assets under construction and the adoption of the amendment of IAS23 'Borrowing Costs' on 1 July 2018, which resulted in higher capitalisation of costs.

for the year ended 30 June	2019 Rand	2018 Rand	2017 Rand

8 Earnings and dividends per share

	2019 Rand	2018 Rand	2017 Rand
Attributable to owners of Sasol Limited			
Basic earnings per share	**6,97**	14,26	33,36
Headline earnings per share	**30,72**	27,44	35,15
Diluted earnings per share	**6,93**	14,18	33,27
Diluted headline earnings per share	**30,54**	27,27	35,05
Dividends per share	**5,90**	12,90	12,60
interim	**5,90**	5,00	4,80
final*	**–**	7,90	7,80

* Declared subsequent to 30 June and has been presented for information purposes only.

Earnings per share (EPS)

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares, after taking the long-term incentives (LTIs), the Sasol Inzalo and Sasol Khanyisa share transactions into account. Appropriate adjustments are made in calculating diluted, headline and diluted headline earnings per share.

for the year ended 30 June		2019	2018	2017
Weighted average number of shares	million	**616,6**	612,2	610,7
Earnings attributable to owners of Sasol Limited	Rm	**4 298**	8 729	20 374
Basic earnings per share	Rand	**6,97**	14,26	33,36

Headline earnings per share (HEPS)

for the year ended 30 June	2019 million	2018 million	2017 million
Weighted average number of shares	**616,6**	612,2	610,7

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
Headline earnings is determined as follows:				
Earnings attributable to owners of Sasol Limited		**4 298**	8 729	20 374
Adjusted for:				
Effect of remeasurement items for subsidiaries and joint operations, net of tax	9	**14 628**	8 058	1 077
gross remeasurement items		**18 645**	9 901	1 616
tax effect and non-controlling interest effect		**(4 017)**	(1 843)	(539)
Effect of remeasurement items for equity accounted investments	9	**15**	11	14
Headline earnings		**18 941**	16 798	21 465

for the year ended 30 June	2019 Rand	2018 Rand	2017 Rand
Headline earnings attributable to owners of Sasol Limited			
Headline earnings per share	**30,72**	27,44	35,15

8 Earnings and dividends per share continued

Diluted earnings per share (DEPS) and diluted headline earnings per share (DHEPS)

DEPS and DHEPS are calculated considering the potential dilution that could occur if all of the group's long-term incentives (LTIs) had vested, if all outstanding share options were exercised and the effect of all dilutive potential ordinary shares resulting from the Sasol Inzalo and Sasol Khanyisa Tier 1 share transactions.

The number of shares outstanding is adjusted to show the potential dilution if the LTI's and Sasol Khanyisa Tier 1 were settled in Sasol Limited shares.

The Sasol Inzalo share transaction is anti-dilutive for EPS and HEPS in 2019, 2018 and 2017.

The Sasol Khanyisa Tier 2 and Khanyisa Public are anti-dilutive for EPS and HEPS in 2019 and 2018.

	Number of shares		
for the year ended 30 June	**2019 million**	2018 million	2017 million
Weighted average number of shares	**616,6**	612,2	610,7
Potential dilutive effect of long-term incentive scheme*	**2,9**	3,7	1,7
Potential dilutive effect of Sasol Khanyisa Tier 1	**0,8**	–	–
Diluted weighted average number of shares for DEPS and DHEPS	**620,3**	615,9	612,4

* On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share scheme.

for the year ended 30 June	**2019 Rm**	2018 Rm	2017 Rm
Diluted earnings is determined as follows:			
Earnings attributable to owners of Sasol Limited	**4 298**	8 729	20 374
Diluted earnings attributable to owners of Sasol Limited	**4 298**	8 729	20 374
Diluted headline earnings is determined as follows:			
Headline earnings attributable to owners of Sasol Limited	**18 941**	16 798	21 465
Diluted headline earnings attributable to owners of Sasol Limited	**18 941**	16 798	21 465

for the year ended 30 June	**2019 Rand**	2018 Rand	2017 Rand
Diluted earnings per share	**6,93**	14,18	33,27
Diluted headline earnings per share	**30,54**	27,27	35,05

Once-off items

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
9 Remeasurement items affecting operating profit				
Effect of remeasurement items for subsidiaries and joint operations				
Impairment of		**18 451**	9 115	2 477
property, plant and equipment	17	**14 161**	7 623	415
assets under construction	18	**4 272**	1 492	1 942
goodwill and other intangible assets		**11**	–	120
other assets		**7**	–	–
Reversal of impairment of		**(949)**	(354)	(1 136)
property, plant and equipment	17	**(650)**	–	(272)
assets under construction	18	**(299)**	(14)	(849)
goodwill and other intangible assets		**–**	(56)	–
equity accounted investments		**–**	(269)	(15)
other assets		**–**	(15)	–
Fair value write down – assets held for sale		**–**	–	64
Loss/(profit) on	10	**1 109**	828	211
disposal of property, plant and equipment		**(32)**	(3)	(25)
disposal of goodwill and other intangible assets		**–**	11	4
disposal of other assets		**–**	(1)	–
disposal of businesses		**(267)**	(833)	(51)
scrapping of property, plant and equipment		**556**	454	183
disposal and scrapping of assets under construction		**852**	1 200	100
Write-off of unsuccessful exploration wells	18	**34**	312	–
Remeasurement items per income statement		**18 645**	9 901	1 616
Tax effect		**(4 012)**	(1 834)	(532)
Non-controlling interest effect		**(5)**	(9)	(7)
Total remeasurement items for subsidiaries and joint operations, net of tax		**14 628**	8 058	1 077
Effect of remeasurement items for equity accounted investments		**15**	11	14
Total remeasurement items for the group, net of tax		**14 643**	8 069	1 091

Impairment/reversal of impairments

The group's non-financial assets, other than inventories and deferred tax assets, are assessed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

Impairment calculations

The recoverable amount of the assets assessed for impairment is determined based on the higher of the fair value less costs to sell or value-in-use calculations. Key assumptions relating to this valuation include the discount rate and cash flows. Future cash flows are estimated based on financial budgets covering a five year period and extrapolated over the useful life of the assets to reflect the long term plans for the group using the estimated growth rate for the specific business or project. Where reliable cash flow projections are available for a period longer than five years, those budgeted cash flows are used in the impairment calculation. The estimated future cash flows and discount rate are post-tax, based on the assessment of current risks applicable to the specific entity and country in which it operates. Discounting post-tax cash flows at a post-tax discount rate yields the same results as discount pre-tax cash flows at a pre-tax discount rate, assuming there are no significant temporary tax differences.

9 Remeasurement items affecting operating profit continued

Main assumptions used for impairment calculations

		2019	2018	2017
Long-term average crude oil price (Brent) (nominal)*	US$/bbl	**71,17**	73,91	74,29
Long-term average gas price (Henry Hub), excluding margins (real)*	US$/mmbtu	**3,44**	3,49	3,69
Long-term average ethane price (nominal)*	US$c/gal	**39,04**	37,42	44,27
Long-term average ammonia price*	Rand/ton	**4 258,54**	5 807,46	6 392,85
Long-term average exchange rate*	Rand/US$	**14,29**	13,57	14,71

* Assumptions are provided on a long-term average basis. Oil price, ammonia price and exchange rate assumptions are calculated based on a five year period, while the ethane price is based on a ten year period. The Henry Hub gas price is calculated until 2041, linked to the plant's useful life.

		South Africa %	**United States of America %**	**Europe %**	**Canada %**
Growth rate – long-term Producer Price Index	**2019**	**5,50**	**2,00**	**2,00**	**2,00**
Weighted average cost of capital*	**2019**	**13,12**	**7,18**	**7,18 – 9,48**	**7,18**
Discount rate – risk adjusted	**2019**	**13,12**	**7,18**	**7,18 – 9,48**	**10,00**
Growth rate – long-term Producer Price Index	2018	5,50	2,00	2,00	2,00
Weighted average cost of capital*	2018	12,71	7,56	7,68 – 9,35	7,68
Discount rate – risk adjusted	2018	12,71	7,56	7,68 – 9,35	10,00
Growth rate – long-term Producer Price Index	2017	5,50	2,00	2,00	2,00
Weighted average cost of capital*	2017	12,50	6,60	6,60 – 8,22	6,60
Discount rate – risk adjusted	2017	12,50	6,60	6,60 – 8,22	9,50 – 9,80

* Calculated using spot market factors on 30 June.

Areas of judgement:

Management determines the expected performance of the assets based on past performance and its expectations of market developments. The weighted average growth rates used are consistent with the increase in the geographic segment long-term Producer Price Index. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets.

The weighted average cost of capital rate (WACC) is derived from a pricing model. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating future cash flows and defining of cash-generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Determining as to whether, and by how much, cost incurred on a project is abnormal and needs to be scrapped involves judgement. The factors considered by management include the scale and complexity of the project, the technology being applied and guidance from experts in terms of what constitute abnormal wastage on the project.

Significant impairment (reversals of impairment) of assets in 2019

Cash-generating unit (CGU)	Business segmentation	Property, plant and equipment 2019 Rm	Assets under con-struction 2019 Rm	Goodwill and other intangible assets 2019 Rm	Other 2019 Rm	Total 2019 Rm
Tetramerization value chain (LCCP)	Performance Chemicals	3 929	3 474	–	–	7 403
Ethylene Oxide/Ethylene Glycol value chain (LCCP)	Performance Chemicals	4 662	798	–	–	5 460
Ammonia value chain	Base Chemicals	3 347	–	–	–	3 347
Sasol Canada – Shale gas assets	Exploration and Production International	1 947	–	–	–	1 947
Chlor Vinyls value chain	Base Chemicals	(650)	(299)	–	–	(949)
High Purity Alumina assets	Performance Chemicals	205	–	–	–	205
Sasol Wilmar Alcohol Industries	Performance Chemicals	65	–	11	7	83
Other	Various	6	–	–	–	6
		13 511	3 973	11	7	17 502

Performance Chemicals – Tetramerization and Ethylene Oxide/Ethylene Glycol (EO/EG) value chains

In 2019, the Tetramerization and EO/EG value chains were impaired by R7,4 billion (US$526 million) and R5,5 billion (US$388 million), respectively. The impairments were driven by an increase in capital cost for the Lake Charles Chemicals Project (LCCP) and lower US ethylene and global mono-ethylene glycol price assumptions as at 30 June 2019. The upstream ethane cracker is a corporate asset and the increase in its capital cost has an impact on the downstream derivative units. All cash generating units linked to the LCCP were assessed for impairment.

Base Chemicals – Ammonia value chain

In 2019, an impairment of R3,3 billion was recognised on our Ammonia value chain mainly as a result of lower international ammonia sales price assumptions in the short- to medium-term and increased gas feedstock prices in the longer term.

Sasol Canada – Shale gas assets

Our shale gas assets in Canada were impaired by a further R1,9 billion (CAD181 million) as at 30 June 2019 to a carrying value of R22 million (CAD2 million), impacted by the depressed Canadian gas price environment. This is aligned with the anticipated fair value. We remain committed to divest from these assets as part of our strategic portfolio optimisation.

These assets were previously impaired (2018 – R2,8 billion (CAD281 million); 2016 – R9,9 billion (CAD880 million); 2015 – R1,3 billion (CAD133 million); 2014 – R5,3 billion (CAD540 million)), mainly due to the declining gas prices.

Base Chemicals – Chlor Vinyls value chain

In 2018, the full carrying value of our Chlor Vinyls value chain in South Africa was impaired by R5,2 billion due to the continued and sustained strengthening of the exchange rate outlook and the resulting impact on Base Chemicals margins.

A structural change in the integrated ethylene value chain led to the extension of the useful life of the Chlor Vinyls CGU in Sasolburg from 2034 to 2050.

Based on the sustained improvement in the impairment calculation due to the useful life extension, R949 million of the previous impairment recognised was reversed on 31 December 2018.

Significant scrapping of assets

Lake Charles Chemicals Project

In 2019, we scrapped R682 million (US$48 million) of cost incurred on the LCCP, mainly relating to rework that was required on the Low Density Polyethylene compression motor that was damaged and a number of heat exchangers that had to be either repaired or replaced due to quality issues. Management considered the scale and complexity of the project, the technology being applied and input from experts to determine the cost incurred on the project which were scrapped.

9 Remeasurement items affecting operating profit continued

Significant impairments of assets in prior periods

Sasol Petroleum Mozambique – PSA

In 2018, an impairment of R1,1 billion (US$94 million) was recognised in respect of the PSA asset. The project was still in an early stage of development with the impairment largely driven by lower than expected oil volumes and weaker long-term macroeconomic assumptions. A discount rate of 13,23% (2017: 12,16%) was used which takes into account the project's exposure to both South Africa and Mozambique operating and fiscal environment.

Base Chemicals – Lake Charles Chemicals Project

In 2016, following the announcement of the US$2 billion cost overrun on the LCCP, we recognised an impairment of R956 million (US$65 million) on the Low-Density Polyethylene (LDPE) unit. In 2017, following a detailed review of the plant economics and on evaluating the results of benchmarking of similar Sasol assets, the useful life of the asset was extended from 25 years to 50 years. Based on this, the previous impairment of R849 million (US$65 million) was reversed.

US Phenolics

In 2017 the US Phenolics assets were impaired by R527 million (US$38,4 million), in addition to R165 million (US$11,2 million) impaired in 2016. These impairments were largely driven by lower forecasted profit margins and lower volumes.

Significant scrapping of assets in prior periods

US Gas-To-Liquids (GTL)

At 31 December 2017 we scrapped the remaining capitalised FEED costs relating to our US GTL assets of R1,1 billion (US$83 million), following our formal strategic decision not to pursue new GTL ventures in future. This is in addition to an impairment recognised in 2017 of R1,7 billion (US$130 million) based on the delay of the US GTL project and the uncertainty around the probability and timing of project execution.

Sensitivity to changes in assumptions:

Management has considered the sensitivity of the impairment calculations to various key assumptions such as crude oil and gas prices, commodity prices and exchange rates. These sensitivities have been taken into consideration in determining the required impairments and reversals of impairments. The following assets are particularly impacted by changes in key assumptions:

Performance Chemicals – Tetramerization and EO/EG value chains

The Tetramerization and EO/EG value chains are highly sensitive to changes in assumptions. A 5% change in the ethane price assumption could change the recoverable amount of these value chains by approximately R85 million (US$6 million) and R774 million (US$55 million), respectively. An increase in overall project cost of US$200 million would decrease the value of the Tetramerization CGU by R70 million (US$5 million) and the EO/EG CGU by R422 million (US$30 million). As the LCCP is nearing completion and with the upstream ethylene cracker having reached beneficial operation in August 2019, these value chains are not expected to incur significant additional capital costs. The pricing factors are outside of the control of management. We continue to monitor these assets, as well as the other derivative units within the LCCP complex for further impairments.

Base Chemicals – Ammonia value chain

The performance of this CGU is highly sensitive to changes in international Ammonia prices driven by changes in the global market conditions. A 5% increase in the ammonia price assumption could increase the recoverable amount of the CGU by approximately R1 138 million. A $1/GJ increase in gas feedstock prices in the long-term will decrease the recoverable amount by approximately R230 million. The pricing factors are outside of the control of management.

Base Chemicals – Chlor Vinyls value chain

The performance of this CGU is highly sensitive to the Rand/US$ exchange rate. A R0,50/US$ weakening in the exchange rate assumption could increase the recoverable amount of the CGU by approximately R872 million. The macro-economic factors are outside of the control of management. The Base Chemicals CGUs are also highly sensitive to variability in product prices driven by changes in the global market conditions. We continue to monitor these assets for signs of recovery indicating a reversal of impairment.

Sasol Petroleum Mozambique – Production Sharing Agreement (PSA)

The PSA is sensitive to changes in assumptions regarding capital, costs, gas prices and discount rates. A capital costs increase of 20% would decrease the recoverable amount by R1 183 million (US$84 million). A 10% increase in gas prices would increase the recoverable amount by approximately R141 – R521 million (US$10 – US$37 million). A 0,5% increase in the discount rate would decrease the recoverable amount by approximately R380 – R408 million (US$27 – US$29 million).

Accounting policies:

Remeasurement items are items of income and expense recognised in the income statement that are less closely aligned to the operating or trading activities of the reporting entity and includes the impairment of non-current assets, profit or loss on disposal of non-current assets including businesses and equity accounted investments, and scrapping of assets. The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. An impairment test is performed on all goodwill, intangible assets not yet in use and intangible assets with indefinite useful lives at each reporting date.

The recoverable amount of an asset is defined as the amount that reflects the greater of the fair value less costs of disposal and value-in-use that can be attributed to an asset as a result of its ongoing use by the entity. Value-in-use is estimated using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and is adjusted where applicable to take into account any specific risks relating to the country where the asset or cash-generating unit is located. The rate applied in each country is reassessed each year. The recoverable amount may be adjusted to take into account recent market transactions for a similar asset.

Some assets are an integral part of the value chain but are not capable of generating independent cash flows because there is no active market for the product streams produced from these assets, or the market does not have the ability to absorb the product streams produced from these assets or it is not practically possible to access the market due to infrastructure constraints that would be costly to construct. Product streams produced by these assets form an input into another process and accordingly do not have an active market. These assets are classified as corporate assets in terms of IAS 36 when their output supports the production of multiple product streams that are ultimately sold into an active market.

The group's corporate assets are allocated to the relevant cash-generating unit based on a cost or volume contribution metric. Costs incurred by the corporate asset are allocated to the appropriate cash generating unit at cost. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

In Southern Africa, the coal value chain starts with feedstock mined in Secunda and Sasolburg and continues along the integrated processes of the operating business units, ultimately resulting in fuels and chemicals-based product lines. Similarly, the gas value chain starts with the feedstock obtained in Mozambique and continues along the conversion processes in Secunda and Sasolburg, ultimately resulting in fuels and chemicals-based product lines.

The groups of assets which support the different product lines, including corporate asset allocations, are considered to be separate cash-generating units.

In the US, the ethylene value chain results in various chemicals-based product lines, sold into active markets. The assets which support the different chemicals-based product lines, including corporate asset allocations, are considered to be separate cash-generating units.

In Europe, the identification of separate cash-generating units is based on the various product streams that have the ability to be sold into active markets by the European business units.

Certain products are sometimes produced incidentally from the main conversion processes and can be sold into active markets. When this is the case, the assets that are directly attributable to the production of these products, are classified as separate cash-generating units. The cost of conversion of these products is compared against the revenue when assessing the asset for impairment.

Exploration assets are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration assets carrying amount exceeds their recoverable amount.

10 Disposals and scrapping

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
Property, plant and equipment	17	**708**	591	836
cost		**7 245**	6 297	7 037
accumulated depreciation and impairment		**(6 537)**	(5 706)	(6 201)
Assets under construction	18	**852**	1 200	105
Goodwill and other intangible assets		**112**	147	103
cost		**336**	319	173
accumulated amortisation and impairment		**(224)**	(172)	(70)
Equity accounted investments		**–**	1 525	–
Long-term receivables and prepaid expenses		**–**	–	7
Assets in disposal groups held for sale		**94**	215	–
Trade and other receivables		**–**	339	7
Cash and cash equivalents		**–**	36	–
Liabilities in disposal groups held for sale		**(38)**	–	–
Short-term provisions		**–**	(24)	–
Tax payable		**–**	(35)	–
Trade and other payables		**–**	(208)	(30)
		1 728	3 786	1 028
Non-controlling interest		**–**	(51)	–
		1 728	3 735	1 028
Total consideration		**567**	2 425	788
consideration received		**567**	2 316	788
long-term supply agreement		**–**	109	–
		(1 161)	(1 310)	(240)
Realisation of accumulated translation effects		**52**	482	29
Net loss on disposal		**(1 109)**	(828)	(211)
Consideration received comprising				
Performance Chemicals – Heat Transfer Fuels (HTF) business		**271**	–	–
Base Chemicals – Investment in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd		**–**	1 918	–
Energy – Property and mineral rights in the US (Lake de Smet)		**–**	215	–
Energy – Sale of Canada land		**–**	–	389
Other		**296**	183	399
Consideration received		**567**	2 316	788

Significant disposals and scrappings in 2019

Performance Chemicals – Heat Transfer Fuels (HTF) business

In 2019, we disposed of our HTF business with the producing assets located within the Marl facility in Germany.

Lake Charles Chemicals Project

In 2019, we scrapped R682 million (US$48 million) of cost incurred on the LCCP, mainly relating to rework required. Refer note 9.

Significant disposals in prior periods

Base Chemicals – Investment in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd

Our divestment from Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd was concluded on 14 March 2018, resulting in a profit on disposal of R864 million, including the reclassification of the Foreign Currency Translation Reserve of R494 million.

Energy – US Gas-To-Liquids (GTL) Scrapping

We have scrapped the US GTL Project amounting to R1,1 billion (US$83 million) during the 2018 financial year.

Energy – Sale of Canada land

In 2017, we disposed of a portion of our land in Canada with a carrying value of R354 million (CAD35 million) for proceeds of R389 million (CAD38 million).

for the year ended 30 June	2019 Rm	2018 Rm
11 Disposal groups held for sale		
Assets in disposal groups held for sale		
Base Chemicals – Explosives business	**1 404**	–
Base Chemicals – Investment in Sasol Huntsman GmbH & co KG	**846**	–
Performance Chemicals – Sasol Wilmar Alcohol Industries	**290**	–
Performance Chemicals – Heat Transfer Fuels (HTF) business	**–**	110
Other	**14**	3
	2 554	113
Liabilities in disposal groups held for sale		
Base Chemicals – Explosives business	**(398)**	–
Performance Chemicals – Sasol Wilmar Alcohol Industries	**(90)**	–
Performance Chemicals – Heat Transfer Fuels (HTF) business	**–**	(36)
	(488)	(36)
Business segmentation		
Mining	**–**	3
Energy	**14**	–
Base Chemicals	**1 852**	–
Performance Chemicals	**200**	74
Total operations	**2 066**	77

Significant disposal group held for sale in 2019

Base Chemicals – Explosives business

In line with the asset review process, Sasol's Explosives business was identified for partial divestment and collaboration with a world-class Explosives partner. The downstream portion of the explosives business was classified as a disposal group held for sale at 30 June 2019, following approval to commence negotiations with a preferred partner, with the aim of creating a joint venture, managed and operated by the partner. The partial divestment and partnering is expected to be completed within the next 12 months.

Base Chemicals – Investment in Sasol Huntsman GmbH & co KG

On 26 July 2019 Sasol and Huntsman Corporation signed a definitive agreement for Sasol to dispose of our 50% equity interest in the Sasol-Huntsman maleic anhydride joint venture. The transaction closed on 30 September 2019 with a preliminary equity purchase price of EUR90,3 million received by Sasol. The final purchase price will be confirmed on verification of the closing accounts by the independent auditors. The group has classified its investment in Sasol Huntsman GmbH & co KG as held for sale at 30 June 2019.

Performance Chemicals – Sasol Wilmar Alcohol Industries

During May 2019 and based on the results of the recently concluded asset review, the Sasol Investment Committee approved the commencement of negotiations to sell Sasol's share in Sasol Wilmar Alcohol Industries. A share purchase agreement was signed on 18 October 2019. The agreement is subject to Chinese authority approval. Accordingly, the group has classified its investment in Sasol Wilmar Alcohol Industries as held for sale and recorded an impairment on its portion of the assets, down to its fair value less costs to sell. Refer to note 9.

11 **Disposal groups held for sale** continued

Accounting policies:

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current asset or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Where a disposal group held for sale will result in the loss of control or joint control of a subsidiary or joint operation, respectively, all the assets and liabilities of that subsidiary or joint operation are classified as held for sale, regardless of whether a non-controlling interest in the former subsidiary or an ongoing interest in the joint operation is to be retained after the sale.

Where a disposal group held for sale will result in the loss of joint control of a joint venture or significant influence of an associate, the full investment is classified as held for sale. Equity accounting ceases from the date the joint venture or associate is classified as held for sale.

Before classification of a non-current asset or disposal group as held for sale, it is reviewed for impairment. The impairment loss charged to the income statement is the excess of the carrying amount of the non-current asset over its expected fair value less costs to sell.

No depreciation or amortisation is provided on non-current assets from the date they are classified as held for sale.

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
12 Taxation				
South African normal tax		**3 206**	4 035	4 393
current year		**3 804**	4 689	3 887
prior years		**(598)**	(654)	506
Dividend withholding tax		**–**	68	59
Foreign tax		**2 640**	2 530	2 682
current year		**2 544**	3 035	2 680
prior years		**96**	(505)	2
Income tax		**5 846**	6 633	7 134
Deferred tax – South Africa	14	**2 086**	(414)	2 677
current year		**2 069**	(545)	2 634
prior years		**17**	131	43
Deferred tax – foreign	14	**(4 775)**	(661)	(1 316)
current year*		**(4 831)**	(874)	(718)
prior years		**55**	485	(127)
recognition of previously unrecognised deferred tax assets**		**–**	(49)	(470)
tax rate change		**1**	(223)	(1)
		3 157	5 558	8 495

* Increase in the current year relates mainly to tax losses incurred at our US operations where we anticipate sufficient profits to be generated in future to utilise the deferred tax asset against.

** Included in the previous years is the recognition of a deferred tax asset relating to the accumulated tax losses in Italy which were previously limited in line with the forecasted utilisation thereof. In 2017, profits and a successful business turnaround strategy have resulted in the recognition of a previously unrecognised deferred tax asset of EUR25,4 million (R377,2 million). Additionally, in 2017 R93 million of previously unrecognised tax assets were recognised after the approval of the Production Sharing Agreement (PSA) licence area's Field Development Plan (FDP) in Mozambique.

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
Regional analysis			
South Africa	**5 285**	3 994	7 013
Rest of Africa	**1 465**	854	951
Europe	**1 276**	1 649	906
United States of America	**(4 913)**	(1 032)	(424)
Other	**44**	93	49
Total operations	**3 157**	5 558	8 495

12 Taxation continued

Contingent liability

Sasol Oil

As previously reported, the South African Revenue Service (SARS) issued revised assessments for Sasol Oil (Pty) Ltd (Sasol Oil) relating to a dispute around our international crude oil procurement activities for the 2005 to 2012 tax years. Sasol Oil raised a provision in its financial statements of R1,3 billion, including penalties and interest, which covers the 2005 to 2014 tax years in relation to these procurement activities. On 9 November 2018, the Supreme Court of Appeal (SCA) upheld an appeal filed by Sasol Oil (in respect of the 2005 to 2007 tax years) and set aside an earlier ruling by the Tax Court. On the basis of this judgement, Sasol Oil has reversed the provision of R1,3 billion.

On 29 November 2018, SARS applied to the Constitutional Court (Con Court) for leave to appeal against the SCA decision. On 4 February 2019, the Con Court dismissed SARS' application with costs, ruling that the matter falls outside the jurisdiction of the Con Court and, in any event, bears no reasonable prospect of success.

In addition to the above litigation, the potential contingent liability relating to the ongoing dispute with SARS in relation to its revised assessments for the 2013 and 2014 tax years, based on different primary grounds of assessment regarding Sasol Oil's crude oil procurement activity, amounts to R13,4 billion (including interest and penalties as at 30 June 2019). Sasol Oil disagrees with SARS' assessment for the 2013 and 2014 periods and hence this tax dispute was the subject of an ongoing appeal with the Tax Court lodged by Sasol Oil.

The impact of the SCA and Con Court judgements on the open years of assessment relating to 1999 to 2004 and 2008 to 2016 (open years), were fully considered by both parties. Consequently SARS and Sasol Oil has come to a mutual agreement resulting in the dispute between the parties being resolved for all the open years of assessment. As a result Sasol is no longer exposed to the contingent liability of R13,4 billion.

Sasol Financing International

Further, as reported previously, SARS conducted an audit over a number of years on Sasol Financing International Plc (SFI) which performs an off-shore treasury function for Sasol. The audit culminated in the issuance of revised assessments in respect of the 2002 to 2012 tax years and the dispute relates to the place of effective management of SFI. SFI has co-operated fully with SARS during the course of the audit relating to these assessments. The potential tax exposure of R2,4 billion (including interest and penalties as at 30 June 2019), which is disclosed as a contingent liability, was reduced from the R3,2 billion previously reported, due to the reduction of the penalties applied by SARS.

SFI, in consultation with its tax and legal advisors, does not support the basis of these additional assessments for all the years of assessment. Accordingly, SFI lodged an objection and appeal in the Tax Court against the revised assessments. SFI and SARS has however come to a mutual agreement that the appeal and related Tax Court processes will be held in abeyance pending the outcome of the judicial review application noted below.

In addition, Sasol has also launched a judicial review application against the SARS decision to register SFI as a South African taxpayer. SARS' answering affidavit in this litigation was submitted on 8 February 2019 and SFI responded accordingly. The legal process is ongoing in this regard.

Sasol is committed to compliance with tax laws and any disputes with tax authorities on the interpretation of tax laws and regulations will be addressed in a transparent and constructive manner.

	2019 %	2018 %	2017 %
Reconciliation of effective tax rate			
The table below shows the difference between the South African enacted tax rate (28%) compared to the effective tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:			
South African normal tax rate	**28,0**	28,0	28,0
Increase in rate of tax due to:			
disallowed preference share dividends	**0,3**	0,9	0,9
disallowed expenditure[1]	**9,4**	4,2	2,3
disallowed share-based payment expenses[2]	**2,9**	5,3	0,1
different tax rates[3]	**13,2**	2,6	0,3
effect of tax litigation matters[4]	**–**	–	3,2
tax losses not recognised[5]	**8,6**	9,3	1,0
prior year adjustments	**2,0**	0,4	–
other adjustments	**2,0**	1,5	0,4
	66,4	52,2	36,2
Decrease in rate of tax due to:			
exempt income[6]	**(1,7)**	(4,2)	(0,4)
share of profits of equity accounted investments	**(3,3)**	(2,6)	(1,0)
effect of tax litigation matters[4]	**(8,2)**	–	–
recognition of previously unrecognised deferred tax assets	**–**	–	(1,6)
utilisation of tax losses	**(0,3)**	(0,4)	–
investment incentive allowances[7]	**(17,2)**	(6,9)	(2,4)
effect of tax rate change in the US	**–**	(1,4)	–
translation differences	**(0,9)**	(0,9)	(0,9)
prior year adjustments	**–**	–	(1,4)
other adjustments	**(0,6)**	(0,4)	(0,2)
Effective tax rate	**34,2**	35,4	28,3
Adjusted effective tax rate[8]	**29,6**	27,3	26,5

1 Includes non-deductible expenses incurred not deemed to be in the production of taxable income mainly relating to exploration activities and non-productive interest in our treasury function.

2 This relates to the share based payment expense on the Sasol Khanyisa transaction.

3 Relates mainly to the impact of lower tax rate in the US on the increases in tax losses incurred during the year.

4 2019 includes reversal of tax and interest pertaining to Sasol Oil and 2017, includes tax, interest and penalties.

5 Tax losses not recognised resulted mainly from the R1,9 billion (2018 – R2,8 billion) impairment of the Canadian shale gas asset and the Mozambique PSA impairment of R1,1 billion in 2018 for which no deferred tax asset was raised. Refer note 9.

6 2018, includes profit on disposal of our investments in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd.

7 Energy efficiency allowances relating to our South African operations increased by R4,2 billion compared to the prior year.

8 Effective tax rate adjusted for equity accounted investments, remeasurement items and once-off items.

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm

13 Tax paid

	Note	2019 Rm	2018 Rm	2017 Rm
Net amounts receivable at beginning of year		**(984)**	(635)	(1 609)
Disposal of businesses		**(1)**	(35)	–
Net interest and penalties on tax*		**(630)**	92	245
Income tax per income statement	12	**5 846**	6 633	7 134
Reclassification to held for sale		**6**	–	–
Foreign exchange differences recognised in income statement		**4**	(52)	(8)
Translation of foreign operations		**14**	54	(45)
		4 255	6 057	5 717
Net tax payable per statement of financial position		**(309)**	984	635
tax payable		**(1 039)**	(2 318)	(1 903)
tax receivable		**730**	3 302	2 538
Per the statement of cash flows		**3 946**	7 041	6 352
Comprising				
Normal tax				
South Africa		**933**	4 681	3 984
Foreign		**3 013**	2 292	2 309
Dividend withholding tax		**–**	68	59
		3 946	7 041	6 352

* 2019 relates to the reversal of interest pertaining to the Sasol Oil matter.

for the year ended 30 June	Note	2019 Rm	2018 Rm

14 Deferred tax

	Note	2019 Rm	2018 Rm
Reconciliation			
Balance at beginning of year		**21 812**	22 778
Current year charge		**(2 819)**	(851)
per the income statement	12	**(2 689)**	(1 075)
per the statement of comprehensive income		**(130)**	224
Reclassification to held for sale		**(6)**	–
Foreign exchange differences recognised in income statement		**22**	34
Translation of foreign operations		**14**	(149)
Balance at end of year		**19 023**	21 812
Comprising			
Deferred tax assets		**(8 563)**	(4 096)
Deferred tax liabilities		**27 586**	25 908
		19 023	21 812

Deferred tax assets and liabilities are determined based on the tax status and rates of the underlying entities. The increase in deferred tax assets relates to our US operations.

for the year ended 30 June	2019 Rm	2018 Rm
Attributable to the following tax jurisdictions		
South Africa	**25 065**	22 501
United States of America	**(4 998)**	301
Germany	**(550)**	(431)
Mozambique	**559**	766
Other	**(1 053)**	(1 325)
	19 023	21 812
Deferred tax is attributable to temporary differences on the following:		
Net deferred tax assets:		
Property, plant and equipment	**2 003**	1 194
Short- and long-term provisions	**(2 851)**	(1 296)
Calculated tax losses	**(7 329)**	(3 267)
Other	**(386)**	(727)
	(8 563)	(4 096)
Net deferred tax liabilities:		
Property, plant and equipment	**33 342**	32 233
Current assets	**(1 147)**	(777)
Short- and long-term provisions	**(4 061)**	(4 991)
Calculated tax losses	**(150)**	(284)
Financial derivatives	**59**	57
Other	**(457)**	(330)
	27 586	25 908

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the group's operations where, among other things, taxation losses can be carried forward indefinitely and there is compelling evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward.

for the year ended 30 June	2019 Rm	2018 Rm
Calculated tax losses		
(before applying the applicable tax rate)		
Available for offset against future taxable income	**48 444**	23 893
Utilised against the deferred tax balance	**(29 745)**	(6 272)
Not recognised as a deferred tax asset[1]	**18 699**	17 621
Deferred tax assets not recognised on tax losses mainly relate to Sasol's exploration and development entities, where future taxable income is uncertain.		
Calculated tax losses carried forward that have not been recognised:		
Expiry between three and five years	**712**	376
Expiry thereafter	**2 212**	2 052
Indefinite life	**15 775**	15 193
	18 699	17 621

1 Included are calculated tax losses of R15,5 billion relating to Sasol Canada.

Areas of judgement:

Sasol companies are involved in tax litigation and tax disputes with various tax authorities in the normal course of business. A detailed assessment is performed regularly on each matter and a provision is recognised where appropriate. Although the outcome of these claims and disputes cannot be predicted with certainty, Sasol believes that open engagement and transparency will enable appropriate resolution thereof.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. This includes the significant tax losses incurred at our US operations where we anticipate sufficient profits to be generated in future to utilise the deferred tax asset against. These losses do not expire. The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the carrying amount of its assets and liabilities.

14 Deferred tax continued

Unremitted earnings at end of year that would be subject to foreign dividend withholding tax and after tax effect if remitted

Deferred tax liabilities are not recognised for the income tax effect that may arise on the remittance of unremitted earnings by foreign subsidiaries, joint operations and incorporated joint ventures. It is management's intention that, where there is no double taxation relief, these earnings will be permanently re-invested in the group.

for the year ended 30 June	2019 Rm	2018 Rm
Unremitted earnings at end of year that would be subject to dividend withholding tax	**28 150**	45 280
Europe	**10 808**	12 555
Rest of Africa	**2 675**	2 346
United States of America*	**10 486**	23 591
Other	**4 181**	6 788
Tax effect if remitted	**1 012**	1 718
Europe	**241**	267
Rest of Africa	**213**	188
United States of America	**524**	1 179
Other	**34**	84

* Decrease in the current year relates mainly to tax losses incurred at our US operations where we anticipate sufficient profits to be generated in future to utilise the deferred tax asset against.

Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends distributed to shareholders. Dividends paid to companies and certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

On receipt of a dividend, the company includes the dividend withholding tax in its computation of the income tax expense.

for the year ended 30 June	2019 Rm	2018 Rm
Undistributed earnings at end of year subjected to dividend withholding tax withheld by the company on behalf of Sasol Limited shareholders	**180 692**	185 064
Maximum withholding tax payable by shareholders if distributed to individuals	**36 138**	37 013

Accounting policies:

The income tax charge is determined based on net income before tax for the year and includes deferred tax and dividend withholding tax.

The current tax charge is the tax payable on the taxable income for the financial year applying enacted or substantively enacted tax rates and includes any adjustments to tax payable in respect of prior years.

Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- investments in subsidiaries, associates and interests in joint arrangements to the extent that the temporary difference will probably not reverse in the foreseeable future and the control of the reversal of the temporary difference lies with the parent, investor, joint venturer or joint operator.

The provision for deferred tax is calculated using enacted or substantively enacted tax rates at the reporting date that are expected to apply when the asset is realised or liability settled.

Deferred tax assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

Sources of capital

Equity

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
15 Share capital			
Issued share capital (as per statement of changes in equity)*	**9 888**	15 775	29 282

	Number of shares		
for the year ended 30 June	2019	2018	2017
Authorised			
Sasol ordinary shares of no par value	**1 127 690 590**	1 127 690 590	1 127 690 590
Sasol preferred ordinary shares of no par value	**28 385 646**	28 385 646	28 385 646
Sasol BEE ordinary shares of no par value	**158 331 335**	158 331 335	18 923 764
	1 314 407 571	1 314 407 571	1 175 000 000
Issued			
Shares issued at beginning of year	**645 560 928**	679 822 439	679 775 162
Issued in terms of the employee share schemes	**1 566 581**	1 776 361	47 277
Repurchase and cancellation of shares*	**(16 085 199)**	(43 503 454)	–
Issued in terms of Sasol Khanyisa	**(13 992)**	7 465 582	–
Shares issued at end of year	**631 028 318**	645 560 928	679 822 439
Comprising			
Sasol ordinary shares of no par value	**624 696 971**	623 081 550	651 436 793
Sasol preferred ordinary shares of no par value	**–**	16 085 199	25 547 081
Sasol BEE ordinary shares of no par value	**6 331 347**	6 394 179	2 838 565
	631 028 318	645 560 928	679 822 439
Unissued shares			
Sasol ordinary shares of no par value	**502 993 619**	504 609 040	476 253 797
Sasol preferred ordinary shares of no par value	**28 385 646**	12 300 447	2 838 565
Sasol BEE ordinary shares of no par value	**151 999 988**	151 937 156	16 085 199
	683 379 253	668 846 643	495 177 561

* On 7 September 2018, 16 085 199 preferred ordinary shares were repurchased from Inzalo Public Funding (RF) Proprietary Limited at a purchase price of R542,11 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored to authorised share capital.

On 26 June 2018, 9 461 882 Sasol Limited preferred ordinary shares were repurchased from Inzalo Groups Funding at a purchase price of R475,03 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored to authorised share capital.

On 4 June 2018, 25 231 686 Sasol Limited ordinary shares were repurchased from the Inzalo Employee schemes at a nominal value of R0,01 per share (as per Sasol's rights of repurchase under the Inzalo Employee schemes trust deeds). The Inzalo Employee scheme participants did not receive a distribution of Sasol Limited ordinary shares.

On 26 February 2018, 8 809 886 Sasol Limited ordinary shares were repurchased from its wholly owned subsidiary, Sasol Investment Company (Pty) Ltd as per shareholders approval obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored.
At 30 June 2016, these shares represented 1,43% of the issued share capital of the company, excluding the Sasol Inzalo share transaction.

At 30 June 2019, 13 969 621 shares were held by the Sasol Foundation Trust and the Sasol Khanyisa Employee Share Ownership Plan.

Accounting policies:

When Sasol Limited's shares are repurchased by a subsidiary, the amount of consideration paid, including directly attributable costs, is recognised as a deduction from shareholders' equity. Repurchased shares are classified as treasury shares and are disclosed as a deduction from total equity. Where such shares are subsequently reissued, any consideration received is included in the statement of changes in equity.

Funding activities and facilities

for the year ended 30 June	Note	2019 Rm	2018 Rm
16 Long-term debt and finance leases			
Total long-term debt		**137 339**	109 454
Short-term portion		**(2 544)**	(12 763)
		134 795	96 691
Comprising:			
Long-term debt		**127 350**	89 411
Finance leases		**7 445**	7 280
		134 795	96 691
Analysis of long-term debt and finance leases			
At amortised cost			
Secured debt[1]		**6 602**	62 601
Preference shares		**–**	7 493
Finance leases		**7 770**	7 624
Unsecured debt*		**123 555**	32 513
Unamortised loan costs		**(588)**	(777)
		137 339	109 454
Reconciliation			
Balance at beginning of year		**109 454**	81 405
Loans raised		**94 002**	31 061
proceeds from new loans*		**93 884**	24 961
finance leases acquired		**118**	6 100
Loans repaid**		**(70 000)**	(9 199)
Modification gain		**(112)**	–
Interest accrued	7	**1 025**	878
Amortisation of loan costs	7	**725**	462
Translation effect of foreign currency loans		**212**	22
Translation of foreign operations		**2 033**	4 825
Balance at end of year		**137 339**	109 454
Interest-bearing status			
Interest-bearing debt		**136 394**	108 017
Non-interest-bearing debt		**945**	1 437
		137 339	109 454
Maturity profile			
Within one year		**2 544**	12 763
One to five years		**113 447**	72 899
More than five years		**21 348**	23 792
		137 339	109 454
Business segmentation			
Mining		**–**	679
Exploration and Production International		**–**	784
Energy		**8 893**	9 503
Base Chemicals		**5 503**	33 716
Performance Chemicals		**1 466**	27 914
Group Functions		**121 477**	36 858
Total operations		**137 339**	109 454

1 The LCCP term loan was repaid with the proceeds from the US dollar bonds issued in September 2018 and the subsequent draw down of the term loan and revolving credit facility.

* Loans raised to fund US growth projects.

** 2019 relate mainly to the settlement of the LCCP term loan, discharging the completion guarantee issued in respect of the LCCP and the settlement of the Inzalo Public debt. 2018 mainly relates to the repayment of the Inzalo Groups' debt.

16 Long-term debt and finance leases continued

Fair value of long-term debt

The fair value of long-term debt is based on the quoted market price for the same or similar instruments or on the current rates available for debt with the same maturity profile and with similar cash flows. Market related rates ranging between 2,4% and 15,3% were used to discount estimated cash flows based on the underlying currency of the debt.

	2019 Rm	2018 Rm
Total long-term debt (before unamortised loan costs)***	**141 198**	109 984

*** The difference in the fair value of long-term debt when compared to the carrying value is mainly due to the prevailing market price of the debt instruments.

In terms of Sasol Limited's memorandum of incorporation, the group's borrowing powers are limited to twice the sum of its share capital and reserves (2019 – R440 billion; 2018 – R446 billion).

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2019	2019 Rm	2018 Rm
Secured debt						
Repayable in bi-annual instalments ending December 2021[1]	Secured by assets under construction with a carrying value of 2018 – R140 912 million and other assets with a carrying value of 2018 – R24 368 million	Base and Performance Chemicals (US Operations)	US dollar		**–**	54 953
Repayable in quarterly instalments ending August 2024	Secured by property, plant and equipment with a carrying value of R4 183 million (2018 – R4 551 million).	Base Chemicals	US dollar	**Libor + 2,5%**	**2 735**	2 765
Repayable in bi-annual instalments ending June 2022	Secured by property, plant and equipment with a carrying value of R4 941 million (2018 – R5 415 million)	Energy (Rompco)	Rand	**Jibar + 1,75%**	**2 590**	3 473
Repayable in bi-annual instalments ending February 2030	Secured by shares, property, plant and equipment with a carrying value of R1 480 million (2018 – R1 443 million)	Energy (CTRG)	US dollar	**Libor + 5,5%**	**1 093**	1 183
		Various	Various	**Various**	**184**	227
					6 602	62 601
Preference shares						
A preference shares repayable in semi-annual instalments between June 2008 and September 2018[2]	Secured by Sasol preferred ordinary shares held by the company	Group Functions (Inzalo)	Rand		**–**	828
B preference shares repayable between June 2008 and September 2018[2]	Secured by Sasol preferred ordinary shares held by the company	Group Functions (Inzalo)	Rand		**–**	789
C preference shares repayable September 2018[2]	Secured by guarantee from Sasol Limited	Group Functions (Inzalo)	Rand		**–**	5 822
A preference shares repayable between March 2013 and September 2018	Secured by preference shares held in Sasol Mining (Pty) Ltd	Mining (Ixia)	Rand		**–**	54
					–	7 493

1 The US$4 billion secured term loan was settled during the year with the proceeds from the US$2,25 billion bond issued in September 2018 together with a US$1,65 billion term loan and a RCF of US$150 million incurred in June 2019.

2 The A, B and C preference share debt relating to the Sasol Inzalo Public share transaction was settled on 10 September 2018.

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2019	2019 Rm	2018 Rm
Finance leases						
Repayable in monthly instalments over 1 to 37 years ending December 2056	Secured by plant and equipment with a carrying value R7 369 million (2018 – R7 541 million)	Energy, Base and Performance Chemicals	Various	**Fixed 2,36% to 16,58% and variable 8% to 9,5%**	**7 673**	7 521
Other finance leases	Underlying assets	Various	Various	**Various**	**97**	103
					7 770	7 624
					14 372	77 718

Terms of repayment	Business	Currency	Interest rate at 30 June 2019	2019 Rm	2018 Rm
Unsecured debt					
Various repayment terms ending April 2031	Various	Various	**Various**	**1 779**	1 567
Repayable in July 2018[1]	Exploration and Production International	Canadian dollar		**–**	784
Various repayment terms	Energy	Rand	**Fixed 8%**	**626**	523
Various repayment terms from November 2022 to November 2023[2,3]	Group Functions (Sasol Financing International)	US dollar	**Fixed 4,5% and variable Libor + 1%**	**63 548**	29 014
Various repayment terms from June 2024 to September 2028[4,5]	Group Functions (Sasol Financing USA)	US dollar	**Fixed 5,8% to 6,5% and variable Libor + 1% to 1,4%**	**57 602**	–
Repayable in bi-annual instalments ending December 2018	Mining	Rand		**–**	625
Total unsecured debt				**123 555**	32 513
Total long-term debt				**137 927**	110 231
Unamortised loan costs (amortised over period of debt using the effective interest rate method)				**(588)**	(777)
				137 339	109 454
Short-term portion of long-term debt				**(2 544)**	(12 763)
				134 795	96 691

1 The carry of CAD75 million (R780 million) was repaid on 3 July 2018.

2 Included in this amount is the US$1 billion (R14 billion) bond, with a fixed interest rate of 4,5% which is listed on the New York Stock Exchange and is recognised in Sasol Financing International Limited, a 100% owned subsidiary of the group. Sasol Limited has fully and unconditionally guaranteed the bond. There are no restrictions on the ability of Sasol Limited to obtain funds from the finance subsidiary by dividend or loan.

3 During the year Sasol Financing International Limited, drew down on its revolving credit facility US$2,6 billion to fund mainly the LCCP.

4 In September 2018 Sasol Financing USA LLC issued bonds to the value of US$1,50 billion and US$0,75 billion respectively and in June 2019 incurred a term loan of US$1,65 billion and a revolving credit facility of US$150 million. The proceeds were utilised to fully repay the US$4 billion secured term loan.

5 Included in this amount is the US$2,25 billion (R31,7 billion) bonds, with fixed interest rates of 5,88% and 6,5% which are listed on the New York Stock Exchange and is recognised in Sasol Financing USA LLC, a 100% owned subsidiary of the group. Sasol Limited has fully and unconditionally guaranteed the bond. There are no restrictions on the ability of Sasol Limited to obtain funds from the finance subsidiary by dividend or loan.

at 30 June 2019	Total facilities US$m	Cash utilised US$m	Remaining US$m	Rand equivalent
Lake Charles Chemicals Project funding profile				
Term loan	1 650	1 650	–	**–**
Bonds	2 250	2 250	–	**–**
Available cash, cash flow from operations and general borrowings	9 000	7 533	1 467	**20 655**
Total funding requirement	12 900*	11 433	1 467	**20 655**

* Includes the US$300 million contingency.

16 Long-term debt and finance leases continued

30 June 2019	Expiry date	Currency	Contract amount million	Total Rand equivalent Rm	Utilised facilities Rm	Available facilities Rm
Banking facilities and debt arrangements						
Group treasury facilities						
Commercial paper (uncommitted)[1]	None	Rand	8 000	8 000	–	8 000
Commercial banking facilities	None	Rand	10 300	10 300	953	9 347
Revolving credit facility	November 2023	US dollar	3 900	54 915	49 283	5 632
Revolving credit facility[3]	June 2024	US dollar	150	2 112	2 112	–
Debt arrangements						
US Dollar Bond	November 2022	US dollar	1 000	14 081	14 081	–
US Dollar Bond[2]	March 2024	US dollar	1 500	21 121	21 121	–
US Dollar Bond[2]	September 2028	US dollar	750	10 561	10 561	–
US Dollar term loan[3]	June 2024	US dollar	1 650	23 233	23 233	–
Other Sasol businesses						
Specific project asset finance						
Energy – Republic of Mozambique Pipeline Investments Company (Rompco)	June 2022	Rand	2 511	2 511	2 511	–
Energy – Republic of Mozambique Pipeline Investments Company (Rompco)	December 2019	Rand	71	71	71	–
Energy – Clean Fuels II (Natref)	Various	Rand	1 948	1 948	1 948	–
Debt arrangements						
Other debt arrangements		Various	–	–	11 149	–
					137 023	22 979
Available cash						13 339
Total funds available for use						36 318
Total utilised facilities						137 023
Accrued interest						1 025
Unamortised loan cost						588
Total debt including accrued interest and unamortised loan cost						138 636
Comprising						
Long-term debt						134 795
Short-term debt						3 783
Short-term debt						1 239
Short-term portion of long-term debt						2 544
Bank overdraft						58
						138 636

1 In August 2019, Sasol issued its inaugural paper to the value of R2 176 million in the local debt market under the current Domestic Medium Term Note (DMTN) programme, at 130 basis points above 3 month Jibar. The net proceeds from the notes issue will be used for general corporate purposes and to refinance existing facilities.

2 In September 2018 Sasol Financing USA LLC issued bonds to the value of US$1,50 billion and US$0,75 billion respectively. The net proceeds from the bonds of US$2,24 billion were used to partially repay the US$4,0 billion secured term loan.

3 In June 2019 Sasol Financing USA LLC obtained a term loan of US$1,65 billion and a revolving credit facility of US$150 million, the proceeds of which were utilised to fully repay the remainder of the US$4 billion secured term loan.

Accounting policies:

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest rate method. A debt modification gain or loss is recognised immediately when a debt measured at amortised cost has been modified.

Capital allocation and utilisation

Effective capital management fuelling growth

Investing Activities

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
17 Property, plant and equipment					
Carrying amount at 30 June 2018	2 744	8 537	127 336	28 840	**167 457**
Additions	6	395	959	1 360	**2 720**
to sustain existing operations	6	76	959	1 360	**2 401**
to expand operations	–	319	–	–	**319**
Net reclassification (to)/from other assets	(6)	19	(97)	(306)	**(390)**
Reduction in rehabilitation provisions capitalised (note 31)	–	–	(1)	–	**(1)**
Projects capitalised	1 452	7 281	83 768	3 583	**96 084**
Reclassification to held for sale	(8)	(57)	(438)	–	**(503)**
Translation of foreign operations	36	4	(182)	78	**(64)**
Disposals and scrapping	(22)	(90)	(547)	(49)	**(708)**
Current year depreciation charge	–	(643)	(13 607)	(3 285)	**(17 535)**
Net impairment of property, plant and equipment	–	(12)	(11 956)	(1 543)	**(13 511)**
Carrying amount at 30 June 2019	**4 202**	**15 434**	**185 235**	**28 678**	**233 549**

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
Carrying amount at 30 June 2017	1 357	7 851	117 699	31 866	158 773
Additions	5	367	6 327	293	6 992
to sustain existing operations	5	29	4 279	293	4 606
to expand operations	–	338	2 048	–	2 386
Net reclassification from/(to) other assets	3	(171)	169	(1)	–
Reduction in rehabilitation provisions capitalised (note 31)	–	(2)	(85)	(874)	(961)
Disposal of business	–	–	(24)	–	(24)
Projects capitalised	1 268	928	19 990	3 130	25 316
Reclassification (to)/from held for sale	15	(6)	(50)	–	(41)
Translation of foreign operations	113	151	1 512	(137)	1 639
Disposals and scrapping	(17)	(9)	(428)	(113)	(567)
Current year depreciation charge	–	(572)	(12 445)	(3 030)	(16 047)
Net impairment of property, plant and equipment	–	–	(5 329)	(2 294)	(7 623)
Carrying amount at 30 June 2018	2 744	8 537	127 336	28 840	167 457

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
2019					
Cost	**4 403**	**23 034**	**316 548**	**74 769**	**418 754**
Accumulated depreciation and impairment	**(201)**	**(7 600)**	**(131 313)**	**(46 091)**	**(185 205)**
	4 202	**15 434**	**185 235**	**28 678**	**233 549**
2018					
Cost	3 036	15 652	239 262	70 386	328 336
Accumulated depreciation and impairment	(292)	(7 115)	(111 926)	(41 546)	(160 879)
	2 744	8 537	127 336	28 840	167 457
2017					
Cost	1 630	14 231	215 017	67 880	298 758
Accumulated depreciation and impairment	(273)	(6 380)	(97 318)	(36 014)	(139 985)
	1 357	7 851	117 699	31 866	158 773

	2019 Rm	2018 Rm
Business segmentation		
Mining	**23 540**	22 584
Exploration and Production International	**6 076**	7 646
Energy	**48 924**	47 743
Base Chemicals	**77 339**	46 874
Performance Chemicals	**74 313**	39 274
Group Functions	**3 357**	3 336
Total operations	**233 549**	167 457

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
Additions to property, plant and equipment (cash flow)			
Current year additions	**2 720**	6 992	1 112
Adjustments for non-cash items	**(1 491)**	(6 278)	(722)
movement in environmental provisions capitalised	**(1 387)**	(178)	(324)
movement in long-term debt*	**(104)**	(6 100)	–
other non-cash movements	**–**	–	(398)
Per the statement of cash flows	**1 229**	714	390

* 2018, additions include the Air Separation Unit at SSO of R3,4 billion and the Lake Charles Chemical Project rail yard and wash bay leases of R1,8 billion that commenced during the year.

for the year ended 30 June	2019 Rm	2018 Rm
Leased assets		
Carrying value of capitalised leased assets (included in plant, equipment and vehicles)	**7 423**	7 547
cost	**9 316**	9 116
accumulated depreciation	**(1 893)**	(1 569)

17 Property, plant and equipment continued

for the year ended 30 June	2019 Rm	2018 Rm
Capital commitments (excluding equity accounted investments)		
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	**212 848**	179 172
Authorised but not yet contracted for	**43 097**	47 338
Less expenditure to the end of year	**(195 850)**	(156 583)
	60 095	69 927*
to sustain existing operations	**29 654**	26 925
to expand operations	**30 441**	43 002
Estimated expenditure		
Within one year	**32 194**	44 801
One to five years	**27 901**	25 126
	60 095	69 927*
Business segmentation		
Mining	**2 372**	2 640
Exploration and Production International	**19 795**	18 811
Energy	**10 390**	10 320
Base Chemicals	**16 504**	21 125
Performance Chemicals	**10 434**	16 432
Group Functions	**600**	599
Total operations	**60 095**	69 927*

Significant capital commitments at 30 June comprise of:

Project	Project location	Business segment	2019 Rm	2018 Rm
Lake Charles Chemicals Project*	United States	Base and Performance Chemicals	**11 856**	22 084
Mozambique exploration and development	Mozambique	Exploration and Production International	**17 375**	17 108
Sixth fine ash dam	Secunda	Energy	**2 302**	3 720
Shutdown and major statutory maintenance	Various	Energy, Base and Performance Chemicals	**5 949**	6 172
Renewal projects	Secunda and Sasolburg	Energy, Base and Performance Chemicals	**4 578**	5 003
Mulalo project: 132 kilo volt electrical infrastructure	Secunda	Energy, Base and Performance Chemicals	**1 329**	–
Steam Station 2 NOx Abatement	Sasolburg	Base and Performance Chemicals	**1 168**	50
Steam Station 1 Air Quality Compliance	Sasolburg	Base and Performance Chemicals	**577**	–
Mozambique drilling campaign and infield compression	Mozambique	Exploration and Production International	**915**	–
Clean fuels II: To meet legislated fuel specifications	Secunda	Energy	**418**	–
China Ethoxylation plant	China	Performance Chemicals	**135**	577
Air Liquide – air separation unit	Secunda	Energy, Base and Performance Chemicals	**–**	470
Refurbishment of equipment	Secunda	Mining	**409**	445
Etame field development	Gabon	Exploration and Production International	**380**	–
Mine geographical expansions	Secunda	Mining	**406**	426
Natref air quality compliance projects	Sasolburg	Energy	**353**	17
Impumelelo Colliery to maintain Brandspruit Colliery operation	Secunda	Mining	**220**	357
Coal tar filtration east and west project	Secunda	Energy, Base and Performance Chemicals	**356**	779
Other capital commitments	Various	Various	**11 369**	12 719
			60 095	69 927*

* The LCCP capital commitment excludes the remaining contingency of US$216 million. During the year a misstatement was identified in the calculation of the LCCP capital cost estimate that was included in the capital commitment disclosure as at 30 June 2018. The misstatement related to the inaccurate estimation of the cost still to be incurred on the project. Accordingly, the capital presented as R63 276 million has been revised by R6 651 million (US$484 million) to R69 927 million. Management concluded that the revision is not material to the financial statements.

Accounting policies:

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items.

Depreciation of mineral assets on producing oil and gas properties is based on the units-of-production method calculated using estimated proved developed reserves.

Life-of-mine coal assets are depreciated using the units-of-production method and is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Other coal mining assets are depreciated on the straight-line method over their estimated useful lives.

Depreciation of property acquisition costs, capitalised as part of mineral assets in property, plant and equipment, is based on the units-of-production method calculated using estimated proved reserves.

Property, plant and equipment, other than mineral assets, is depreciated to its estimated residual value on a straight-line basis over its expected useful life.

Areas of judgement:

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management.

The following depreciation rates apply in the group:

Buildings and improvements	1 – 17%, units of production over life of related reserve base
Retail convenience centres	3 – 5 %
Plant	2 – 50 %
Equipment	3 – 91 %
Vehicles	5 – 33 %
Mineral assets	Units of production over life of related reserve base
Life-of-mine coal assets	Units of production over life of related reserve base

Reportable irregularity pertaining to LCCP

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

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

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

As a result of this activity, the Company removed all work responsibilities and initiated disciplinary action against one individual and negotiated the separation of three additional individuals, and took other remedial actions. Management believe that these actions effectively remediate the activities that gave rise to a reportable irregularity.

PricewaterhouseCoopers Incorporated (PwC) reported a reportable irregularity to the Independent Regulatory Board for Auditors in South Africa and concluded that these matters have been remediated and are no longer continuing.

for the year ended 30 June	Property plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	Total Rm
18 Assets under construction				
Balance as at 30 June 2018	163 783	1 125	453	**165 361**
Additions	52 786	289	67	**53 142**
to sustain existing operations	21 739	245	–	**21 984**
to expand operations	31 047	44	67	**31 158**
Net reclassification from/(to) other assets	(93)	–	323	**230**
Finance costs capitalised	6 942	–	–	**6 942**
Net impairment of assets under construction	(3 973)	–	(34)	**(4 007)**
Reclassification to disposal groups held for sale	(153)	–	–	**(153)**
Projects capitalised	(96 084)	(816)	–	**(96 900)**
Translation of foreign operations	3 971	29	1	**4 001**
Disposals and scrapping*	(852)	–	–	**(852)**
Balance at 30 June 2019	**126 327**	**627**	**810**	**127 764**

* Determining as to whether, and how much, cost incurred on a project is abnormal and needs to be scrapped, involves judgement. The factors considered by management include the scale and complexity of the project, the technology being applied and input from experts.

for the year ended 30 June	Property plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	Total Rm
Balance as at 30 June 2017	129 124	1 245	365	130 734
Additions	51 871	321	614	52 806
to sustain existing operations	18 889	238	–	19 127
to expand operations	32 982	83	614	33 679
Net reclassification from/(to) other assets	42	(33)	–	9
Finance costs capitalised	3 568	–	–	3 568
Net impairment of assets under construction	(1 478)	–	(312)	(1 790)
Reduction in rehabilitation provision capitalised (note 31)	(341)	–	(131)	(472)
Projects capitalised	(25 315)	(454)	–	(25 769)
Translation of foreign operations	7 464	46	(35)	7 475
Disposals and scrapping	(1 152)	–	(48)	(1 200)
Balance at 30 June 2018	163 783	1 125	453	165 361

for the year ended 30 June	2019 Rm	2018 Rm
Business segmentation		
Mining	**2 268**	2 095
Exploration and Production International	**7 426**	6 457
Energy	**7 698**	5 993
Base Chemicals	**60 927**	75 648
Performance Chemicals	**48 764**	74 595
Group Functions	**681**	573
Total operations	**127 764**	165 361

for the year ended at 30 June	2019 Rm	2018 Rm	2017 Rm
Additions to assets under construction (cash flow)			
Current year additions	**53 142**	52 806	60 312
Adjustments for non-cash items	**1 410**	(171)	(420)
cash flow hedge accounting	**–**	1	(2)
movement in environmental provisions capitalised	**(537)**	(172)	(418)
movement in long-term debt	**(13)**	–	–
LCCP investment incentives	**1 960**	–	–
Per the statement of cash flows*	**54 552**	52 635	59 892

	2019 Rm	2018 Rm
Capital expenditure		
Projects to sustain operations comprise of:		
Secunda Synfuels Operations	**10 315**	8 608
Shutdown and major statutory maintenance	**4 825**	3 775
Renewals	**1 880**	1 481
Oxygen train 17 (Outside Battery Limits portion)	**90**	417
Sixth fine ash dam (environmental)	**1 417**	1 353
Volatile organic compounds abatement programme (environmental)	**141**	137
Coal tar filtration east project (safety)	**329**	294
Other environmental related expenditure	**170**	133
Other safety related expenditure	**556**	362
Other sustain	**907**	656
Mining (Secunda and Sasolburg)	**2 894**	3 720
Shondoni Colliery to maintain Middelbult Colliery operation	**80**	318
Impumelelo Colliery to maintain Brandspruit Colliery operation	**157**	258
Acquisition of mineral rights	**–**	650
Refurbishment of equipment	**674**	867
Mine geographical expansion	**605**	449
Other safety related expenditure	**355**	196
Other sustain	**1 023**	982
Other (in various locations)	**8 758**	6 797
Expenditure related to environmental obligations	**590**	476
Expenditure incurred relating to safety regulations	**283**	409
Other sustain	**7 885**	5 912
Capital expenditure cash flow*	**21 967**	19 125

* Excludes finance costs capitalised to assets under construction.

18 Assets under construction continued

			2019 Rm	2018 Rm
Capital expenditure				
Projects to expand operations comprise of:	**Project location**	**Business segment**		
Lake Charles Chemicals Project	United States	Base and Performance Chemicals	**30 289**	30 100
China Ethoxylation plant	China	Performance Chemicals	**489**	398
Canadian shale gas asset	Canada	Exploration and Production International	**141**	101
High-density polyethylene plant	United States	Base Chemicals	**–**	265
Mozambique exploration and development	Mozambique	Exploration and Production International	**221**	1 002
Other projects to expand operations	Various	Various	**1 445**	1 644
Capital expenditure cash flow*			**32 585**	33 510

* Excludes finance costs capitalised to assets under construction.

Project-related performance guarantees

With the settlement of the LCCP term loan the completion guarantees and sureties issued in respect of the Lake Charles Chemicals Project have been discharged.

Accounting policies:

Assets under construction

Assets under construction are non-current assets, which includes land and expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment, intangible assets and exploration assets. The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. Cost also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs to the extent that they relate to the construction of the asset as well as gains or losses on qualifying cash flow hedges attributable to that asset. When regular major inspections are a condition of continuing to operate an item of property, plant and equipment, and plant shutdown costs will be incurred, an estimate of these shutdown costs are included in the carrying value of the asset at initial recognition. Land acquired, as well as costs capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under construction.

Finance expenses in respect of specific and general borrowings are capitalised against qualifying assets as part of assets under construction. Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of finance expenses eligible for capitalisation on that asset is the actual finance expenses incurred on the borrowing during the period less any investment income on the temporary investment of those borrowings.

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of finance expenses eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate of 5,5% is calculated as the weighted average of the interest rates applicable to the borrowings of the group that are outstanding during the period, including borrowings made specifically for the purpose of obtaining qualifying assets once the specific qualifying asset is ready for its intended use. The amount of finance expenses capitalised will not exceed the amount of borrowing costs incurred.

Exploration assets

Exploration assets comprise capitalised expenditure relating to the exploration for and evaluation of mineral resources (coal, oil and gas). Mineral assets comprise capitalised expenditure relating to producing coal, oil and gas properties, including development costs and previously capitalised exploration assets.

Oil and gas

The successful efforts method is used to account for natural oil and gas exploration, evaluation and development activities.

Property and licence acquisition costs as well as development cost, including expenditure incurred to drill and equip development wells on proved properties, are capitalised as part of assets under construction and transferred to mineral assets in property, plant and equipment when the assets begin producing.

On completion of an exploratory well or exploratory-type stratigraphic test well, the entity will be able to determine if there are oil or gas resources. The classification of resources as proved reserves depends on whether development of the property is economically feasible and recoverable in the future, under existing economic and operating conditions, and if any major capital expenditure to develop the property as a result of sufficient quantities of additional proved reserves being identified is justifiable, approved and recoverable.

The cost of exploratory wells, through which potential proved reserves may be or have been discovered and the associated exploration costs are capitalised as exploration and evaluation assets in assets under construction. These costs remain capitalised pending the evaluation of results and the determination of whether there are proved reserves.

The following conditions must be met for these exploration costs to remain capitalised:

- Sufficient progress is being made in assessing the oil and gas resources, including assessing the economic and operating viability with regards to developing the property.
- It has been determined that sufficient oil and gas resources or reserves exist which are economically viable based on a range of technical and commercial considerations to justify the capital expenditure required for the completion of the well as a producing well, either individually or in conjunction with other wells.

Progress in this regard is reassessed at each reporting date and is subject to technical, commercial and management review to ensure sufficient justification for the continued capitalisation of such qualifying exploration and evaluation expenditure as an exploration and evaluation asset as part of assets under construction. If both of the above conditions are not met or if information is obtained that raise substantial doubt about the economic or operating viability, the costs are charged to the income statement.

Exploratory wells and exploratory-type stratigraphic test wells can remain suspended on the statement of financial position for several years while additional activity including studies, appraisal, drilling and/or seismic work on the potential oil and gas field is performed or while the optimum development plans and timing are established in the absence of impairment indicators.

Coal mining

Coal mining exploration and evaluation expenditure is charged to the income statement until completion of a final feasibility study supporting proved and probable coal reserves. Expenditure incurred subsequent to proved and probable coal reserves being identified is capitalised as exploration assets in assets under construction.

Expenditure on producing mines or development properties is capitalised when excavation or drilling is incurred to extend reserves or further delineate existing proved and probable coal reserves. All development expenditure incurred after the commencement of production is capitalised to the extent that it gives rise to probable future economic benefits.

A unit is considered to be produced once it has been removed from underground and taken to the surface, passed the bunker and has been transported by conveyor over the scale of the shaft head. The calculation is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Inaccessible reserves are excluded from the calculation.

for the year ended 30 June	2019 Rm	2018 Rm
19 Long-term receivables and prepaid expenses		
Total long-term receivables	**6 007**	3 921
Impairment of long-term receivables*	**(211)**	(38)
Short-term portion	**(214)**	(97)
	5 582	3 786
Long-term prepaid expenses	**735**	860
	6 317	4 646
Comprising:		
Long-term receivables (interest-bearing) – joint operations	**1 252**	1 204
Long-term loans	**2 370**	2 582
LCCP investment incentives	**1 960**	–
	5 582	3 786

***Impairment of long-term loans and receivables**

In 2019 long-term loans and receivables are considered for impairment under the expected credit loss model. Refer to note 40 for detail on the impairments recognised. In 2018 loans and receivables were considered for impairment under IAS 39.

20 Equity accounted investments

for the year ended 30 June	2019 Rm	2018 Rm
Amounts recognised in the statement of financial position:		
Investments in joint ventures and associates	**9 866**	10 991

for the year ended 30 June	2019 Rm	2018 Rm
Business segmentation		
Mining	**5**	1
Energy	**9 449**	9 667
Base Chemicals	**273**	1 164
Performance Chemicals	**16**	16
Group Functions	**123**	143
Total carrying value of equity accounted investments	**9 866**	10 991

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
Amounts recognised in the income statement:			
Share of profits of equity accounted investments, net of tax	**1 074**	1 443	1 071
share of profits	**1 089**	1 454	1 085
remeasurement items	**(15)**	(11)	(14)
Amounts recognised in the statement of cash flows:			
Dividends received from equity accounted investments	**1 506**	1 702	1 539

There are no significant restrictions on the ability of the joint ventures or associate to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

Impairment testing of equity accounted investments

Based on impairment indicators at each reporting date, impairment tests in respect of investments in joint ventures and associates are performed. The recoverable amount of the investment is compared to the carrying amount, as described in note 9, to calculate the impairment.

At 30 June, the group's interest in equity accounted investments and the total carrying values were:

Name	Country of incorporation	Nature of activities	Interest %	2019 Rm	2018 Rm
Joint ventures					
ORYX GTL Limited	Qatar	GTL plant	**49**	**8 239**	8 179
Sasol Huntsman GmbH & co KG*	Germany	Manufacturing of chemical products	**50**	**–**	893
Sasol Dyno Nobel (Pty) Ltd	South Africa	Manufacturing and distribution of explosives	**50**	**273**	271
Sasol Chevron Holdings Limited	Bermuda	Marketing of Escravos GTL products	**50**	**274**	311
Associates					
Escravos GTL (EGTL)**	Nigeria	GTL plant	**10**	**753**	1 027
Other equity accounted investments			**Various**	**327**	310
Carrying value of investments				**9 866**	10 991

* The group's investment in Sasol Huntsman GmbH & co KG has been classified as held for sale. Refer to note 11.

** Although the group holds less than 20% of the voting power of EGTL, the group has significant influence with regards to the management and technical support to the plant.

Summarised financial information for the group's share of equity accounted investments which are not material***

for the year ended 30 June	2019 Rm	2018 Rm
Operating profit	**13**	419
(Loss)/profit before tax	**(2)**	427
Taxation	**(56)**	(152)
(Loss)/profit and total comprehensive income for the year	**(58)**	275

*** The financial information provided represents the group's share of the results of the equity accounted investments.

Capital commitments relating to equity accounted investments

	2019 Rm	2018 Rm
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	**715**	536
Authorised but not yet contracted for	**1 100**	623
Less: expenditure to the end of year	**(532)**	(266)
	1 283	893

Areas of judgement:

Joint ventures and associates are assessed for materiality in relation to the group using a number of factors such as investment value, strategic importance and monitoring by those charged with governance.

ORYX GTL is considered to be material as it is closely monitored and reported on to the decision makers and is considered to be a strategically material investment.

20 Equity accounted investments continued

Summarised financial information for the group's material equity accounted investments

In accordance with the group's accounting policy, the results of joint ventures and associates are equity accounted. The information provided below represents the group's material joint venture. The financial information presented includes the full financial position and results of the joint venture and includes intercompany transactions and balances.

	Joint venture	
	ORYX GTL Limited	
for the year ended 30 June	2019 Rm	2018 Rm
Summarised statement of financial position		
Non-current assets	**11 964**	12 202
Current assets	**6 722**	6 640
Total assets	**18 686**	18 842
Other non-current liabilities	**378**	360
Deferred tax liability	**(22)**	9
Other current liabilities	**1 337**	1 036
Tax payable	**100**	436
Total liabilities	**1 793**	1 841
Net assets	**16 893**	17 001
Summarised income statement		
Turnover	**9 977**	10 159
Depreciation and amortisation	**(1 420)**	(1 190)
Other operating expenses	**(5 039)**	(5 313)
Operating profit before interest and tax	**3 518**	3 656
Finance income	**33**	11
Finance cost	**(3)**	(1)
Profit before tax	**3 548**	3 666
Taxation	**(607)**	(628)
Profit and total comprehensive income for the year	**2 941**	3 038
The group's share of profits of equity accounted investment	**1 131**	1 168
49% share of profit before tax	**1 738**	1 796
Taxation*	**(607)**	(628)
Reconciliation of summarised financial information		
Net assets at the beginning of the year	**17 001**	15 334
Profit before tax for the year	**3 548**	3 666
Taxation*	**(607)**	(628)
Foreign exchange differences	**490**	839
Dividends paid	**(3 539)**	(2 210)
Net assets at the end of the year	**16 893**	17 001
Additional Sasol specific liabilities*	**(79)**	(309)
Adjusted net assets at the end of the period	**16 814**	16 692
Carrying value of equity accounted investment	**8 239**	8 179

* With effect from 29 April 2017, as a result of change in tax regulations, tax is levied only on Sasol's share of profits at a rate of 35%.

The year-end for ORYX GTL Limited is 31 December, however the group uses the financial information at 30 June.

The carrying value of the investment represents the group's interest in the net assets thereof.

Contingent liabilities

There were no contingent liabilities at 30 June 2019 relating to our joint ventures or associates.

Accounting policies:

The financial results of associates and joint ventures are included in the group's results according to the equity method from acquisition date until the disposal date. Under the equity method, investments in associates and joint ventures are recognised initially at cost. Subsequent to the acquisition date, the group's share of profits or losses of associates and joint ventures is charged to the income statement as equity accounted earnings and its share of movements in equity reserves is recognised as other comprehensive income or equity as appropriate. A joint venture is a joint arrangement in which the parties have joint control with rights to the net assets of the arrangement. An associate is an entity, other than a subsidiary, joint venture or joint operation, in which the group has significant influence, but no control or joint control, over financial and operating policies. Associates and joint ventures whose financial year-ends are within three months of 30 June are included in the consolidated financial statements using their most recently audited financial results. Adjustments are made to the associates' and joint ventures financial results for material transactions and events in the intervening period.

21 Interest in joint operations

At 30 June, the group's interest in material joint operations were:

Name	Country of incorporation	Nature of activities	% of equity owned 2019 Rm	% of equity owned 2018 Rm
Gemini HDPE LLC	United States of America	Manufactures high density polyethylene chemicals	**50**	50
Sasol Canada	Canada	Development of shale gas reserves and production and marketing of shale gas	**50**	50
Natref	South Africa	Refining of crude oil	**64**	64

The information provided is Sasol's share of joint operations (excluding unincorporated joint operations) and includes intercompany transactions and balances.

for the year ended 30 June	Gemini HDPE LLC Rm	Sasol Canada Rm	Natref Rm	Other* Rm	Total 2019 Rm	Total 2018 Rm
Statement of financial position						
External non-current assets	4 462	1 180	3 531	1 685	**10 858**	13 055
External current assets	73	288	292	998	**1 651**	1 503
Intercompany current assets	18	1	18	72	**109**	1 146
Total assets	4 553	1 469	3 841	2 755	**12 618**	15 704
Shareholders' equity	1 869	209	240	570	**2 888**	5 389
Long-term liabilities	2 480	1 155	2 887	1 479	**8 001**	7 710
Interest-bearing current liabilities	120	–	167	302	**589**	1 408
Non-interest-bearing current liabilities	84	104	381	168	**737**	771
Intercompany current liabilities	–	1	166	236	**403**	426
Total equity and liabilities	4 553	1 469	3 841	2 755	**12 618**	15 704
Income statement						
Turnover	441	239	2 061	1 394	**4 135**	3 660
Operating (loss)/profit	(117)	(2 747)	457	84	**(2 323)**	(3 089)
Other expenses	(58)	(13)	(213)	(160)	**(444)**	(438)
Net (loss)/profit before tax	(175)	(2 760)	244	(76)	**(2 767)**	(3 527)
Taxation	–	–	(79)	17	**(62)**	(49)
Attributable (loss)/profit	(175)	(2 760)	165	(59)	**(2 829)**	(3 576)
Statement of cash flows						
Cash flow from operations	–	31	887	419	**1 337**	1 189
Movement in working capital	(25)	39	55	(180)	**(111)**	397
Tax paid	–	–	2	(26)	**(24)**	(5)
Other expenses	(143)	–	(209)	(209)	**(561)**	(485)
Cash available from operations	(168)	70	735	4	**641**	1 096
Dividends paid	–	–	(230)	–	**(230)**	(111)
Cash retained from operations	(168)	70	505	4	**411**	985
Cash flow from investing activities	(80)	(124)	(609)	(30)	**(843)**	(712)
Cash flow from financing activities	244	(804)	142	(194)	**(612)**	1 575
(Increase)/decrease in cash requirements	(4)	(858)	38	(220)	**(1 044)**	1 848

* Includes Central Térmica de Ressano Garcia (CTRG) and Sasol Wilmar Alcohol Industries (Lianyungang) Co Ltd. The group has classified its investment in Sasol Wilmar Alcohol Industries (Lianyungang) Co Ltd as held for sale at 30 June 2019. Refer to note 11.

At 30 June 2019, the group's share of the total capital commitments of joint operations amounted to R1 080 million (2018 – R427 million).

22 Interest in significant operating subsidiaries

Sasol Limited is the ultimate parent of the Sasol group of companies. Our wholly-owned subsidiary, Sasol Investment Company (Pty) Ltd, a company incorporated in the Republic of South Africa, holds primarily our interests in companies incorporated outside of South Africa. The following table presents each of the group's significant subsidiaries (including direct and indirect holdings), the nature of activities, the percentage of shares of each subsidiary owned and the country of incorporation at 30 June.

There are no significant restrictions on the ability of the group's subsidiaries to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

			% of equity owned		Investment at cost (Rm)[1]	
Name	Country of incorporation	Nature of activities	2019	2018	2019	2018
Significant operating subsidiaries						
Direct						
Sasol Mining Holdings (Pty) Ltd	South Africa	Holding company of the group's mining interests	**100**	100	**9 163**	9 163
Sasol Technology (Pty) Ltd	South Africa	Engineering services, research and development and technology transfer	**100**	100	**316**	316
Sasol Financing Ltd	South Africa	Management of cash resources, investments and procurement of loans (for South African operations)	**100**	100	**422**	422
Sasol Investment Company (Pty) Ltd[2]	South Africa	Holding company for foreign investments	**100**	100	**65 748**	62 580
Sasol South Africa Ltd[3,4]	South Africa	Integrated petrochemicals and energy company	**100**	100	**32 320**	28 066
Sasol Middle East and India (Pty) Ltd	South Africa	Develop and implement international GTL and CTL ventures	**100**	100	**10 092**	10 092
Sasol Africa (Pty) Ltd	South Africa	Exploration, development, production, marketing and distribution of natural oil and gas and associated products	**100**	100	**8 069**	8 069
Sasol Oil (Pty) Ltd	South Africa	Marketing of fuels and lubricants	**75**	75	**672**	657
Sasol New Energy Holdings (Pty) Ltd	South Africa	Developing lower-carbon energy solutions	**100**	100	**792**	932

1 The cost of these investments represents the holding company's investment in the subsidiaries, which eliminate on consolidation.

2 Increase relates to equity funding of the LCCP.

3 Increase relates to notional interest relating to Khanyisa transaction.

4 Sasol Khanyisa shareholders indirectly have an 18,4% shareholding in Sasol South Africa Limited. Once the Khanyisa funding is settled, the Sasol Khanyisa ordinary shares will be exchanged for Sasol BEE Ordinary (SOLBE1) shares listed on the empowerment segment of the JSE.

22 Interest in significant operating subsidiaries continued

Name	Country of incorporation	Nature of activities	% of equity owned 2019	2018
Significant operating subsidiaries				
Indirect				
The Republic of Mozambique Pipeline Investment Company (Pty) Ltd (Rompco)*	South Africa	Owning and operating of the natural gas transmission pipeline between Temane in Mozambique and Secunda in South Africa for the transportation of natural gas produced in Mozambique to markets in Mozambique and South Africa	**50**	50
Sasol Financing International Limited	South Africa	Management of cash resources, investment and procurement of loans (for our foreign operations)	**100**	100
Sasol Germany GmbH	Germany	Production, marketing and distribution of chemical products	**100**	100
Sasol Italy SpA	Italy	Trading and transportation of oil products, petrochemicals and chemical products and derivatives	**100**	100
Sasol Mining (Pty) Ltd	South Africa	Coal mining activities	**90**	90
Sasol Canada Holdings Limited	Canada	Exploration, development, production, marketing and distribution of natural oil and gas and associated products in Canada	**100**	100
Sasol Chemicals (USA) LLC	United States of America	Production, marketing and distribution of chemical products	**100**	100
Sasol Financing USA LLC	United States of America	Management of cash resources, investment and procurement of loans (for our North American operations)	**100**	–

* Through contractual arrangements Sasol exercises control over the relevant activities of Rompco.

Our other interests in subsidiaries are not considered significant.

Non-controlling interests

The group has a number of subsidiaries with non-controlling interests, however none of them were material to the Statement of Financial position.

Guarantees

Sasol Limited has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements. The group has guaranteed the borrowing facilities and banking arrangements of certain of its subsidiaries.

Areas of judgement:

The disclosure of subsidiaries is based on materiality taking into account the contribution to turnover, assets of the group, and the way the business is managed and reported on.

Control is obtained when Sasol is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through our power over the subsidiary.

The financial results of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the exchange rate ruling at that date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognised as other comprehensive income and are included in the foreign currency translation reserve.

Working capital

for the year ended 30 June	2019 Rm	2018 Rm
23 Inventories		
Carrying value		
Crude oil and other raw materials	**3 938**	4 308
Process material	**1 890**	1 873
Maintenance materials	**5 940**	5 156
Work in progress	**2 578**	2 714
Manufactured products	**15 087**	15 070
Consignment inventory	**213**	243
	29 646	29 364
Business segmentation		
Mining	**1 425**	1 661
Exploration and Production International	**163**	144
Energy	**7 826**	7 680
Base Chemicals	**7 684**	7 427
Performance Chemicals	**12 522**	12 417
Group Functions	**26**	35
Total operations	**29 646**	29 364

The impact of higher crude oil feedstock prices and lower sales prices for certain chemical products resulted in a net realisable value write-down of R371 million in 2019 (2018 – R234 million).

Inventory of R3 113 million (2018 – R1 348 million) is held at net realisable value. No inventories were encumbered at 30 June 2019, (2018 – R4 099 million).

Accounting policies:

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the greater of normal production capacity and actual production. The costs attributable to any inefficiencies in the production process are charged to the income statement as incurred.

By-products are incidental to the manufacturing processes, are usually produced as a consequence of the main product stream, and are immaterial to the group. Revenue from sale of by-products is offset against the cost of the main products.

Cost is determined as follows:

Crude oil and other raw materials	First-in-first-out valuation method (FIFO)
Process, maintenance and other materials	Weighted average purchase price
Work-in-progress	Manufacturing costs incurred
Manufactured products including consignment inventory	Manufacturing costs according to FIFO

for the year ended 30 June	2019 Rm	2018* Rm
24 Trade and other receivables		
Trade receivables	**23 237**	23 742
Other receivables**	**2 760**	3 231
Related party receivables – equity accounted investments	**67**	102
Impairment of trade and other receivables	**(453)**	(427)
Trade and other receivables	**25 611**	26 648
Duties recoverable from customers	**467**	600
Prepaid expenses and other	**1 425**	829
Value added tax	**1 075**	1 652
	28 578	29 729

* Comparative information is based on IAS 39.

** Other receivables include short-term portion of long-term receivables, receivables related to exploration activities, employee-related receivables and short-term deposits.

24 Trade and other receivables continued

Impairment of trade receivables

Trade receivables are considered for impairment under the expected credit loss model. Trade receivables are impaired when there is no reasonable prospect that the customer will pay. Refer to note 40 for detail on the impairments recognised.

No individual customer represents more than 10% of the group's trade receivables.

Fair value of trade receivables

The carrying value approximates fair value because of the short period to maturity of these instruments.

Collateral

The group holds no collateral over the trade receivables which can be sold or pledged to a third party.

Credit risk exposure in respect of trade receivables under IAS39 is analysed as follows:

for the year ended 30 June	Carrying value 2018 Rm	Impairment 2018 Rm
Age analysis of trade receivables		
Not past due date	21 611	3
Past due 0 – 30 days	1 477	5
Past due 31 – 150 days	257	18
Past due 151 days – one year	93	44
More than one year***	304	129
	23 742	199

*** More than one year relates to long outstanding balances for specific customers who have exceeded their contractual repayment terms.

	2019 Rm	2018 Rm
Business segmentation		
Mining	**276**	428
Exploration and Production International	**497**	736
Energy	**10 357**	11 487
Base Chemicals	**7 603**	7 022
Performance Chemicals	**8 071**	8 585
Group Functions	**1 774**	1 471
Total operations	**28 578**	29 729

Accounting policies:

IFRS 9 applicable in 2019:

Trade and other receivables are recognised initially at transaction price and subsequently stated at amortised cost using the effective interest rate method, less impairment losses. A simplified expected credit loss model is applied for recognition and measurement of impairments in trade receivables, where expected lifetime credit losses are recognised from initial recognition, with changes in loss allowances recognised in profit and loss. The group did not use a provisional matrix. Trade and other receivables are written off where there is no reasonable expectation of recovering amounts due. The trade receivables do not contain a significant financing component.

IAS 39 applicable in 2018:

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method, less impairment losses.

for the year ended 30 June	2019 Rm	2018 Rm

25 Trade and other payables

	2019 Rm	2018 Rm
Trade payables	**15 749**	13 510
Capital project related payables	**9 088**	9 780
Accrued expenses	**3 340**	3 062
Related party payables	**324**	166
third parties	**189**	33
equity accounted investments	**135**	133
Trade payables	**28 501**	26 518
Other payables*	**6 282**	6 188
Duties payable to revenue authorities	**4 450**	4 267
Value added tax	**233**	177
	39 466	37 150

* Other payables includes employee-related payables.

No individual vendor represents more than 10% of the group's trade payables.

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

Accounting policies:

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost. Capital project related payables are excluded from working capital, as the nature and risks of these payables are not considered to be aligned to operational trade payables.

26 Decrease/(increase) in working capital

	2019 Rm	2018 Rm	2017 Rm
Increase in inventories	**(829)**	(3 413)	(3 214)
Decrease/(increase) in trade receivables	**37**	(2 789)	(346)
Increase in trade payables	**3 202**	2 441	1 393
Decrease/(increase) in working capital	**2 410**	(3 761)	(2 167)

Cash management

for the year ended 30 June	2019 Rm	2018 Rm
27 Cash and cash equivalents		
Cash and cash equivalents	**15 877**	17 128
Bank overdraft	**(58)**	(89)
Per the statement of cash flows	**15 819**	17 039
Cash by currency		
Rand	**4 179**	3 982
Euro	**2 080**	2 855
US Dollar	**7 992**	9 040
Other currencies	**1 568**	1 162
	15 819	17 039

Included in cash and cash equivalents:

Cash held in trust that is restricted for use and held in escrow. Includes R432 million (2018 – R408 million) for the rehabilitation of various sites and R288 million (2018 – R170 million) in various other trusts in the group.

Cash in respect of joint operations can only be utilised for the business activities of the joint operations. This includes Sasol's interests in the power plant in Mozambique R322 million (2018 – R542 million), the high-density polyethylene (HDPE) plant in North America of R35 million (2018 – R38 million) and R227 million (2018 – R389 million) relating to exploration and other ventures.

Other cash restricted for use of R1 176 million (2018 – R433 million) includes deposits for future abandonment site obligations and decommissioning of pipelines, as well as cash deposits serving as collateral for bank guarantees.

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

Accounting policies:

Cash and cash equivalents comprises cash on hand, cash restricted for use, bank overdraft, demand deposits and other short-term highly liquid investments with a maturity period of three months or less at date of purchase. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Bank overdrafts are offset against cash and cash equivalents in the statement of cash flows.

Cash restricted for use comprises cash and cash equivalents which are not available for general use by the group, including amounts held in escrow, trust or other separate bank accounts.

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
28 Cash generated by operating activities				
Cash flow from operations	29	**48 988**	46 638	46 236
Decrease/(increase) in working capital	26	**2 410**	(3 761)	(2 167)
		51 398	42 877	44 069
29 Cash flow from operations				
Earnings before interest and tax (EBIT)		**9 697**	17 747	31 705
Adjusted for				
share of profits of equity accounted investments	20	**(1 074)**	(1 443)	(1 071)
equity-settled share-based payment	35	**1 659**	3 776	463
depreciation and amortisation		**17 968**	16 425	16 204
effect of remeasurement items	9	**18 645**	9 901	1 616
movement in long-term provisions				
income statement charge	31	**430**	(596)	228
utilisation	31	**(1 099)**	(729)	(969)
movement in short-term provisions		**(3)**	25	(215)
movement in post-retirement benefits		**635**	(561)	356
translation effects		**(199)**	(121)	(11)
write-down of inventories to net realisable value		**371**	234	470
movement in financial assets and liabilities		**864**	2 415	(3 120)
movement in other receivables and payables		**601**	(244)	50
other non-cash movements		**493**	(191)	530
		48 988	46 638	46 236
30 Dividends paid				
Final dividend – prior year		**6 269**	4 842	5 650
Interim dividend – current year		**3 683**	3 110	2 978
		9 952	7 952	8 628
Forecast cash flow on final dividend – current year		**–**	4 898	4 844

Provisions and reserves

for the year ended 30 June	Environmental Rm	Share-based payments* Rm	Other Rm	Total Rm
31 Long-term provisions				
2019				
Balance at beginning of year	14 933	1 101	1 693	**17 727**
Capitalised in property, plant and equipment and assets under construction**	1 925	–	–	**1 925**
Reduction in rehabilitation provision capitalised	(1)	–	–	**(1)**
Transfer to held for sale liabilities***	(51)	–	(3)	**(54)**
Per the income statement	1 095	(440)	(225)	**430**
additional provisions and changes to existing provisions	415	(440)	64	**39**
reversal of unutilised amounts	(8)	–	(289)	**(297)**
effect of change in discount rate	688	–	–	**688**
Notional interest	849	–	8	**857**
Utilised during year (cash flow)	(159)	(397)	(543)	**(1 099)**
Foreign exchange differences recognised in income statement	109	–	18	**127**
Translation of foreign operations	42	–	6	**48**
Balance at end of year	**18 742**	**264**	**954**	**19 960**

for the year ended 30 June	Environmental Rm	Share-based payments Rm	Other Rm	Total Rm
Long-term provisions				
2018				
Balance at beginning of year	15 716	885	2 178	18 779
Capitalised in property, plant and equipment and assets under construction	350	–	–	350
Reduction in rehabilitation provision capitalised****	(1 433)	–	–	(1 433)
Per the income statement	(756)	655	(495)	(596)
additional provisions and changes to existing provisions	241	655	(495)	401
reversal of unutilised amounts	(194)	–	–	(194)
effect of change in discount rate	(803)	–	–	(803)
Notional interest	953	–	9	962
Utilised during year (cash flow)	(249)	(437)	(43)	(729)
Foreign exchange differences recognised in income statement	225	(1)	27	251
Translation of foreign operations	127	(1)	17	143
Balance at end of year	14 933	1 101	1 693	17 727

* Refer note 34 for accounting policies and areas of judgement used in calculating the share-based payment provision (cash settled).

** Increase in rehabilitation capitalised in 2019 relates to a reassessment of our provision based on discount rates and cost estimates.

*** Relates to rehabilitation provisions of the explosives business classified as held for sale, refer note 11.

**** Reduction in rehabilitation capitalised in 2018 relates to a reassessment of our provision based on legislation changes, discount rates and new rehabilitation methods which resulted in a reduction of R1,4 billion.

31 Long-term provisions continued

for the year ended 30 June	Note	2019 Rm	2018 Rm
Expected timing of future cash flows			
Within one year		**2 338**	2 567
One to five years		**3 291**	3 715
More than five years		**14 331**	11 445
		19 960	17 727
Short-term portion	32	**(2 338)**	(2 567)
Long-term provisions		**17 622**	15 160
Estimated undiscounted obligation		**101 100**	102 952
Business segmentation			
Mining		**1 439**	1 324
Exploration and Production International		**6 779**	5 677
Energy		**3 427**	2 909
Base Chemicals		**3 919**	3 321
Performance Chemicals		**2 038**	1 909
Group Functions		**20**	20
Total operations		**17 622**	15 160

Environmental provisions

In accordance with the group's published environmental policy and applicable legislation, a provision for rehabilitation is recognised when the obligation arises, representing the estimated actual cash flows in the period in which the obligation is settled.

The environmental obligation includes estimated costs for the rehabilitation of coal mining, oil, gas and petrochemical sites. The amount provided is calculated based on currently available facts and applicable legislation.

The total environmental provision at 30 June 2019 amounted to R18 742 million (2018 – R14 933 million). In line with the requirements of the legislation of South Africa, the utilisation of certain investments is restricted for mining rehabilitation purposes. These investments amounted to R667 million (2018 – R649 million). In addition, indemnities of R2 155 million (2018 – R2 066 million) are in place.

The following risk-free rates were used to discount the estimated cash flows based on the underlying currency and time duration of the obligation.

for the year ended 30 June	2019 %	2018 %
South Africa	**6,9 to 8,7**	7,3 to 9,2
Europe	**0,0 to 0,7**	0,0 to 1,5
United States of America	**1,7 to 2,3**	2,6 to 3,0
Canada	**1,7 to 2,2**	2,0 to 2,7

for the year ended 30 June	2019 Rm	2018 Rm
A 1% point change in the discount rate would have the following effect on the long-term provisions recognised		
Increase in the discount rate	**(3 351)**	(2 726)
amount capitalised to property, plant and equipment	**(1 930)**	(1 434)
income recognised in income statement	**(1 421)**	(1 292)
Decrease in the discount rate	**4 540**	3 786
amount capitalised to property, plant and equipment	**2 622**	2 058
expense recognised in income statement	**1 918**	1 728

for the year ended 30 June	Note	2019 Rm	2018 Rm
32 Short-term provisions			
Other provisions		**552**	552
Short-term portion of			
long-term provisions	31	**2 338**	2 567
post-retirement benefit obligations	33	**399**	389
		3 289	3 508

Accounting policies:

Long-term provisions are determined by discounting the expected future cash flows using a pre-tax discount rate to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the income statement.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement. The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are raised. These estimates are reviewed at least annually.

Deferred tax is recognised on the temporary differences in relation to both the asset to which the obligation relates to and rehabilitation provision.

Termination benefits are recognised as a liability at the earlier of the date of recognition of restructuring costs or when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits that are expected to be wholly settled more than 12 months after the end of the reporting period are discounted to their present value.

Areas of judgement:

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgement is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgements because most of the obligations will only be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations as well as the period in which it will be settled.

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the group's financial position, liquidity or cash flow.

for the year ended 30 June	Note	2019 Rm	2018 Rm
33 Post-retirement benefit obligations			
Post-retirement healthcare obligations	33.1		
South Africa		**3 825**	3 995
United States of America		**268**	248
		4 093	4 243
Pension obligations	33.2		
Foreign – post-retirement benefit obligation		**9 014**	8 046
Less: short-term portion of post-retirement pension and medical benefit obligations		**(399)**	(389)
Total post-retirement benefit obligations		**12 708**	11 900
Pension assets	33.2		
South Africa – post-retirement benefit asset		**(555)**	(582)
Foreign – post-retirement benefit asset		**(719)**	(916)
Total post-retirement benefit assets		**(1 274)**	(1 498)
Net pension obligations		**7 740**	6 548

33 Post-retirement benefit obligations continued

The group provides post-retirement medical and pension benefits to certain of its retirees, principally in South Africa, Europe and the United States of America. Generally, medical coverage provides for a specified percentage of most medical expenses, subject to pre-set rules and maximum amounts. Pension benefits are payable in the form of retirement, disability and surviving dependent pensions. The medical benefits are unfunded. The pension benefits in South Africa are funded. In the United States of America certain of our Pension Funds are funded. The pension benefits in Europe are unfunded.

Accounting policies:

The group operates or contributes to defined contribution pension plans and defined benefit pension plans for its employees in certain of the countries in which it operates. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.

Defined contribution pension plans are plans under which the group pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further amounts. Contributions to defined contribution pension plans are charged to the income statement as an employee expense in the period in which the related services are rendered by the employee.

The group's net obligation in respect of defined benefit pension plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the gross obligation for post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to members in return for services rendered to date.

This future benefit is discounted to determine its present value, using discount rates based on government bonds for South African obligations, and corporate bonds in Europe and the US, that have maturity dates approximating the terms of the group's obligations and which are denominated in the currency in which the benefits are expected to be paid. Independent actuaries perform this calculation annually using the projected unit credit method.

Defined contribution members employed before 2009 have an option to purchase a defined benefit pension with their member share. This option gives rise to actuarial risk, and as such, these members are accounted for as part of the defined benefit fund and are disclosed as such.

Past service costs are charged to the income statement at the earlier of the following dates:

- when the plan amendment or curtailment occurs; and
- when the group recognises related restructuring costs or termination benefits.

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions, the return on plan assets (excluding amounts included in net interest on the defined benefit liability/(asset)) and any changes in the effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability/(asset)) are remeasurements that are recognised in other comprehensive income in the period in which they arise.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the lower of the surplus in the defined benefit plan and the asset ceiling, determined using a discount rate based on government bonds.

Surpluses and deficits in the various plans are not offset.

The entitlement to healthcare benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the accounting methodology described in respect of defined benefit pension plans above. Independent actuaries perform the calculation of this obligation annually.

	Healthcare benefits	Pension benefits
Last actuarial valuation – South Africa	**31 March 2019**	**31 March 2019**
Last actuarial valuation – United States of America	**30 June 2019**	**30 June 2019**
Last actuarial valuation – Europe	**n/a**	**1 April 2019**
Full/interim valuation	**Full**	**Full**
Valuation method adopted	**Projected unit credit**	**Projected unit credit**

The plans have been assessed by the actuaries and have been found to be in sound financial positions.

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuations determined in consultation with independent actuaries.

at valuation date	South Africa 2019 %	South Africa 2018 %	United States of America 2019 %	United States of America 2018 %	Europe 2019 %	Europe 2018 %
Healthcare cost inflation						
initial	**7,5**	7,5	**8,5***	7,0*	**n/a**	n/a
ultimate	**7,5**	7,5	**4,5***	5,5*	**n/a**	n/a
Discount rate – post-retirement medical benefits	**10,5**	9,9	**3,6**	3,9	**n/a**	n/a
Discount rate – pension benefits	**10,0**	9,9	**2,7**	2,7	**1,6**	1,8
Pension increase assumption	**4,7**	4,5	**n/a****	n/a**	**1,8**	1,8
Average salary increases	**5,5** +	5,5 +	**4,2**	4,2	**2,8**	2,8
Weighted average duration of the obligation – post-retirement medical obligation	**15 years**	15 years	**9 years**	9 years	**n/a**	n/a
Weighted average duration of the obligation – pension obligation	**13 years**	13 years	**13 years**	13 years	**18 years**	17 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

* The healthcare cost inflation rate in respect of the plans for the United States of America is capped. All additional future increases due to the healthcare cost inflation will be borne by the participants.

** There are no automatic pension increases for the United States of America pension plan.

\+ Salary increases are linked to inflation.

33.1 Post-retirement healthcare obligations

Reconciliation of projected benefit obligation to the amount recognised in the statement of financial position

for the year ended 30 June	South Africa 2019 Rm	South Africa 2018 Rm	United States of America 2019 Rm	United States of America 2018 Rm	Total 2019 Rm	Total 2018 Rm
Projected benefit obligation	**3 825**	3 995	**268**	248	**4 093**	4 243
Less: short-term portion	**(178)**	(177)	**(20)**	(20)	**(198)**	(197)
Non-current post-retirement healthcare obligation	**3 647**	3 818	**248**	228	**3 895**	4 046

Reconciliation of the total post-retirement healthcare obligation recognised in the statement of financial position

for the year ended 30 June	South Africa 2019 Rm	South Africa 2018 Rm	United States of America 2019 Rm	United States of America 2018 Rm	Total 2019 Rm	Total 2018 Rm
Total post-retirement healthcare obligation at beginning of year	**3 995**	3 921	**248**	242	**4 243**	4 163
Movements recognised in the income statement:	**459**	542	**26**	18	**485**	560
current service cost	**53**	73	**13**	10	**66**	83
interest cost	**407**	472	**13**	8	**420**	480
curtailments and settlements	**(1)**	(3)	**–**	–	**(1)**	(3)
Actuarial (gains)/losses recognised in other comprehensive income:	**(468)**	(258)	**8**	(5)	**(460)**	(263)
arising from changes in financial assumptions	**(293)**	(54)	**7**	(6)	**(286)**	(60)
arising from changes in actuarial experience	**(175)**	(204)	**1**	1	**(174)**	(203)
Benefits paid	**(161)**	(210)	**(20)**	(19)	**(181)**	(229)
Translation of foreign operations	**–**	–	**6**	12	**6**	12
Total post-retirement healthcare obligation at end of year	**3 825**	3 995	**268**	248	**4 093**	4 243

33 Post-retirement benefit obligations continued

33.1 Post-retirement healthcare obligations continued

Sensitivity analysis

The sensitivity analysis is performed in order to assess how the post-retirement healthcare obligation would be affected by changes in the actuarial assumptions underpinning the calculation.

	South Africa		United States of America	
for the year ended 30 June	2019 Rm	2018 Rm	2019 Rm	2018 Rm
1% point change in actuarial assumptions:				
Increase in the healthcare cost inflation	**518**	582	**–** *	– *
Decrease in the healthcare cost inflation	**(417)**	(475)	**–** *	– *
Increase in the discount rate	**(417)**	(452)	**(23)**	(21)
Decrease in the discount rate	**507**	562	**28**	25

* A change in the healthcare cost inflation for the United States of America will not have an effect on the above components or the obligation as the employer's cost is capped and all future increases due to the healthcare cost inflation are borne by the participants.

A change in the pension increase assumption will not have an effect on the above obligation. In South Africa the post-retirement benefit contributions are linked to medical aid inflation and based on a percentage of income or pension. Where pension increases differ from medical aid inflation, the difference will be need to be allowed for in a change in the percentage of income or pension charged. The are no automatic pension increase for the United states pension plan.

The sensitivities may not be representative of the actual change in the post-retirement healthcare obligation, as it is unlikely that the changes would occur in isolation of one another, and some of the assumptions may be correlated.

Healthcare cost inflation risk

Healthcare cost inflation is CPI inflation plus two percentage points over the long term. An increase in healthcare cost inflation will increase the obligation of the plan.

Discount rate risk

The discount rate is derived from prevailing bond yields. A decrease in the discount rate will increase the obligation of the plan.

Pension increase risk

The South African healthcare plan is linked to pension benefits paid, which are to some extent linked to inflation. Accordingly, increased inflation levels represent a risk that could increase the cost of paying the funds committed to benefits.

Other

Changes in other assumptions used could also affect the measured liabilities. There is also a regulatory risk as well as foreign funds under the jurisdiction of other countries. To the extent that governments can change the regulatory frameworks, there may be a risk that minimum benefits or minimum pension increases may be instituted, increasing the associated cost for the fund.

33.2 Pension benefits

South African operations

Background

In 1994, all members were given the choice to voluntarily transfer to the newly established defined contribution section of the pension fund and approximately 99% of contributing members chose to transfer to the defined contribution section.

Defined benefit option for defined contribution members

In terms of the rules of the fund, on retirement, employees employed before 1 January 2009 have an option to purchase a defined benefit pension with their member share. Should a member elect this option, the group is exposed to actuarial risk. In terms of IAS 19, the classification requirements stipulate that where an employer is exposed to any actuarial risk, the fund must be classified as a defined benefit plan.

Fund assets

The assets of the fund are held separately from those of the company in a trustee administered fund, registered in terms of the South African Pension Funds Act, 1956. Included in the fund assets at 31 March 2019 are 1 681 008 (2018 – 1 678 808) Sasol ordinary shares valued at R589 million (2018 – R844 million) at year-end purchased under terms of an approved investment strategy, and property valued at R1 561 million (2018 – R1 543 million) that is currently occupied by Sasol.

Membership

A significant number of employees are covered by union sponsored, collectively bargained, and in some cases, multi-employer defined contribution pension plans. Information from the administrators of these plans offering defined benefits is not sufficient to permit the company to determine its share, if any, of any unfunded vested benefits.

Pension fund assets

The assets of the pension funds are invested as follows:

at 30 June	South Africa 2019 %	South Africa 2018 %	United States of America 2019 %	United States of America 2018 %
Equities	**53**	53	**38**	32
resources	**6**	6	**7**	5
industrials	**2**	3	**4**	3
consumer discretionary	**10**	12	**4**	4
consumer staples	**11**	12	**3**	2
healthcare	**5**	3	**4**	3
information technologies	**5**	4	**7**	7
telecommunications	**3**	1	**2**	2
financials (ex real estate)	**11**	12	**7**	6
Fixed interest	**13**	10	**49**	59
Direct property	**15**	17	**5**	5
Listed property	**4**	5	**–**	–
Cash and cash equivalents	**4**	4	**–**	–
Third party managed assets	**11**	11	**–**	–
Other	**–**	–	**8**	4
Total	**100**	100	**100**	100

The pension fund assets are measured at fair value at valuation date. The fair value of equity has been calculated by reference to quoted prices in an active market. The fair value of property and other assets has been determined by performing market valuations and using other valuation techniques at the end of each reporting period.

Investment strategy

The trustees target the plans' asset allocation within the following ranges within each asset class:

Asset classes	South Africa[1] Minimum %	South Africa[1] Maximum %	United States of America Minimum %	United States of America Maximum %
Equities				
local	**30**	**45**	**–**	**100**
foreign	**15**	**30**	**–**	**100**
Fixed interest	**5**	**25**	**–**	**100**
Property	**10**	**25**	**–**	**100**
Other	**–**	**15**	**–**	**100**

1 Members of the defined contribution scheme have a choice of four investment portfolios. The targeted allocation disclosed represents the moderate balanced investment portfolio which the majority of the members of the scheme have adopted. The total assets of the fund under these investment portfolios are R139 million, R52 080 million, R791 million and R1 034 million for the low risk portfolio, moderate balanced portfolio, aggressive balanced portfolio and money market portfolio, respectively. Defined benefit members' funds are invested in the moderate balanced portfolio. The money market portfolio is restricted to active members from age 55.

The trustees of the respective funds monitor investment performance and portfolio characteristics on a regular basis to ensure that managers are meeting expectations with respect to their investment approach. There are restrictions and controls placed on managers in this regard.

33 Post-retirement benefit obligations continued

33.2 Pension benefits continued

Reconciliation of the projected net pension liability/(asset) recognised in the statement of financial position

	South Africa		Foreign		Total	
for the year ended 30 June	2019 Rm	2018 Rm	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Projected benefit obligation (funded)	**51 241**	47 285	**3 697**	3 105	**54 938**	50 390
defined benefit portion	**21 550**	19 970	**3 697**	3 105	**25 247**	23 075
defined benefit option for defined contribution members	**29 691**	27 315	**–**	–	**29 691**	27 315
Plan assets	**(54 115)**	(50 128)	**(4 270)**	(3 890)	**(58 385)**	(54 018)
defined benefit portion	**(24 254)**	(22 502)	**(4 270)**	(3 890)	**(28 524)**	(26 392)
defined benefit option for defined contribution members	**(29 861)**	(27 626)	**–**	–	**(29 861)**	(27 626)
Projected benefit obligation (unfunded)	**–**	–	**8 868**	7 915	**8 868**	7 915
Asset not recognised due to asset limitation	**2 319**	2 261	**–**	–	**2 319**	2 261
Net liability/(asset) recognised	**(555)**	(582)	**8 295**	7 130	**7 740**	6 548

The increase of R58 million in the asset limitation (2018 – R1 051 million) was recognised as a gain in other comprehensive income.

	South Africa		Foreign		Total	
for the year ended 30 June	2019 Rm	2018 Rm	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Pension asset	**(555)**	(582)	**(719)**	(916)	**(1 274)**	(1 498)
Pension benefit obligation	**–**	–	**9 014**	8 046	**9 014**	8 046
long-term portion	**–**	–	**8 813**	7 854	**8 813**	7 854
short-term portion	**–**	–	**201**	192	**201**	192
Net liability/(asset)	**(555)**	(582)	**8 295**	7 130	**7 740**	6 548

The obligation which arises for the defined contribution members with the option to purchase into the defined benefit fund is limited to the assets that they have accumulated until retirement date. However, after retirement date, there is actuarial risk associated with the members as full defined benefit members.

Based on the latest actuarial valuation of the fund and the approval of the trustees of the surplus allocation, the company has an unconditional entitlement to only the funds in the employer surplus account and the contribution reserve. The estimated surplus due to the company amounted to approximately R1 274 million (2018 – R1 498 million) and has been included in the pension asset recognised in the current year.

Investment risk

The actuarial valuation assumes certain asset returns on invested assets. If actual returns on plan assets are below the assumption, this may lead to a strain on the fund, which, over time, may lead to a plan deficit. In order to mitigate the concentration risk, the fund assets are invested across equity securities, property securities and debt securities. Given the long-term nature of the obligations, it is considered appropriate that investment is made in equities and real estate to improve the return generated by the fund. These may result in improved pension benefits to members.

Pension increase risk

Benefits in these plans are to some extent linked to inflation so increased inflation levels represent a risk that could increase the cost of paying the funds committed to benefits. This risk is mitigated as pension benefits are subject to affordability.

Discount rate risk

The discount rate is derived from prevailing bond yields. A decrease in the discount rate used will increase the obligation of the plan.

Other

Changes in other assumptions used could also affect the measured liabilities. There is also a regulatory risk as well as foreign funds under the jurisdiction of other countries. To the extent that governments can change the regulatory frameworks, there may be a risk that minimum benefits or minimum pension increases may be instituted, increasing the associated cost for the fund.

Reconciliation of projected benefit obligation

	South Africa		Foreign		Total	
for the year ended 30 June	2019 Rm	2018 Rm	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Projected benefit obligation at beginning of year	**47 285**	46 508	**11 020**	9 774	**58 305**	56 282
Movements recognised in income statement:	**5 694**	5 678	**677**	596	**6 371**	6 274
current service cost	**1 042**	1 028	**454**	386	**1 496**	1 414
curtailments and settlements	**3**	–	**(14)**	–	**(11)**	–
interest cost	**4 649**	4 650	**237**	210	**4 886**	4 860
Actuarial (gains)/losses recognised in other comprehensive income:	**262**	(2 950)	**1 098**	462	**1 360**	(2 488)
arising from changes in demographic assumptions	**–**	–	**(7)**	20	**(7)**	20
arising from changes in financial assumptions	**174**	(2 950)	**1 059**	312	**1 233**	(2 638)
arising from change in actuarial experience	**88**	–	**46**	130	**134**	130
Member contributions	**482**	447	**–**	–	**482**	447
Benefits paid	**(2 482)**	(2 398)	**(278)**	(477)	**(2 760)**	(2 875)
Transferred to held for sale assets	**–**	–	**–**	(30)	**–**	(30)
Translation of foreign operations	**–**	–	**48**	695	**48**	695
Projected benefit obligation at end of year	**51 241**	47 285	**12 565**	11 020	**63 806**	58 305
unfunded obligation*	**–**	–	**8 868**	7 915	**8 868**	7 915
funded obligation	**51 241**	47 285	**3 697**	3 105	**54 938**	50 390

* Certain of the foreign defined benefit plans have reimbursement rights under contractually agreed legal binding terms that match the amount and timing of some of the benefits payable under the plan. This reimbursive right has been recognised in long-term receivables at fair value of R217 million (2018 – R305 million). A decrease of R83 million (2018 – decrease of R1 million) has been recognised as a loss in other comprehensive income in respect of the reimbursive right.

Reconciliation of plan assets of funded obligation

	South Africa		Foreign		Total	
for the year ended 30 June	2019 Rm	2018 Rm	2019 Rm	2018 Rm	2019 Rm	2018 Rm
Fair value of plan assets at beginning of year	**50 128**	48 340	**3 890**	2 514	**54 018**	50 854
Movements recognised in income statement:	**4 702**	4 707	**113**	67	**4 815**	4 774
interest income	**4 927**	4 829	**113**	67	**5 040**	4 896
interest on asset limitation	**(225)**	(122)	**–**	–	**(225)**	(122)
Actuarial gains/(losses) recognised in other comprehensive income:	**229**	(1 959)	**285**	180	**514**	(1 779)
arising from return on plan assets (excluding interest income)	**229**	(1 959)	**285**	180	**514**	(1 779)
Plan participant contributions*	**482**	447	**–**	–	**482**	447
Employer contributions* +	**1 056**	991	**6**	1 233	**1 062**	2 224
Benefit payments	**(2 482)**	(2 398)	**(121)**	(314)	**(2 603)**	(2 712)
Translation of foreign operations	**–**	–	**97**	210	**97**	210
Fair value of plan assets at end of year	**54 115**	50 128	**4 270**	3 890	**58 385**	54 018
Actual return on plan assets	**4 931**	2 748	**398**	247	**5 329**	2 995

* Contributions, for the defined contribution section, are paid by the members and Sasol at fixed rates.

\+ In 2018, in the United States of America there was a once-off payment R963 million (US$75 million) made by the employer to the fund.

33 Post-retirement benefit obligations continued

33.2 Pension benefits continued

Contributions

Funding is based on actuarially determined contributions. The following table sets forth the projected pension contributions of funded obligations for the 2019 financial year.

	South Africa Rm	Foreign Rm
Pension contributions	**1 106**	**120**

Sensitivity analysis

A sensitivity analysis is performed in order to assess how the post-retirement pension obligation would be affected by changes in the actuarial assumptions underpinning the calculation.

	South Africa		Foreign	
for the year ended 30 June	**2019 Rm**	2018 Rm	**2019 Rm**	2018 Rm
1% point change in actuarial assumptions				
Increase in average salaries increase assumption	**12**	14	**494**	454
Decrease in average salaries increase assumption	**(12)**	(13)	**(430)**	(368)
Increase in the discount rate	**(1 654)**	(1 447)	**(1 806)**	(1 634)
Decrease in the discount rate	**2 463**	1 981	**2 370**	2 174
Increase in the pension increase assumption	**2 541**	2 035	**1 142** *	1 071 *
Decrease in the pension increase assumption	**(1 727)**	(1 523)	**(934)** *	(851) *

* This sensitivity analysis relates only to the Europe obligations as there are no automatic pension increases for the United States of America pension plan, and thus it is not one of the inputs utilised in calculating the obligation.

The sensitivities may not be representative of the actual change in the post-retirement pension obligation, as it is unlikely that the changes would occur in isolation of one another, and some of the assumptions may be correlated.

for the year ended 30 June	**2019 Rm**	2018 Rm	2017 Rm

34 Cash-settled share-based payment provision

During the year, the following cash-settled share-based payment expenses were recognised in the income statement (refer to note 35 for the equity-settled share-based payment disclosure):

	2019 Rm	2018 Rm	2017 Rm
Share-based payment expense – movement in long-term provisions			
Sasol Share Appreciation Rights Scheme	**(440)**	655	(342)
Share Appreciation Rights with no corporate performance targets (no-CPTs)	**(6)**	117	(110)
Share Appreciation Rights with corporate performance targets (CPTs)	**(434)**	538	(232)
Sasol Long-term Incentive Scheme[1]	**–**	–	105
	(440)	655	(237)

1 On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share-based payment scheme.

Sasol's share price decreased by 30% over the financial year to a closing price on 30 June 2019 of R350,21. This together with the volatility in the share price has resulted in a R440 million credit being recognised in the current year.

Sasol Share Appreciation Rights Scheme (closed since 2013)

Total rights granted	**2019 Number**	2018 Number
Share Appreciation Rights	**4 928 846**	7 118 321

The Share Appreciation Rights scheme (SARs) allows eligible senior employees to earn a long-term incentive amount calculated with reference to the increase in the Sasol Limited share price between the offer date of the SARs to the exercise of such vested rights. No shares are issued in terms of this scheme, all rights have vested and all amounts payable in terms of the scheme are settled in cash.

The offer price of these appreciation rights equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the right. The fair value of the cash-settled liability is calculated at each reporting date. On resignation SARs may be exercised at the employee's election before their last day of service. On death, the deceased's estate has a period of 12 months to exercise these rights. On retrenchment or retirement, the employee has a period of 12 months to exercise these rights.

It is group policy that employees should not deal in Sasol Limited securities (and this is extended to the Sasol SARs) for the periods from 1 January for half year-end and 1 July for year-end until two days after publication of the results and at any other time during which they have access to price sensitive information.

	2019			2018		
for the year ended 30 June	**SARs with no CPTs Rm**	**SARs with CPTs Rm**	**Total Rm**	SARs with no CPTs Rm	SARs with CPTs Rm	Total Rm
Per statement of financial position	**2**	**262**	**264**	98	1 003	1 101
Total intrinsic value of rights vested, but not yet exercised	**2**	**50**	**52**	98	987	1 085

		2019		2018	
		SARs with no CPTs	**SARs with CPTs**	SARs with no CPTs	SARs with CPTs
Model		**Binomial tree**	**Binomial tree**	Binomial tree	Binomial tree
Risk-free interest rate	(%)	**6,96**	**6,64 – 6,96**	6,88 – 7,09	6,88 – 7,63
Expected volatility	(%)	**35,74**	**35,83**	28,61	27,16
Expected dividend yield	(%)	**4,76**	**4,99**	3,58	3,51
Expected forfeiture rate	(%)	*****	*****	*	5,00

* All SARs have vested and therefore no forfeiture is applied.

The risk-free rate for periods within the contractual term of the rights is based on the Rand swap curve in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol share price.

The expected dividend yield of the rights granted is determined using expected dividend payments of the Sasol ordinary shares.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

Accounting policies:

The cash-settled schemes allow certain senior employees the right to participate in the performance of the Sasol Limited share price, in return for services rendered, through the payment of cash incentives which are based on the market price of the Sasol Limited share. All the rights have vested with a liability recognised at fair value, at each reporting date, in the statement of financial position until the date of settlement.

Areas of judgement:

Fair value is measured using the Binomial tree option pricing models where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and maturity of the award.

Reserves

for the year ended 30 June	Note	2019 Rm	2018 Rm	2017 Rm
35 Share-based payment reserve				
During the year, the following share-based payment expense was recognised in the income statement relating to the equity-settled share-based payment schemes:				
Sasol Khanyisa share transaction[1]	35.1	**952**	2 953	
Sasol ordinary BEE (SOLBE1) shares issued[2]		**–**	1 104	
Khanyisa Public		**–**	1 762	
Tier 1 – Khanyisa Employee Share Ownership Plan (ESOP)		**628**	52	
Tier 2 – Khanyisa ESOP		**324**	35	
Long-term incentives[3]	35.2	**707**	789	387
Sasol Inzalo share transaction	35.3	**–**	34	76
Equity-settled – recognised directly in equity[4]		**1 659**	3 776	463

1 In November 2017, Sasol Khanyisa a new Broad-Based Black Economic Empowerment (B-BBEE) scheme was approved by shareholders at a General Meeting.

2 IFRS2 expense was recognised immediately on date shares were granted to participants. Shares were not encumbered and could be traded immediately.

3 On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share scheme.

4 The employee-related share-based payment expense in 2018 was R910 million.

Accounting policies:

To the extent that an entity grants shares or share options in a BEE transaction and the fair value of the cash and other assets received is less than the fair value of the shares or share options granted, such difference is charged to the income statement in the period in which the transaction becomes effective. Where the BEE transaction includes service conditions the difference will be charged to the income statement over the period of these service conditions. Trickle dividends paid to participants during the transaction term are taken into account in measuring the fair value of the award. As the funds to pay the trickle dividend are leaving the Company, a corresponding share of earnings will be allocated to the non controlling shareholders. There was one trickle dividend paid during the current year.

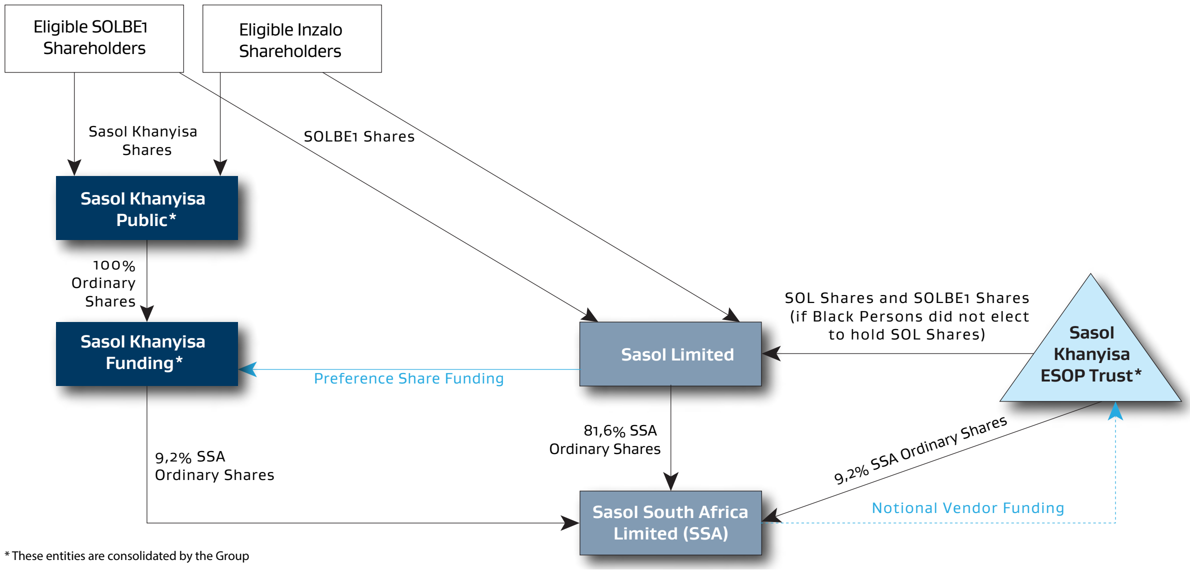
35.1 The Sasol Khanyisa share transaction

Sasol Khanyisa was implemented effectively on 1 June 2018. Sasol Khanyisa has been designed to comply with the revised B-BBEE legislation in South Africa and seeks to ensure on-going and sustainable B-BBEE ownership credentials for Sasol Limited.

Sasol Khanyisa contains a number of elements structured at both a Sasol Limited and at a subsidiary level, Sasol South Africa Limited (SSA) which is a wholly-owned subsidiary of Sasol Limited and houses the majority of the group's South African operations.

At the end of 10 years, or earlier if the underlying funding has been settled, the participants will exchange their SSA shareholding on a fair value-for-value basis for SOLBE1 shares to the extent of any value created during the transaction term.

SOLBE1 shares can only be traded between Black Persons on the Empowerment Segment of the JSE. This transaction will therefore ensure evergreen B-BBEE ownership credentials for Sasol Limited.



* These entities are consolidated by the Group

Remaining components of the transaction:

Tier 1 – Khanyisa Employee Share Ownership Plan – Eligible Inzalo participants

Former Inzalo Employee Scheme participants, who were still actively employed by Sasol during May 2018 were granted rights in SOL shares or SOLBE1 Shares, at no cost to them, to the value of R100 000, all of which will vest after a three year service period. Black employees were able to choose to receive the award in SOL or SOLBE1 shares, whilst employees who are not black people received an award in SOL shares, as SOLBE1 shares may only be held by qualifying black people. Employees will receive dividends on these shares throughout the 3 year vesting period. This award will be recognised on a straight line basis over the three year vesting period.

An expense of R628 million was recognised in 2019 (2018 – R52 million).

Sasol Khanyisa – SSA (Tier 2 and Khanyisa Public)

The BEE participation in SSA comprises two groups of participants, being the external public participants (made up of Inzalo Groups, Inzalo Public and electing SOLBE1 shareholders) who participate via Khanyisa Public, and qualifying black employees who participate via the Khanyisa Employee Share Ownership plan (Khanyisa ESOP).

Both Khanyisa Public and the Khanyisa ESOP have a beneficial interest, funded wholly by Sasol (vendor funding), in approximately 9,2% each in SSA. As dividends are declared by SSA, 97,5% of these will be utilised to repay the vendor funding, as well as the related financing cost, calculated at 75% of prime rate. 2,5% of dividends will be distributed to participants as a trickle dividend and accounted for as a non-controlling interest. At the end of the 10 year transaction term, or earlier, if the vendor funding is repaid, the net value in SSA shares will be exchanged for SOLBE1 shares on a fair value-for-value basis which will be distributed to participants. Any vendor funding not yet settled by the end of the transaction term will be settled using the SSA shares, and will reduce any distribution made to participants. Since any ultimate value created for participants will be granted in the form of SOLBE1 shares, the accounting for this transaction is similar to an option over Sasol shares granted for no consideration.

Khanyisa ESOP (Tier 2)

The employees have service conditions over the 10 year transaction term, and as such, the expense will be recognised over this period, with R324 million having been recognised in 2019 (2018 – R35 million).

35 Share-based payments reserve continued

35.1 The Sasol Khanyisa share transaction continued

for the year ended 30 June		ESOP – Tier 1[1] 2019	ESOP – Tier 1[1] 2019	ESOP – Tier 2[1, 2, 3] 2019	Sasol Khanyisa Public[3] 2019
Grant date	Date	1 June 2018	1 June 2018	25 May 2018	1 June 2018
Class of shares		SOL shares	SOLBE1 shares	Khanyisa shares	Khanyisa shares
Shares	Number	2 082 520	2 396 048	26 503 642	26 503 642
Weighted average fair value on grant date	Rand	481,50	370,00	66,48	66,48
Total IFRS expense	Rm	1 003	887	1 762	1 762
IFRS expense recognised for the year	Rm	334	294	324	–

1 The ESOP Tier 1 and 2 options outstanding have a weighted average remaining vesting period of 1,9 and 4,7 years. ESOP Tier 1 vests after 3 years and ESOP Tier 2 has a staggered vesting period, with portions vesting from 3 years, and then each year until the end of the transaction term, being 10 years.

2 The weighted average fair value price is derived from the Monte-Carlo option pricing model. The price will move closer to the strike price over the transaction period as certainty of dividends declared by SSA is expected to exceed outstanding vendor financing.

3 The estimated strike price value for Khanyisa Public and ESOP Tier 2 is R326,55 and represents the remaining vendor funding per share at 30 June 2019.

The SSA Khanyisa share-based payment expense was calculated using an option pricing model reflective of the underlying characteristics of each part of the transaction. It was calculated using the following assumptions at grant date:

Average fair value Sasol Khanyisa options granted		2018
Model		Monte-Carlo
Risk-free interest rate	(%)	8,08
Expected volatility	(%)	28,49
Expected dividend yield	(%)	1,8 – 10,1

The risk-free rate for periods within the contractual term of the share rights is based on a zero-coupon Rand swap curve at the time of the grant.

The expected volatility in the value of the share rights granted is determined using the historical volatility of the Sasol share price.

The dividend yields of the share rights granted is determined using the expected term structure of dividend yields on the underlying equity value over the life of the transaction.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

Areas of judgement:

The measurement of the Khanyisa SSA share based payment is subject to estimation and judgment, as there are a number of variables affecting the Monte-Carlo option pricing model used in the calculation of the share based payment. The value of the share based payment is determined with reference to the extent the fair value of SSA and any dividends declared by SSA is expected to exceed any outstanding vendor financing at the end of the transaction period.

- Equity value attributable to participants:

  The value attributable to the participants by virtue of their shareholding in SSA was calculated with reference to the expected future cash flows and budgets of the SSA Group. The underlying macroeconomic assumptions utilised for this valuation are based on latest forecast and estimates and include brent crude oil prices, US$/Rand exchange rates and pricing assumptions.

- Forecasted dividend yield:

  The forecasted dividend yield of the SSA Group was calculated based on a benchmarked EBITDA multiple, and the available free cash flow anticipated over the term of the transaction of 10 years.

- Other assumptions:

  Impacts of non-transferability and appropriate minority and liquidity discounts have also been taken into account. Discount rates applied incorporate the relevant debt and equity costs of the group, and are aligned to the WACC rates for the entity.

- A zero-coupon Rand interest rate swap curve was constructed and utilised as an appropriate representation of a risk-free interest rate curve.

- A Rand prime interest rate curve was estimated utilising the historical Rand Prime Index and the 3 month Johannesburg Interbank Agreed Rate.

35.2 Sasol Long-term Incentive Scheme

During September 2009, the group introduced the Sasol Long-term Incentive scheme (LTI). The objective of the LTI scheme is to provide qualifying employees the opportunity of receiving an incentive linked to the value of Sasol Limited ordinary shares and to align the interest of employees with the interest of shareholders. The LTI scheme allows certain senior employees to earn a long-term incentive amount linked to certain Corporate Performance Targets (CPTs). Allocations of the LTI are linked to the performance of both the group and the individual. The employer companies make a cash contribution to an independent service provider to enable this ownership plan.

On resignation, LTIs which have not yet vested will lapse. On death, retirement and retrenchment, the LTIs vest immediately, calculated to the extent that the CPTs are anticipated to be met, and are settled within 40 days from the date of termination. Accelerated vesting does not apply to top management. In November 2016, the scheme was converted from cash-settled to equity-settled. All the vesting conditions and all other terms and conditions of the scheme remain the same, including the standard vesting period of three years, with the exception of top management, who have a three and five year vesting period for 50% of the awards respectively.

The maximum number of shares issued under the equity-settled LTI scheme may not exceed 32,5 million representing 5% of Sasol Limited's issued share capital at the time of approval.

Movements in the number of incentives outstanding	Number of incentives	Weighted average fair value Rand
Balance at 30 June 2017	6 198 589	337,80
LTIs granted	2 626 268	376,73
LTIs vested	(1 868 963)	347,93
Effect of CPTs and LTIs forfeited	(159 406)	349,95
Balance at 30 June 2018	**6 796 488**	**348,19**
LTIs granted	**2 089 674**	**555,86**
LTIs vested	**(1 600 899)**	**308,27**
Effect of CPTs and LTIs forfeited	**(665 666)**	**360,19**
Balance at 30 June 2019*	**6 619 597**	**422,20**

* The incentives outstanding as at 30 June 2019 have a weighted average remaining vesting period of 1,4 years. The exercise price of these options is Rnil.

for year ended 30 June	2019 Rand	2018 Rand
Average weighted market price of LTIs vested	**507,50**	396,02

Average fair value of incentives granted		2019	2018
Model		**Monte-Carlo**	Monte-Carlo
Risk-free interest rate – Rand	(%)	**6,90 – 7,87**	6,98 – 7,34
Risk-free interest rate – US$	(%)	**0,91 – 1,56**	1,01 – 1,47
Expected volatility	(%)	**26,17**	24,73
Expected dividend yield	(%)	**3,43**	3,65
Expected forfeiture rate	(%)	**5**	5
Vesting period – top management		**3/5 years**	3/5 years
Vesting period – all other participants		**3 years**	3 years

The risk-free rate for periods within the contractual term of the rights is based on the Rand and US$ swap curve in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol share price.

The expected dividend yield of the rights granted is determined using expected dividend payments of the Sasol ordinary shares.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

Accounting policies:

The equity-settled schemes allow certain employees the right to receive ordinary shares in Sasol Limited after a prescribed period. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is charged as employee costs, with a corresponding increase in equity, on a straight-line basis over the period that the employees become unconditionally entitled to the shares, based on management's estimate of the shares that will vest and adjusted for the effect of non-market-based vesting conditions. These equity-settled share-based payments are not subsequently revalued.

35 Share-based payments reserve continued

35.3 The Sasol Inzalo share transaction

In September 2018 the Sasol Inzalo Public share transaction ended. Sasol repurchased 16 085 199 preferred ordinary shares from Sasol Inzalo Public Funding (RF) (Pty) Ltd at a purchase price for R542,11 per share. This repurchase enabled Sasol Inzalo Public Funding (RF) (Pty) Ltd to repay its external debt and declare a final distribution of R1,4 billion to participants.

On 4 June 2018 the Sasol Inzalo Employee share transaction ended. Sasol repurchased 25 231 686 Sasol Limited (SOL) shares held by the Sasol Inzalo Employee and Management Trusts at a nominal value of R0,01 per share. Consequently the relevant vested participants in the Inzalo Employee Schemes received no distribution of SOL Shares.

On 27 June 2018 the Sasol Inzalo Groups share transaction ended. Sasol repurchased 9 461 882 preferred ordinary shares from Sasol Inzalo Groups Funding (RF) (Pty) Ltd at a purchase price of R475,03 per share. This repurchase enabled Sasol Inzalo Groups Funding (RF) (Pty) Ltd to repay the external debt. No additional funds were available for distribution to Inzalo Groups participants.

The Sasol Inzalo Foundation (renamed to the Sasol Foundation), remains as an unencumbered shareholder of 9 461 882 shares in Sasol Limited as the Board approved that the repurchase right would not be exercised, and there was no recovery of the financing owed to Sasol by the Foundation. The Sasol Foundation continues to be consolidated by the group, and these shares therefore remain accounted for as treasury shares.

Other disclosures

Other disclosures

36 Contingent liabilities

36.1 Litigation

Claimed compensation for lung diseases – Sasol Mining (Pty) Ltd

On 2 April 2015, 22 plaintiffs (at that time 1 current and 21 former employees) instituted action against Sasol Mining (Pty) Ltd at the High Court in Gauteng, South Africa, for allegedly having contracted lung diseases while working at its collieries. The plaintiffs inter alia allege that they were exposed to harmful quantities of coal dust while working underground for Sasol Mining and that the company failed to comply with various sections of the Mine Health and Safety Act, 1996. All of which the plaintiffs allege, increased the risk for workers to contract coal dust related lung diseases. This lawsuit is not a class action but rather 22 individual cases, each of which will be judged on its own merits. The plaintiffs seek compensation for damages relating to past and future medical costs and loss of income amounting to R82,5 million in total plus interest. Two plaintiffs have since passed away and their claims have been formally withdrawn. The total amount of the claims is R67,2 million plus interest.

Sasol Mining is defending the claim. The merits of each single claim are not clear yet. There is also some uncertainty as to whether some of the claims have prescribed. Therefore it is not possible at this stage to make an estimate of the likelihood that the plaintiffs will succeed with their claim and if successful, what the quantum of damages would be that the court will award. Therefore, no provision has been raised at 30 June 2019.

Construction disputes – Fischer Tropsch Wax Expansion Project in Sasolburg (FTWEP)

After the conclusion of construction of FTWEP at the Sasol One site in Sasolburg, a number of contractual claims have been instituted by some contractors who were involved in the construction and project management relating to this project.

Certain of these claims have already been resolved, either through settlement between the parties or through the contractual dispute resolution process. The Fluor SA (Pty) matter is still on-going.

Fluor SA (Pty) Ltd – FTWEP

Fluor claimed a total amount of R485,7 million plus interest. This dispute turns on the nature and quantification of Fluor's alleged entitlement to a change to the prices and completion dates for delayed access. In June 2015, Fluor referred the claim to adjudication. In September 2015, the adjudicator rejected Fluor's entire claim. Thereafter, Fluor notified Sasol of its dissatisfaction with the outcome of the adjudication and Fluor's intention to refer the matter to arbitration. The arbitration process commenced with Fluor filing its statement of claim during December 2016. Sasol filed two objections against the statement of claim which had the potential to dispose of the arbitration proceedings. The arbitrator, however, did not decide in favour of Sasol on the objection applications and dismissed the application with costs. The objections will still be raised as a special jurisdictional plea and will be filed with Sasol's statement of defence during the arbitration process.

Fluor subsequently amended its claim, inter alia, by reducing the amount claimed from R485,7 million to R448 million excluding interest. On the 12th of March 2019 Fluor filed and served a further amendment to its statement of claim and an amended expert report in terms of which a further reduction in the quantum is being claimed. Fluor now claims an amount of R383,8 million (alternatively the amount of R406,6 million based on an alternative assessment of its claim). The amendment by Fluor resulted in the arbitration being postponed as Sasol's experts will be required to deal with the revised expert report and we will be required to file an amendment to our statement of defence. The hearing of the matter is now only anticipated to commence in March 2020.

Sasol believes that Fluor's original claim, including the amended claims are not justified. Accordingly, no provision was recognised at 30 June 2019.

Wetback Contracts (Pty) Ltd – FTWEP

The dispute regarding Wetback Contracts (Pty) Ltd was concluded during the year.

Legal review of Sasol Gas National Energy Regulator of South Africa (NERSA) maximum price decision and NERSA gas transmission tariff application (March 2013)

In October 2013, following the March 2013 decisions by NERSA (pursuant to the applications by Sasol Gas), seven of the customers of Sasol Gas ("customers") brought a legal review application requesting the setting aside of the maximum price methodology used by NERSA in evaluating the maximum price application by Sasol Gas as well as maximum price decision and gas transmission tariff decision. The basis of the challenge to the NERSA price decision is the allegation that the methodology used by NERSA to determine its approval of the maximum gas prices was unreasonable and irrational.

In October 2016 the High Court dismissed the review application The Applicants were subsequently granted consent to appeal this decision to the Supreme Court of Appeal ("SCA"). On 10 May 2018 the SCA upheld the appeal by the Applicants. NERSA and Sasol Gas each launched an application to the Constitutional Court ("CC") to appeal the SCA decision.

Leave to appeal was granted and the matter was heard on 26 February 2019. On 15 July 2019 the CC handed down its decision. The Court upheld the appeal on the ruling by the SCA relating to the transmission tariffs and accordingly the NERSA transmission tariff decision was confirmed.

However, the court dismissed the remainder of the appeal. The Court found that NERSA, in applying the basket of alternatives approach to determine the Maximum Gas Price for Sasol Gas, was irrational as it did not take into account a required material fact for making a rational decision. NERSA's decision to approve maximum gas prices and a trading margin for Sasol Gas for the period 26 March 2014 to 30 June 2017 was therefore reviewed and set aside. In terms of the court order NERSA will have to consider the overturned decisions anew and decide on the approval of a new maximum gas price for Sasol. In accordance with the rules of the regulator, NERSA will, in considering a new maximum gas price application by Sasol, follow a public participation process that will afford Sasol as well as the affected stakeholders and customers the opportunity to provide input into the decision to be made by NERSA.

If the new maximum gas price approved by NERSA for the period of the overturned decision is lower than the actual price charged to customers, then a retrospective liability may arise for Sasol Gas as a result.

It is not possible to determine at this time what the outcome of such a price decision by NERSA will be. Therefore, the likelihood of a future obligation cannot be determined currently and neither can an amount for such a possible obligation be reliably estimated. Therefore, no provision has been raised at 30 June 2019.

Nhlapo and 941 others versus Sasol Mining (Pty) Ltd

During 2009, the applicants in this matter were charged with participation in an unprotected sit-in, threatening and forcing others to participate in an unprotected strike and for assaulting or attempting to assault others during an unprotected strike and subsequently dismissed. The applicants are disputing their dismissal. On 19 September 2019, the Labour Court passed a judgement directing inter alia Sasol Mining to re-instate the employees and pay certain past benefits. Sasol Mining filed an application for leave to appeal the judgement on 10 October 2019. Once the latter has been obtained the appeal will be heard by the Labour Appeal Court. This date has not been set. Management has applied judgement and believe that there is no present obligation in terms of IAS 37. No provision has been raised at 30 June 2019.

B-BBEE Commission's Investigations of Sasol Oil (Pty) Ltd

Following certain complaints submitted to the South African Broad Based Black Economic Empowerment Commission (B-BBEE Commission) by direct and indirect shareholders in Tshwarisano Liquid Fuels Investments (Pty) Ltd (Tshwarisano) relating to Tshwarisano's 25% shareholding in Sasol Oil (Pty) Ltd (Sasol Oil), the B-BBEE Commission is investigating the compliance by Sasol Oil and other affected stakeholders with the South African B-BBEE Act, B-BBEE Act, 53 of 2003. While certain of these investigations are still ongoing, Sasol Oil has received findings and recommendations from the B-BBEE Commission in relation to a complaint by a particular shareholder who complained about unfavourable terms and conditions of a funding arrangement concluded between the shareholder and its funders in order to fund its acquisition of shares in Tshwarisano. Sasol Oil was not a party to the funding agreement. The shareholders in question alleged that they did not derive any economic benefit from the said funding arrangement. Sasol Oil has fully co-operated with the B-BBEE Commission during all of the ongoing investigations and will continue to do so.

In terms of the provisions of the B-BBEE Act, 53 of 2003 the final findings of the B-BBEE Commission in this matter cannot be published yet. Sasol Oil has notified the B-BBEE Commission that it does not agree with the findings and that Sasol Oil will institute a legal review application in order for the High Court to overturn the findings made by the B-BBEE Commission. Sasol Oil will pursue the intended legal review process but due to the nature of litigation matters, the outcome of the matter cannot be predicted with certainty. In addition the quantum of any ultimate financial liability for Sasol Oil resulting from a possible adverse finding against Sasol Oil in this matter cannot be established at this time, this matter currently represents a general contingent liability for the company.

Other litigation and tax matters

From time to time, Sasol companies are involved in other litigation and similar proceedings in the normal course of business. A detailed assessment is performed on each matter and a provision is recognised where appropriate. Although the outcome of these proceedings and claims cannot be predicted with certainty, the company does not believe that the outcome of any of these cases would have a material effect on the group's financial results.

36.2 Competition matters

Sasol continuously evaluates its compliance programmes and controls in general, including its competition law compliance programmes and controls. As a consequence of these compliance programmes and controls, including monitoring and review activities, Sasol has adopted appropriate remedial and/or mitigating steps, where necessary or advisable, lodged leniency applications and made disclosures on material findings as and when appropriate. These ongoing compliance activities have already revealed, and may still reveal, competition law contraventions or potential contraventions in respect of which we have taken, or will take, appropriate remedial and/or mitigating steps including lodging leniency applications.

36.3 Environmental orders

Sasol's environmental obligation accrued at 30 June 2019 was R18 742 million compared to R14 933 million at 30 June 2018. Included in this balance is an amount accrued of approximately R4 924 million in respect of the costs of remediation of soil and groundwater contamination and similar environmental costs. These costs relate to the following activities: site assessments, soil and groundwater clean-up and remediation, and on-going monitoring. Due to uncertainties regarding future costs the potential loss in excess of the amount accrued cannot be reasonably determined.

Although Sasol has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs relating to remediation and rehabilitation may be material to results of operations in the period in which they are recognised. It is not expected that these environmental obligations will have a material effect on the financial position of the group.

37 Leases and other commitments

Operating leases – Minimum future lease payments

The group leases buildings under long-term non-cancellable operating lease agreements and also rents offices and other equipment under operating leases that are cancellable at various short-term notice periods by either party.

for the year ended 30 June	2019 Rm	2018 Rm
Property, plant and equipment		
Within one year	**2 276**	2 068
One to five years	**6 089**	5 863
More than five years	**15 716**	15 344
Total minimum future lease payments	**24 081**	23 275

Included in operating leases is the following:

- The lease for the Sasol Corporate office building. The lease term is 20 years with an option to extend for a further five years. This is a significant lease for the group.
- The rental of a rail cars for our North American Operations. The lease period varies from 12 to 18 years with an option to extend for a further six years.

These leasing arrangements do not impose any significant restrictions on the group or its subsidiaries.

The group has contingent rentals in respect of operating leases that are linked to market related data such as inflation.

Finance leases – minimum future lease payments

The group leases buildings and other equipment under long-term non-cancellable finance lease agreements. These lease agreements contain terms of renewal and escalation clauses but exclude purchase options.

for the year ended 30 June	2019 Rm	2018 Rm
Within one year	**1 207**	1 171
One to five years	**4 135**	3 975
More than five years	**20 138**	19 586
Less amounts representing finance charges	**(17 710)**	(17 108)
Total minimum future lease payments	**7 770**	7 624

The group has contingent rentals in respect of finance leases.

Other commitments

for the year ended 30 June	2019 Rm	2018 Rm
Water reticulation for Secunda Synfuels Operations		
Within one year	**173**	171
One to five years	**713**	847
More than five years	**1 416**	1 798
	2 302	2 816

The water reticulation commitments of Secunda Synfuels Operations relate to a long-term water supply agreement. The rental payments are determined based on the quantity of water consumed over the 20 year period of the agreement.

38 Related party transactions

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of the reporting entity (Sasol Limited). In particular, this relates to joint ventures and associates. Disclosure in respect of joint ventures and associates is provided in note 20.

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis. Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those statement of financial position items. No impairment of receivables related to the amount of outstanding balances is required.

Material related party transactions

The following table shows the material transactions that are included in the annual financial statements using the equity method for associates and joint ventures.

for the year ended 30 June	2019 Rm	2018 Rm	2017 Rm
Sales and services rendered from subsidiaries to related parties			
Joint ventures	**1 474**	965	1 088
Purchases by subsidiaries from related parties			
Joint ventures	**718**	671	617
Associates	**95**	88	120
	813	759	737

Identity of related parties with whom material transactions have occurred

Except for the group's interests in joint ventures and associates, there are no other related parties with whom material individual transactions have taken place.

Key management remuneration

Key management comprises of Executive and Non-executive Directors as well as other members of the Group Executive Committee (GEC)/Prescribed Officers. Refer to page 24 to 46 of the audited Remuneration Report for full details of remuneration of key management personnel and Non-executive Directors.

	Salary R'000	Retirement funding R'000	Other benefits R'000	Total 2019 R'000	Total 2018 [1] R'000	Total 2017 [1] R'000
Executive Directors	32 194	4 540	10 214	**46 948**	66 808	77 333

1 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

Gains on Long-term incentives and Share Appreciation Rights for the Executive Directors' and former Executive Director were as follows:

	Long-term incentive rights vested[1] R'000	Share appreciation rights, with and without CPTs exercised R'000	Total 2019 R'000	Total 2018 R'000	Total 2017 R'000
Executive Directors	25 025	–	**25 025**	20 515	24 970

1 Long-term incentives for the 2019 financial year represent incentives approved on the group results for the 2019 financial year, payable in the 2020 financial year.

Remuneration and benefits paid and short-term incentives approved for the Prescribed Officers were as follows:

	Salary R'000	Retirement funding R'000	Other benefits R'000	Total 2019 R'000	Total 2018 [1] R'000	Total 2017 [1] R'000
Prescribed Officers	49 335	6 373	11 780	**67 488**	89 007	70 949
Number of Prescribed Officers				**8**	8	7

1 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

38 Related party transactions continued

Gains on Long-term incentives and Share Appreciation Rights for the Prescribed Officers were as follows:

	Long-term incentive rights vested[1] R'000	Share appreciation rights, with and without CPTs exercised R'000	**Total 2019 R'000**	Total 2018 R'000	Total 2017 R'000
Prescribed Officers	19 628	48 931	**68 559**	44 962	23 807

1 Long-term incentives for the 2019 financial year represent incentives approved on the group results for the 2019 financial year, payable in the 2020 financial year.

The gains from SARs exercised during 2019 is disclosed on page 44 to 45.

The total IFRS2 charge for Executive Directors and the Prescribed Officers in 2019 amounted to R32 million and R20 million, respectively.

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

	Board meeting fees R'000	Lead Director fees R'000	Committee fees R'000	Ad Hoc Special Board – Committee Meeting R'000	**Total 2019 R'000**	Total 2018 R'000	Total 2017 R'000
Non-executive Directors	24 498	387	7 372	198	**32 455**	27 823	23 079

39 Subsequent events

In May 2019, the Board commissioned an independent review into the circumstances that may have delayed the prompt identification and reporting of the LCCP cost and schedule overruns. The report from the Board Review is complete and the Board considered the findings and appropriate steps arising from these.

Sasol and Huntsman Corporation signed a definitive agreement for Sasol to dispose of our 50% equity interest in the Sasol-Huntsman maleic anhydride joint venture. The transaction closed on 30 September 2019. Refer to note 11.

A share purchase agreement was signed on 18 October 2019 for the disposal of Sasol's share in Sasol Wilmar Alcohol Industries. Refer to note 11.

During 2009, 942 employees of Sasol Mining (Pty) Ltd were charged with participation in an unprotected sit-in, threatening and forcing others to participate in an unprotected strike and for assaulting or attempting to assault others during an unprotected strike and they were subsequently dismissed. The applicants are disputing their dismissal. On 19 September 2019, the Labour Court passed a judgement directing inter alia Sasol Mining to re-instate the employees and pay certain past benefits. Refer to note 36.

Following certain complaints submitted to the South African Broad Based Black Economic Empowerment Commission (B-BBEE Commission) by direct and indirect shareholders in Tshwarisano Liquid Fuels Investments (Pty) Ltd (Tshwarisano) relating to Tshwarisano's 25% shareholding in Sasol Oil (Pty) Ltd (Sasol Oil), the B-BBEE Commission is investigating the compliance by Sasol Oil and other affected stakeholders with the South African B-BBEE Act, B-BBEE Act, 53 of 2003. While certain of these investigations are still ongoing, Sasol Oil has received findings and recommendations from the B-BBEE Commission in relation to a complaint by a particular shareholder. Refer to note 36.

40 Financial risk management and financial instruments

Financial instruments overview

The following table summarises the group's classification of financial instruments.

	Note	Carrying value			
		At fair value through profit and loss Rm	Designated at fair value through other comprehensive income Rm	Amortised cost Rm	Fair value Rm
2019					
Financial assets					
Investments in listed securities		–	830	–	830
Investments in unlisted securities		–	393	–	393
Other long-term investments		–	–	25	25
Long-term receivables	19	–	–	5 582	5 582
Long- and short-term financial assets		645	–	–	645
Trade and other receivables**	24	–	–	25 611	25 611 *
Cash and cash equivalents*	27	–	–	15 877	15 877 *
Financial liabilities					
Listed long-term debt (Bonds issued)+	16	–	–	46 060	49 421
Unlisted long-term debt+	16	–	–	91 279	91 777
Short-term debt and bank overdraft		–	–	1 297	1 297 *
Long- and short-term financial liabilities		2 205	–	–	2 205
Trade and other payables+	25	–	–	28 501	28 501 *

Measurement principles under IFRS 9 remained the same to those previously applied except for investment in unlisted securities that are measured at fair value through other comprehensive income compared to being measured at cost under IAS 39. The cost under IAS 39 was R244 million at 30 June 2018. Both the listed and unlisted investment in securities were classified as available for sale under IAS 39. Refer to note 1 for transition approach.

	Note	Carrying value				
		At fair value through profit and loss Rm	Available-for-sale Rm	Amortised cost Rm	Held-to-maturity Rm	Fair value Rm
2018						
Financial assets						
Investments in listed securities		–	682	–	–	682
Investments in unlisted securities		–	244	–	–	244
Other long-term investments		–	–	–	25	25
Long-term receivables	19	–	–	3 824	–	3 824
Long- and short-term financial assets		1 827	–	–	–	1 827
Trade and other receivables**	24	–	–	26 648	–	26 648 *
Cash and cash equivalents	27	–	–	17 128	–	17 128 *
Financial liabilities						
Listed long-term debt (Bonds issued)+	16	–	–	13 704	–	13 345
Unlisted long-term debt+	16	–	–	95 750	–	95 984
Short-term debt and bank overdraft		–	–	2 035	–	2 035 *
Long- and short-term financial liabilities		2 059	–	–	–	2 059
Trade and other payables+	25	–	–	26 518	–	26 518 *

* The fair value of these instruments approximates carrying value, due to their short-term nature.
** Trade and other receivables includes employee-related and insurance-related receivables.
+ Includes unamortised loan costs.

40 Financial risk management and financial instruments continued

40.1 Financial risk management

The group is exposed in varying degrees to a number of financial instrument related risks. The Group Executive Committee (GEC) has the overall responsibility for the establishment and oversight of the group's risk management framework. The GEC established the risk and safety, health and environment committee, which is responsible for providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and assess these risks. Based on the risk management process Sasol refined its hedging policy and the Sasol Limited Board appointed a subcommittee, the Hedging and Digital Committee that meets regularly to review and, if appropriate, approve the implementation of hedging strategies for the effective management of financial market related risks.

The group has a central treasury function that manages the financial risks relating to the group's operations.

Capital allocation

The group's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to grow shareholder value sustainably.

The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The group monitors capital utilising a number of measures, including the gearing ratio. The group's targeted gearing ratio has been lifted to a range of 55% to 65% for 2020 and thereafter will be managed down to the long-term target of between 20% and 40%. Gearing takes into account the group's substantial capital investment and susceptibility to external market factors such as crude oil prices, exchange rates and commodity chemical prices. The group's gearing level for 2019 is 56,3% (2018 – 42,2%; 2017 – 26,3%).

Financing risk

Financing risk refers to the risk that financing of the group’s net debt requirements and refinancing of existing borrowings could become more difficult or more costly in the future. This risk can be decreased by managing the group within the targeted gearing ratio, maintaining an appropriate spread of maturity dates, and managing short-term borrowings within acceptable levels.

The group’s target for long-term borrowings include an average time to maturity of at least two years, and an even spread of maturities.

Credit rating

To achieve and keep an optimal capital structure, the group aims to maintain a stable long-term investment grade credit rating, recognising that Sasol, like all South African domiciled entities, is constrained (but not necessarily capped) by the South African sovereign rating. In November 2017 S&P downgraded South Africa's sovereign credit rating from BB+ investment grade to BB with a stable outlook. In December 2018, S&P affirmed Sasol's rating at BBB-/A-3 with a stable outlook.

In May 2019 Moody’s Investors Service affirmed Sasol Limited’s long-term issuer rating at Baa3, however changed the outlook from stable to negative. The national issuer scale rating changed from Aaa.za to Aa1.za.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below (sub-categorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position.

Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations. Credit risk is deemed to be low when based on the forward available information it is highly probably that the customer will service its debt in accordance to the agreement throughout the period.

How we manage the risk

The risk is managed by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary credit management committees. The central treasury function provides credit risk management for the group-wide exposure in respect of a diversified group of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations. The group maximum exposure is the outstanding carrying amount of the financial asset.

For all financial assets measured at amortised cost, the group calculates the expected credit loss based on contractual payment terms of the asset. The contractual payment terms for receivables vary from 30 days to 120 days. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Financial assets at amortised cost are carefully monitored and reviewed on a regular basis for expected credit loss and impairment based on our credit risk policy.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The group allocate probability of default based on the external and internal information. The major portion of the financial assets at amortised cost consist of externally rated customers and the group uses the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. For customers or debtors that are not rated by the rating agency, the group allocate internal credit ratings and default rates taking into account forward looking information, based on the, debtors profile and financial status. Loss given default is based on the Basel model. The Basel model assumes 35% loss given default for secured financial assets and 45% for unsecured financial assets. Credit enhancement is only taken into account if it is integral to the asset. Trade receivables expected credit loss is calculated over lifetime. Other financial assets expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased. Credit risk is deemed to have increases when the payment is 30 days overdue and the customer have defaulted, indicating that their inability to honor the debt.

No single customer represents more than 10% of the group's total turnover or more than 10% of total trade receivables for the years ended 30 June 2019, 2018 and 2017. Approximately 50% (2018 – 49%; 2017 – 48%) of the group's total turnover is generated from sales within South Africa, while about 22% (2018 – 24%; 2017 – 22%) relates to European sales and 14% (2018 – 13%; 2017 – 13%) relates to sales within the US. The concentration of credit risk within geographic regions is largely aligned with the geographic regions in which the turnover was earned.

Detail of allowances for credit losses:

	2019				2018
	Life time Rm	**12 months Rm**	**Deductions Rm**	**Expected credit loss Rm**	Impairment Rm
Long-term receivables	**211**	**–**	**–**	**211**	38
Trade receivables	**225**	**–**	**–**	**225**	199
Other receivables	**204**	**24**	**–**	**228**	228
	640	**24**	**–**	**664**	465

Overview of the credit risk profile of financial assets measured at amortised cost is as follows:

	2019 %
AAA to A-	**85**
BBB to B-	**8**
CCC+ and - below	**7**

An amount of R465 million has been recognised under IAS 39 as at 30 June 2018. During 2019 additional net impairments of R199 million were recognised.

The effect of the change was inconsequential on Sasol's accounting as the expected loss basis is not significantly different from the stringent debtor management policies currently applied by Sasol, and therefore no transition adjustment is presented.

Expected credit loss (in both long-term receivables and trade receivables) mainly relate to exposure to Mozambique.

Liquidity risk

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations as they become due.

How we manage the risk

The group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a central treasury function to manage pooled business unit cash investments and borrowing requirements. Currently the group is maintaining a positive liquidity position, conserving the group's cash resources through continued focus on working capital improvement, cost savings and capital reprioritisation. The group meets its financing requirements through a mixture of cash generated from its operations and, short and long-term borrowings and strives to maintain adequate banking facilities and reserve borrowing capacities.

The group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The group currently has sufficient undrawn borrowing facilities, which could be utilised to settle obligations and is planning for additional facilities to manage the finalisation of the LCCP. Refer to note 16.

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

Our exposure to and assessment of the risk

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2019					
Financial assets					
Non-derivative instruments					
Long-term receivables	19	5 582	–	4 203	1 379
Trade and other receivables	24	25 611	25 611	–	–
Cash and cash equivalents (excluding restricted cash)	27	13 397	13 397	–	–
Investments through other comprehensive income		1 223	680	543	–
Other long-term investments		25	–	25	–
		45 838	39 688	4 771	1 379
Derivative instruments					
Foreign exchange contracts		2 161	2 161	–	–
Interest rate swap		15	–	8	7
Zero cost collar		582	582	–	–
Ethane swaps		2	2	–	–
Other commodity derivatives		31	31	–	–
		48 629	42 464	4 779	1 386
Financial liabilities					
Non-derivative instruments					
Long-term debt***	16	(183 445)	(8 232)	(138 453)	(36 760)
Short-term debt	16	(1 239)	(1 239)	–	–
Trade and other payables	25	(28 501)	(28 501)	–	–
Bank overdraft	27	(58)	(58)	–	–
Financial guarantees**		(1 326)	(1 326)	–	–
		(214 569)	(39 356)	(138 453)	(36 760)
Derivative instruments					
Foreign exchange contracts		(2 190)	(2 190)	–	–
Interest rate swap		(1 488)	(213)	(1 029)	(246)
Zero cost collar		(3)	(3)	–	–
Ethane swaps		(456)	(456)	–	–
Crude oil futures		(27)	(27)	–	–
Other commodity derivatives		(10)	(10)	–	–
		(218 743)	(42 255)	(139 482)	(37 006)

* Contractual cash flows include interest payments.

** Issued financial guarantees contracts are all repayable on default, however the likelihood of default is considered remote.

*** Of the amounts due in one to five years, R131 billion relates to the repayment of the bonds, the revolving credit facility and the term loan.

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2018					
Financial assets					
Non-derivative instruments					
Long-term receivables	19	3 786	–	1 586	2 200
Trade and other receivables	24	26 648	26 648	–	–
Cash and cash equivalents (excluding restricted cash)	27	15 148	15 148	–	–
Investments available-for-sale		926	926	–	–
Investments held-to-maturity		25	–	25	–
		46 533	42 722	1 611	2 200
Derivative instruments					
Foreign exchange contracts		1 214	1 214	–	–
Interest rate swap		246	–	–	246
Zero cost collar		979	979	–	–
Crude oil options		482	482	–	–
Ethane swaps		33	33	–	–
		49 487	45 430	1 611	2 446
Financial liabilities					
Non-derivative instruments					
Long-term debt	16	(139 294)	(16 612)	(86 415)	(36 267)
Short-term debt	16	(1 946)	(1 946)	–	–
Trade and other payables	25	(26 518)	(26 518)	–	–
Bank overdraft	27	(89)	(89)	–	–
Financial guarantees**		(1 539)	(1 539)	–	–
		(169 386)	(46 704)	(86 415)	(36 267)
Derivative instruments					
Foreign exchange contracts		(1 217)	(1 217)	–	–
Coal swaps		(414)	(414)	–	–
Zero cost collar		(1 317)	(1 317)	–	–
Crude oil futures		(91)	(91)	–	–
		(172 425)	(49 743)	(86 415)	(36 267)

* Contractual cash flows include interest payments.

** Issued financial guarantees contracts are all repayable on default, however the likelihood of default is considered remote.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the group is exposed to:

Foreign currency risk

Foreign currency risk is a risk that earnings and cash flows will be affected due to changes in exchange rates.

How we manage the risk

Our Hedging and Digital Committee sets broad guidelines in terms of tenor and hedge cover ratios specifically to assess future currency exposure, which have the potential to materially affect our financial position. These guidelines and our hedging policy are reviewed from time to time. This hedging strategy enables us to better predict cash flows and thus manage our liquidity and key financial metrics more effectively. Foreign currency risks are managed through the group's hedging policy and financing policies and the selective use of various derivatives.

Our exposure to and assessment of the risk

The group's transactions are predominantly entered into in the respective functional currency of the individual operations. The construction of the LCCP has largely been financed through funds obtained in US dollar, with a small portion of funds obtained from Rand sources. A large portion of our turnover and capital investments are significantly impacted by the rand/US$ and rand/EUR exchange rates. Some of our fuel products are governed by the BFP, of which a significant variable is the rand/US$ exchange rate. Our export chemical products are mostly commodity products whose prices are largely based on global commodity and benchmark prices quoted in US dollars and consequently are exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency. The most significant exposure for the group exists in relation to the US dollar and the Euro. The translation of foreign operations to the presentation currency of the group is not taken into account when considering foreign currency risk.

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

Zero-cost collars

In line with the risk mitigation strategy, the group hedges a significant portion of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The group uses zero-cost collars to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign exchange contracts

Foreign exchange contracts (FECs) are utilised throughout the group to hedge the risk of currency depreciation on committed and highly probable forecast transactions. Transactions hedged with FECs include capital and goods purchases (imports) and sales (exports). Other transactions hedged include certain intercompany loans which expose the group to foreign currency risk.

A number of FECs were entered into during the year and classified as held for trading. FECs are also utilised in the group in cash flow hedge relationships. FECs taken out to hedge exposure to fluctuations in the rand/US$ exchange rate were held over a total notional amount of Rnil million at 30 June 2019 (2018 – R33 million (US$nil; EUR2,1 million)).

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2019 Rand	2018 Rand	**2019 Rand**	2018 Rand
Rand/Euro	**16,19**	15,34	**16,01**	16,04
Rand/US dollar	**14,20**	12,85	**14,08**	13,73

The table below shows the significant currency exposure where entities within the group have monetary assets or liabilities that are not in their functional currency, have exposure to the US dollar or the Euro. The amounts have been presented in rand by converting the foreign currency amount at the closing rate at the reporting date.

	2019		2018	
	Euro Rm	**US dollar Rm**	Euro Rm	US dollar Rm
Trade and other receivables	**515**	**2 375**	586	2 500
Cash and cash equivalents	**1 470**	**1 256**	2 257	1 452
Net exposure on assets	**1 985**	**3 631**	2 843	3 952
Long-term debt	**(122)**	**(1 851)**	(153)	(1 651)
Short-term debt	**–**	**–**	–	(23)
Trade and other payables	**(186)**	**(1 077)**	(128)	(1 248)
Net exposure on liabilities	**(308)**	**(2 928)**	(281)	(2 922)
Exposure on external balances	**1 677**	**703**	2 562	1 030
Net exposure on balances between group companies*	**(1 135)**	**(22 132)**	(2 391)	9 584
Total net exposure	**542**	**(21 429)**	171	10 614

* The US$ increase relates to additional funding provided to the LCCP by Sasol Financing International.

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the individual entities at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year-end, for which there is currency risk, before consideration of currency derivatives, which exist at that point in time. The effect on equity is calculated as the effect on profit and loss. The effect of translation of results into presentation currency of the group is excluded from the information provided.

A 10% weakening in the group's significant exposure to the foreign currency at 30 June would have increased either the equity or the profit by the amounts below, before the effect of tax. This analysis assumes that all other variables, in particular, interest rates, remain constant, and has been performed on the same basis for 2018.

	2019		2018	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
Euro	**54**	**54**	17	17
US dollar	**(2 143)**	**(2 143)**	1 053	1 053

A 10% movement in the opposite direction in the group's exposure to foreign currency would have an equal and opposite effect to the amounts disclosed above.

Interest rate risk

Interest rate risk is the risk that the value of short term investments and financial activities will change as a result of fluctuations in the interest rates.

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. The group has significant exposure to interest rate risk due to the volatility in South African, European and US interest rates.

How we manage the risk

Our debt is comprised of different instrument notes, which by their nature either bear interest at a floating or a fixed rate. We monitor the ratio of floating and fixed interest in our loan portfolio and manage this ratio, by electing to incur either bank loans, bearing a floating interest rate, or bonds, which bear a fixed interest rate. We may also use interest rate swaps, where appropriate, to convert some of our debt into either floating or fixed rate debt to manage the composition of our portfolio. In some cases, we may also use other interest rate derivatives, which enables us to mitigate the risks associated with this exposure.

In respect of financial assets, the group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Our exposure to and assessment of the risk

The group has exposure to the US dollar London Interbank Overnight Rate (LIBOR) through various instruments, including term loans and revolving credit facilities. In 2015, we entered into an interest rate swap for US$1,95 billion to convert variable LIBOR exposure to a fixed rate. It was designated as the hedging instrument in a cash flow hedge. The swap was novated in June 2019 when the underlying LCCP bank term loan was refinanced. This ended the hedge relationship with hedge accounting discontinued. The swap continues to be an economic hedge that cover a portion of the group's exposure to the LIBOR and we will redesignate the swap as a hedging instrument in a cash flow hedge in financial year 2020.

Developments in respect of the proposed reform of the US dollar LIBOR and the impact thereof on our LIBOR linked debt facilities and interest rate swap are actively monitored. Changes to the interest rate benchmark will be considered in conjunction with the surrounding facts and circumstances at the time and appropriate changes and resetting of rates with counterparties will be negotiated and agreed.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments, including the effect of the interest rate swap was:

	Carrying value	
	2019 Rm	2018 Rm
Variable rate instruments		
Financial assets	**16 663**	18 657
Financial liabilities	**(54 542)**	(58 908)
	(37 879)	(40 251)
Fixed rate instruments		
Financial assets	**197**	97
Financial liabilities	**(83 151)**	(51 144)
	(82 954)	(51 047)
Interest profile (variable: fixed rate as a percentage of total financial assets)	**99:1**	99:1
Interest profile (variable: fixed rate as a percentage of total financial liabilities)	**40:60**	54:46

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. A change of 1% in the prevailing interest rate in a particular currency at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2019. The sensitivity has been calculated including consideration of the effect of existing interest rate swap derivative instruments. Interest is recognised in the income statement using the effective interest rate method. With the swap to be designated as a hedge instrument in financial year 2020, the cash flow hedge reserve will be reclassified to profit and loss on a similar basis. Currently the total notional exposure hedged under the swap is US$1,95 billion (2018 – US$2,00 billion).

Income statement – 1% increase

	South Africa Rm	Europe Rm	United States of America Rm	Other Rm
30 June 2019	**27**	**15**	**(433)**	**12**
30 June 2018	(66)	6	(362)	18

Income statement – 1% decrease

	South Africa Rm	Europe* Rm	United States of America* Rm	Other* Rm
30 June 2019	**(27)**	**(15)**	**433**	**(12)**
30 June 2018	66	(6)	362	(18)

* A decrease of 1% in interest rates for the United States of America and Europe will not have an effect on the income statement as it is not considered reasonably possible that the repo interest rates will decrease below 0%.

	Average fixed rate %	Expiry	Fair value loss recognised in other comprehensive income 2019 Rm	Fair value loss recognised in other comprehensive income 2018 Rm	Recognised in profit and loss 2019 Rm	Recognised in profit and loss 2018 Rm
Interest rate swap derivatives **US$ – pay fixed rate receive floating rate**						
North America**	**2,78**	**December 2026**	**(285)**	(950)	**(1 485)**	52
Mozambique	**2,80**	**February 2030**	**–**	–	**10**	–

** The interest rate swap was novated in June 2019 when the underlying LCCP bank term loan was refinanced. This ended the hedge relationship with hedge accounting discontinued. A loss of R1 400 million was recognised in other comprehensive income on the revaluation of the cash flow hedge that was offset by a gain of R1 115 million on the reclassification of the swap to profit and loss on termination of the hedge relationship. We will redesignate the swap as a hedging instrument in a cash flow hedge in financial year 2020.

Commodity price risk

Commodity price risk is the risk of fluctuations in our earnings as a result of fluctuation in the price of commodities.

How we manage the risk

Crude oil, ethane and coal price

The group makes use of derivative instruments, including options and commodity swaps as a means of mitigating price movements and timing risks on crude oil purchases and sales, ethane purchases and export coal sales. The group entered into hedging contracts which provide downside protection against decreases in commodity prices.

Our exposure to and assessment of the risk

A substantial proportion of our turnover is derived from sales of petroleum and petrochemical products. Market prices for crude oil fluctuate because they are subject to international supply and demand and political factors. Our exposure to the crude oil price centres primarily around the selling price of the fuel marketed by our Energy business which is governed by the Basic Fuel Price (BFP) formula, the crude oil related raw materials used in our Natref refinery and certain of our offshore operations including were chemical prices are linked to the crude oil price. Key factors in the BFP are the Mediterranean and Singapore or Mediterranean and Arab Gulf product prices for petrol and diesel, respectively.

	Dated Brent Crude	
	2019 US$	2018 US$
High	**86,16**	80,29
Average	**68,63**	63,62
Low	**50,21**	46,53

The following futures were in place at 30 June:

	Contract amount 2019 Rm	Fair value 2019 Rm	Within one year 2019 Rm	Contract amount 2018 Rm	Fair value 2018 Rm	Within one year 2018 Rm
Crude oil futures	**1 521**	**(27)**	**(27)**	2 792	(91)	(91)
Other commodity derivatives	**254**	**21**	**21**	–	–	–

Sensitivity analysis

A 10% increase of the commodity prices at 30 June would have increased the fair value losses recognised in other operating costs in the income statement by the amounts shown below, before the effect of tax. This analysis assumes that all other variables remain constant and should not be considered predictive of future performances. This calculation has been performed on the same basis for 2018.

	2019 Rm	2018 Rm
Crude oil	**(193)**	(153)

Sensitivity analysis

A 10% decrease in the commodity prices at 30 June would have the equal but opposite effect on the fair value amounts shown above, on the basis that all other variables remain constant.

Summary of our derivatives

In the normal course of business, the group enters into various derivative transactions to mitigate our exposure to foreign exchange rates, interest rates, and commodity prices Derivative instruments used by the group in hedging activities include swaps, options, forwards and other similar types of instruments.

Income statement impact	2019 Rm	2018 Rm	2017 Rm
Financial instruments			
Net (loss)/gain on derivative instruments			
Foreign exchange contracts (losses)/gains	**(794)**	121	(1 107)
Put option crude oil derivatives	**(498)**	(3 303)	(237)
Zero cost collar foreign exchange derivatives	**323**	936	1 608
Crude oil futures	**265**	(687)	277
Coal swaps	**91**	(1 024)	94
Ethane swaps	**(462)**	29	–
Interest rate swaps	**(1 475)**	52	14
Other forex derivative	**85**	–	–
	(2 465)	(3 876)	649

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

Statement of financial position impact	**2019 Rm**	2018 Rm
Financial instrument		
Derivative financial assets		
Foreign exchange contracts	**15**	42
Zero cost collar	**582**	979
Crude oil options	**–**	482
Interest rate swaps	**15**	291
Ethane swaps	**2**	33
Other commodity derivatives	**31**	–
	645	1 827
Derivative financial liabilities		
Foreign exchange contracts	**(44)**	(45)
Coal swaps	**–**	(414)
Crude oil futures	**(27)**	(91)
Zero cost collar	**(3)**	(1 317)
Interest rate swaps	**(1 488)**	(45)
Ethane swaps	**(456)**	–
Other commodity derivatives	**(10)**	–
	(2 028)	(1 912)
Non-derivative financial liabilities		
Financial guarantees	**(177)**	(147)
	(2 205)	(2 059)

The group has exposure to the US dollar LIBOR through various instruments, including term loans and revolving credit facilities. In 2015, we entered into an interest rate swap for US$1,95 billion to convert variable LIBOR exposure to a fixed rate. It was designated as the hedging instrument in a cash flow hedge. The swap was novated in June 2019 when the underlying LCCP bank term loan was refinanced. This ended the hedge relationship with hedge accounting discontinued. The swap continues to cover a portion of the group's exposure to the LIBOR and we will redesignate the swap as a hedging instrument in a cash flow hedge in financial year 2020.

The other derivatives within the group are economic hedges to our exposure to the rand/US$ exchange rates and commodity prices that have not been classified as cash flow hedges.

	Fair value of assets/ (liabilities) 2019 Rm	Fair value of assets/ (liabilities) 2018 Rm
Interest rate swap derivatives – held for trading (2018 – cash flow hedge)	**(1 473)**	246

	Fair value of assets 2019 Rm	Fair value of assets 2018 Rm	**Fair value of liabilities 2019 Rm**	Fair value of liabilities 2018 Rm		**Contract/ Notional amount* 2019**	Contract/ Notional amount* 2018
Derivatives held for trading							
Foreign exchange contracts	**15**	42	**(44)**	(45)	US$m	**146**	226
Crude oil futures	**–**	–	**(27)**	(91)	US$m	**92**	194
	15	42	**(71)**	(136)			

* The notional amount is the sum of the absolute value of all contracts for both derivative assets and liabilities.

In addition to foreign exchange contract utilised in normal operating activities, the following derivatives were entered into to mitigate the risks associated with the crude oil price, the rand/US$ exchange rate, ethane price and the coal price.

		2019	2018
Brent crude oil – Put options			
Premium paid	US$m	–	207
Number of barrels	million	48	98
Open positions	million	–	48
Settled	million	48	50
Average Brent crude oil price floor, net of costs (open positions)	US$/bbl	–	53,36
Realised losses recognised in the income statement	Rm	(1 857)	(1 605)
Unrealised (losses)/gains recognised in the income statement	Rm	1 359	(1 698)
Amount included in the statement of financial position	Rm	–	482
Rand/US$ currency – Zero-cost collar instruments			
US$ exposure – open positions	US$bn	4	4
Annual average floor	R/US$	13,84	13,14
Annual average cap	R/US$	16,63	15,14
Realised (losses)/gains recognised in the income statement	Rm	(610)	2 772
Unrealised gains/(losses) recognised in the income statement	Rm	933	(1 836)
Amount included in the statement of financial position	Rm	579	(338)
Export coal – Swap options			
Number of tons	million	1,40	4,20
Open positions	million	–	1,40
Settled	million	1,40	2,80
Average coal swap price (open positions)	US$/ton	–	81,82
Realised losses recognised in the income statement	Rm	(337)	(618)
Unrealised gains/(losses) recognised in the income statement	Rm	428	(406)
Amount included in the statement of financial position	Rm	–	(414)
Ethane – Swap options			
Number of barrels	million	16,00	5,80
Open positions	million	12,50	3,50
Settled	million	3,50	2,30
Average ethane swap price (open positions)	US$ c/gal	28	27
Realised gains/(losses) recognised in the income statement	Rm	29	(1)
Unrealised (losses)/gains recognised in the income statement	Rm	(491)	30
Amount included in the statement of financial position	Rm	(454)	33

40 Financial risk management and financial instruments continued

40.1 Financial risk management continued

Sensitivity analysis

The fair value of significant derivatives held for trading is impacted by a number of market observable variables at valuation date. The sensitivities provided below reflect the impact on fair value as a result of movements in the significant input variables utilised for valuation purposes:

		Volatility		Commodity price		Rand/US$	US$ Libor curve	
30 June 2019		**+2%**	**-2%**	**+USD 2 c/gal**	**-USD 2 c/gal**	**-R1/US$***	**+0,5%**	**-0,5%**
Ethane swap	Rm	**90**	**(82)**	**146**	**(146)**			
Zero-cost collar	Rm	**115**	**(125)**			**2 495**		
Interest rate swap	Rm						**754**	**(748)**

		Volatility		Commodity price		Rand/US$	US$ Libor curve	
30 June 2018		+2%	-2%	+USD 2/bbl	-USD 2/bbl	-R1/US$*	+0,5%	-0,5%
Crude oil options	Rm	88	(80)	(68)	81			
Zero-cost collar	Rm	27	(22)			2 731		
Interest rate swap	Rm						866	(865)

* A weakening of the Rand/US$ spot exchange rate of R2,55, will likely result in the spot price falling within the corridor of the cap and floor rates of the zero-cost collars. No gain or loss will be made if these derivatives are settled at a spot price between the cap and floor. The exchange rate would have to weaken by at least R2,55/US$, up to the cap of R16,63, before losses are incurred on the derivatives.

40.2 Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The group does not hold any financial instruments traded in an active market, except for the investment in listed equity instruments. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The following table is provided representing the assets and liabilities measured at fair value at reporting date, or for which fair value is disclosed at reporting date.

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13, as shown below.

There have been no transfers between levels in the current year. Transfers between levels are considered to have occurred at the date of the event or change in circumstances.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).

Level 3 Inputs for the asset or liability that are unobservable.

Financial instrument	Fair value 30 June 2019	Valuation method	Significant inputs	Fair value hierarchy of inputs	
Financial assets					
Investments in listed securities	**830**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1	
Investments in unlisted securities	**393**	Discounted cash flow	Forecasted earnings, capital expenditure and debt cash flows of the underlying business, based on the forecasted assumptions of inflation, exchange rates, commodity prices etc. Appropriate WACC for the region.	Level 3	
Other long-term investments	**25**	Discounted cash flow	Market related interest rates.	Level 3	
Long-term receivables	**5 582**	Discounted cash flow	Market related interest rates.	Level 3	
Derivative assets	**645**	Forward rate interpolator model, appropriate currency specific discount curve, discounted expected cash flows, numerical approximation	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices, coal prices, crude oil prices	Level 2	
Trade and other receivables	**25 611**	Discounted cash flow	Market related interest rates.	Level 3	*
Cash and cash equivalents	**15 877**	**	**	Level 1	**
Financial liabilities					
Listed long-term debt	**49 421**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1	
Unlisted long-term debt	**91 777**	Discounted cash flow	Market related interest rates	Level 3	
Short-term debt and bank overdraft	**1 297**	Discounted cash flow	Market related interest rates	Level 3	*
Derivative liabilities	**2 205**	Discounted net cash flows, using a swap curve to infer the future floating cash flows, forward rate interpolator model, discounted expected cash flows, numerical approximation	US$ Overnight Indexed Swap (OIS) curve, recovery probabilities, forward exchange contracted rates, coal prices, market foreign exchange rates	Level 2	
Trade and other payables	**28 501**	Discounted cash flow	Market related interest rates	Level 3	*

* The fair value of these instruments approximates their carrying value, due to their short-term nature.

** The carrying value of cash is considered to reflect its fair value.

Contents

Statement of financial position
at 30 June

	Note	2019 Rm	2018 Rm
Assets			
Investments in subsidiaries	1	**132 892**	125 148
Investment in security	1	**7**	7
Long-term receivables	2	**54 976**	55 196
Deferred tax asset	3	**359**	177
Non-current assets		**188 234**	180 528
Other receivables	4	**426**	3 564
Tax receivable		**69**	29
Cash and cash equivalents	5	**4 315**	8 255
Current assets		**4 810**	11 848
Total assets		**193 044**	192 376
Equity and liabilities			
Shareholders' equity		**186 861**	191 581
Long-term financial liabilities	6	**983**	447
Long-term loan from subsidiary	7	**4 700**	–
Non-current liabilities		**5 683**	447
Short-term financial liabilities	6	**305**	188
Short-term provision	8	**23**	81
Trade and other payables	9	**172**	79
Current liabilities		**500**	348
Total equity and liabilities		**193 044**	192 376

Income statement
for the year ended 30 June

	Note	2019 Rm	2018 Rm
Revenue	13	**8 635**	21 983
Other expenses (net)		**(1 226)**	(3 293)
Translation (losses)/gains	10	**(4)**	32
Other operating expenses	11	**(1 226)**	(3 333)
Other operating income		**4**	8
Remeasurement items	12	**(2 973)**	19
Net finance income		**4 629**	7 235
Finance income	13	**5 951**	7 821
Finance costs	14	**(1 322)**	(586)
Earnings before tax		**9 065**	25 944
Taxation	15	**(34)**	(121)
Earnings for the year		**9 031**	25 823

Statement of comprehensive income
for the year ended 30 June

	2019 Rm	2018 Rm
Earnings for the year	**9 031**	25 823
Other comprehensive income, net of tax		
Items that can be subsequently reclassified to the income statement		
Fair value of investment in security	**–**	2
Total comprehensive income for the year	**9 031**	25 825

Statement of changes in equity
for the year ended 30 June

	Note	2019 Rm	2018 Rm
Share capital			
Balance at beginning of year	16	**15 775**	29 282
Repurchase of shares[1, 2]		**(5 887)**	(15 339)
Shares issued		**–**	1 832
Balance at end of year		**9 888**	15 775
Share-based payment reserve			
Balance at beginning of year		**6 555**	9 083
Expiry of Inzalo Share Incentive Schemes		**(2 435)**	(5 699)
Sasol incentive schemes vested and settled		**(573)**	(605)
Share-based payment expense	17	**1 659**	3 776
Balance at end of year		**5 206**	6 555
Retained earnings			
Balance at beginning of year[3]		**169 245**	150 543
Earnings for the year		**9 031**	25 823
Expiry of Inzalo Share Incentive Schemes		**2 435**	5 699
Sasol incentive schemes vested and settled		**573**	605
Effective share cancellation		**–**	(4 193)
Khanyisa Tier 1 vesting		**(610)**	(50)
Dividends paid	20	**(8 913)**	(9 195)
Dividend received in specie	22	**–**	13
Balance at end of year		**171 761**	169 245
Investment fair value reserve			
Balance at beginning of year		**6**	4
Total comprehensive income for year		**–**	2
Balance at end of year		**6**	6
Total shareholders' equity		**186 861**	191 581

1 The Sasol Inzalo transaction was terminated in September 2018. On 7 September 2018, 16 085 199 Sasol Limited Preferred ordinary shares were purchased from Sasol Inzalo Public Funding (RF) (Pty) Ltd at a purchase price for R542,11 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017.

2 At the Annual General Meeting held on 17 November 2017, shareholders approved the repurchase of 8 809 886 shares held by our wholly owned subsidiary, Sasol Investment Company (Pty) Ltd. The repurchase was done on 26 February 2018.
25 231 686 Sasol Limited ordinary shares were purchased from the Inzalo Employee schemes on 4 June 2018 at a nominal value of R0,01 per share per Sasol's rights of repurchase under the Inzalo Employee schemes trust deeds. The Inzalo Employee scheme received no distribution in Sasol Limited ordinary shares.
9 461 882 Sasol Limited preferred ordinary shares were repurchased on 26 June 2018 from Inzalo Groups Funding at purchase price of R475,03 per share per shareholders authorisation obtained at a General Meeting held on 17 November 2017.

3 On 1 July 2018, the company adopted IFRS 9 'Financial Instruments'. The new accounting standard has been modified retrospectively. The impact of the adoption of the new standard would have been a reduction of R49 million on the opening shareholders' equity position. This was adjusted for in the current year as the impact is not significant.

Statement of cash flows
for the year ended 30 June

	Note	2019 Rm	2018 Rm
Cash generated by operating activities	18	**11 186**	18 236
Finance income received	13	**1 015**	591
Finance cost paid	14	**(339)**	–
Tax paid		**(250)**	(158)
Cash available from operating activities		**11 612**	18 669
Dividends paid	20	**(8 913)**	(9 195)
Cash retained from operating activities		**2 699**	9 474
Additional investments in subsidiaries	21	**(2 619)**	(7 880)
Loans to subsidiaries		**–**	(8 224)
Repayment of loans by subsidiaries		**–**	5 454
Repayment of long-term receivables		**–**	190
Cash used in investing activities		**(2 619)**	(10 460)
Share capital issued		**–**	1 832
Loan from subsidiary	7	**4 700**	–
Repurchase of shares		**(8 720)**	(7 970)
Cash utilised in financing activities		**(4 020)**	(6 138)
Decrease in cash and cash equivalents		**(3 940)**	(7 124)
Cash and cash equivalents at beginning of year		**8 255**	15 379
Cash and cash equivalents at end of year	5	**4 315**	8 255

Notes to the financial statements
for the year ended 30 June

		2019 Rm	2018 Rm
1	**Investments**		
	Investment in subsidiaries		
	Reflected as non-current assets		
	Shares at cost	**126 446**	120 795
	Shareholder loan to subsidiary*	**525**	525
	Share-based payment expense	**6 674**	6 212
	Impairment (net of reversals) of investment in subsidiary	**(753)**	(2 384)
		132 892	125 148
	Investment in security	**7**	7

* Loan to subsidiary with no fixed payment terms and which are not expected to be repaid in the foreseeable future are included in the investment.

Investments in subsidiaries are accounted for at cost less impairment losses. For further details of interests in subsidiaries, refer to note 22 of the consolidated Annual Financial Statements. The carrying amount of the unlisted investment in security approximates fair value as it is based on most recent available market transactions. This is considered to be a level 2 fair value measurement.

			2019 Rm	2018 Rm
2	**Long-term receivables**			
	Sasol South Africa Limited	(a)	**46 877**	46 877
	Sasol Khanyisa Fundco (RF) Ltd	(b)	**8 655**	8 302
	Other		**17**	17
	Total long-term receivables		**55 549**	55 196
	Less: Expected credit loss	(c)	**(573)**	–
			54 976	55 196

The long-term receivables are measured at amortised cost.

The long-term receivables consist of:

a) Funding to Sasol South Africa Limited (SSA) to purchase the investment in Sasol Gas (Pty) Ltd. The loan attracts interest at 0% and Sasol Limited has no intent of demanding payment in the next 12 months.

b) Loan to Sasol Khanyisa Fundco (Fundco) to fund the preference share subscription for the Khanyisa Public Participants. The ability of Fundco the repay the loan is dependent on dividends received from SSA. The loan attracts interest at 75% of prime and Sasol Limited has no intent of demanding payment in the next 12 months.

c) Refer to note 23 for details on expected credit loss calculation.

	2019	2018
Interest-bearing status		
Sasol South Africa Limited	**0,0%**	0,0%
Sasol Khanyisa Fundco (RF) Ltd	**7,6%**	7,5%

	2019 Rm	2018 Rm
Maturity profile		
More than five years	**54 976**	55 196
Fair value of receivables		
The fair value of the long-term receivables is based on the present value of the expected future cash flows.	**54 976**	55 196

	Note	2019 Rm	2018 Rm
3 Deferred tax asset			
Reconciliation			
Balance at beginning of year		**177**	106
Current year charge per the income statement	15	**182**	71
Balance at end of year		**359**	177

A deferred tax asset has been recognised to the extent that it is probable that the entity will generate future taxable income against which this temporary difference can be utilised and consists mainly of movements in financial liabilities.

	2019 Rm	2018 Rm
4 Other receivables		
Related party receivables (refer to note 22)		
intercompany receivables	**425**	379
intercompany dividend receivables	**–**	3 179
Other receivables	**2**	6
	427	3 564
Less: Expected credit loss*	**(1)**	–
	426	3 564

* Refer to note 23 for details on expected credit loss calculation.

Fair value of other receivables

The carrying amount approximates fair value due to the short period to maturity of these receivables.

	2019 Rm	2018 Rm
5 Cash and cash equivalents		
Cash	**3**	3
Cash – deposit with Group Treasury	**4 312**	8 252
Cash – Per the statement of cash flows	**4 315**	8 255

Fair value of cash

The carrying amount of cash approximates fair value.

	2019 Rm	2018 Rm
6 Long-term financial liabilities		
Non-derivative instruments		
Financial guarantees recognised	**1 607**	1 349
Expected credit loss adjustment	**9**	–
Translation difference	**(4)**	–
Less: amortisation of financial guarantees	**(324)**	(714)
	1 288	635
Less: short-term portion of financial guarantees	**(305)**	(188)
Arising on long-term financial instruments	**983**	447
Guarantees – maximum exposure	**149 462**	145 755

6 Long-term financial liabilities continued

The long-term financial liabilities consist of guarantees issued on related party debt:

	2019		2018	
	Maximum exposure Rm	Liability included in statement of financial position Rm	Maximum exposure Rm	Liability included in statement of financial position Rm
Financial guarantees				
Revolving credit facility – various banks[1]	**54 915**	**327**	53 538	418
Citibank[2]	**2 816**	**3**	1 716	6
US Bond Holders (2022 Notes)[3]	**14 164**	**95**	13 808	120
Bank of China Limited, Johannesburg branch[4]	**–**	**–**	1 373	–
China Construction Bank Corporation, Johannesburg branch[5]	**–**	**–**	2 059	–
Bank of America Merril Lynch[6]	**25 258**	**293**	–	–
US Bond Holders (2024 Notes)[6]	**21 313**	**275**	–	–
US Bond Holders (2028 Notes)[6]	**10 671**	**246**	–	–
ABSA Bank Limited – banking facility[7]	**4 507**	**3**	4 507	12
The Standard Bank of South Africa Limited - banking facility[7]	**4 330**	**6**	2 430	4
Nedbank Limited – banking facility[7]	**3 000**	**5**	1 500	10
FirstRand Bank Limited – banking facility[7]	**3 000**	**5**	1 000	5
Investec Bank Limited – banking facility[7]	**1 000**	**–**	500	–
Eskom Holdings Limited[8]	**2 885**	**6**	–	–
Saudi Aramco[9]	**986**	**11**	1 235	6
ABSA Bank Limited – Natref debt[10]	**498**	**11**	585	3
Nedbank Limited – Natref debt[10]	**97**	**2**	187	2
Nedbank Limited – Sasol Oil[11]	**22**	**–**	28	–
Various financial institutions – for Sasol Inzalo[12]	**–**	**–**	5 822	–
FirstRand Bank Limited – Sasol Mining[13]	**–**	**–**	625	1
HSBC Bank[14]	**–**	**–**	54 842	48
	149 462	**1 288**	145 755	635

1 Guarantee issued to various banks over the joint revolving credit facility of Sasol Financing International Limited and Sasol Financing Limited, maximum exposure amounting to US$3 900 million.

2 Guarantee issued to Citibank over the joint Letter of Credit facility of Sasol Financing International Limited and Sasol International Services Limited, maximum exposure of US$200 million.

3 Guarantee issued for the US$ bond issued by Sasol Financing International Limited, maximum exposure US$1 006 million including accrued interest of US$6 million.

4 Guarantee issued over the US$100 million revolving credit facility of Sasol Financing International Limited which expired in August 2018.

5 Guarantee issued over the US$150 million credit facility of Sasol Financing International Limited which expired in December 2018.

6 Guarantees issued to Bank of America Merril Lynch (effective June 2019) and various US Bond Holders (effective September 2018) over the US$ bonds and term loan of Sasol Financing (USA) LLC, maximum exposure amounting to US$4 065 million including accrued interest and net of unamortised costs.

7 Sasol Limited has issued guarantees of R15 837 million to various banks in relation to central treasury credit facilities available to Sasol Financing Limited.

8 Sasol Limited issued a number of guarantees on behalf of Sasol South Africa Limited to Eskom relating to Project Mulalo and a financial guarantee of R1 786 million over the Eskom electricity account.

9 Guarantee issued on behalf of Sasol International Services Limited Plc, maximum exposure amounting to US$70 million.

10 Guarantee issued over the debt of National Petroleum Refiners of South Africa (Pty) Ltd. The guarantee over the R735 million loan facility with Nedbank Limited has been released as the underlying loan has been settled.

11 Guarantee issued over the debt of Sasol Oil (Pty) Ltd.

12 As part of the Sasol Inzalo share transaction, the C Preference shares issued by the Sasol Inzalo Groups Funding (Pty) Ltd and Sasol Inzalo Public Funding (Pty) Ltd to the financing institutions were secured against a guarantee by Sasol Limited in conjunction with Sasol Financing Limited. The Inzalo transaction terminated in September 2018.

13 Guarantee was issued over the debt of Sasol Mining (Pty) Ltd for its mining replacement programme. This guarantee has been released as the loan was settled in December 2018.

14 Guarantee issued over the Lake Charles Chemicals Project bank term loan of Sasol Chemicals (USA) LLC, maximum exposure amounting to US$3 995 million. This guarantee has been released as the debt was fully settled in June 2019.

	2019 Rm	2018 Rm
Measurement of long-term financial guarantees		
Initial fair value is calculated by reference to the expected loss model where three factors are considered:		
The notional amount of the guarantee, the probability of default and the loss given default. A premium of WACC is then applied to determine the minimum level of return required. Subsequently at each reporting period the fair value is calculated using the IFRS9 expected credit loss model. Refer to note 23 for details on expected credit loss.	**1 288**	1 121

	2019 Rm	2018 Rm
7 Long-term loan from subsidiary		
Sasol Financing Limited	**4 700**	–

Funding from Sasol Financing Limited for the repurchase of the Sasol Limited preferred ordinary shares from Sasol Inzalo Public (RF) (Pty) Ltd. The loan bears interest at Jibar (6 month) + 1% and is contractually repayable in full on 30 September 2023.

On 4 September 2019, R4 billion was repaid with the proceeds from dividends declared by subsidiaries in August 2019.

Fair value of long-term debt

The carrying amount of the long-term loan from subsidiary approximates fair value. The fair value is based on the current rates available for debt with the same maturity profile and with similar cash flows.

	Note	2019 Rm	2018 Rm
8 Short-term provision			
Comprising share-based payment			
Balance at beginning of year		**81**	46
Per the income statement	17	**(45)**	38
Utilised during year		**(13)**	(3)
Balance at end of year		**23**	81

	2019 Rm	2018 Rm
9 Trade and other payables		
Related party payables (refer to note 22)		
intercompany payables	**122**	16
Trade payables	**40**	32
Employee-related payables	**10**	31
	172	79
Age analysis of trade payables		
Not past due date	**40**	32

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

	2019 Rm	2018 Rm
10 Translation (losses)/gains		
Arising from:		
Guarantees	**4**	6
Intercompany payables	**2**	(2)
Deposit with Group Treasury	**(10)**	28
	(4)	32

Differences arising on the translation of monetary assets and liabilities from one currency into the functional currency of the company at a different exchange rate.

11 Other operating expenses

	Note	2019 Rm	2018 Rm
Other operating expenses includes:			
Management fee paid to Sasol South Africa Limited		**103**	79
Professional fees		**10**	8
Employee-related expenditure		**78**	153
salary and related expenses		**85**	71
share-based payment expense	17	**(7)**	82
Donations		**405**	217
Sasol Khanyisa share transaction*		**–**	2 866
Expected Credit Loss	23	**574**	–
Long-term receivables	2	**573**	–
Other receivables	4	**1**	–
Other		**56**	10
		1 226	3 333

* For further details of the Sasol Khanyisa transaction, refer to note 35 in the consolidated Annual Financial Statements.

12 Remeasurement items affecting operating profit

	2019 Rm	2018 Rm
Effect of remeasurement items		
Loss on repurchase of shares	**(2 833)**	–
Impairment of investment in subsidiary	**(140)**	(59)
Reversal of impairment of investment in subsidiaries	**–**	113
Write-off of long-term receivable	**–**	(35)
	(2 973)	19

Remeasurement items 2019

Loss on repurchase of shares

Sasol Inzalo Public Funding (RF) (Pty) Ltd subscribed to 16 085 199 Sasol Limited Preferred ordinary share at a cost of R366 per share in 2008. The Sasol Inzalo transaction was terminated in September 2018. On 7 September 2018, 16 085 199 Sasol Limited Preferred ordinary shares were purchased from Sasol Inzalo Public (RF) (Pty) Ltd at a price for R542,11 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017.

Impairment of investment in subsidiary

The company's investment in Sasol New Energy Holdings (Pty) Ltd has been impaired to fair value, based on the results of the value-in-use calculations performed on the underlying operating assets.

Remeasurement items 2018

Impairment of investment in Inzalo Groups Funding

On 27 June 2018, Sasol subscribed for 1 ordinary share in Inzalo Groups Funding for an amount of R59,42 million, so as to place Inzalo Groups Funding in funds to settle the Class C preference share funding shortfall and any applicable costs and taxes. This investment was impaired with the termination of the Inzalo Groups transaction.

Reversal of impairment of investment in subsidiary

The company impaired its investment in Sasol New Energy Holdings (Pty) Ltd in 2012. Based on the results of the value-in-use calculations performed on the underlying operating assets, the impairment was partially reversed in this financial year.

Write off long-term receivable

The balance of the long-term receivable with the Inzalo Employee Trusts has been written off with the termination of the Sasol Inzalo transaction in 2018.

13 Revenue and finance income

	2019 Rm	2018 Rm
Dividends received from subsidiaries – recognised in revenue	**8 635**	21 983
Finance income	**5 951**	7 821
Interest accrued and received	**670**	2 562
Guarantee fees received – indirect subsidiaries (refer to note 22)	**703**	565
Notional interest received	**4 578**	4 694
	14 586	29 804
Cash interest received – per statement of cash flows	**1 015**	591
Cash dividends received – recognised in revenue	**8 635**	18 776
	9 650	19 367
Dividend accrued	**–**	3 207
Interest accrued	**358**	2 536
Notional interest	**4 578**	4 694
	14 586	29 804

14 Finance costs

	2019 Rm	2018 Rm
Debt – direct subsidiary (refer to note 22)	**(338)**	–
Other	**(1)**	–
Cash interest paid – per statement of cash flows	**(339)**	–
Notional interest	**(983)**	(586)
Per income statement	**(1 322)**	(586)

15 Taxation

	2019 Rm	2018 Rm
Securities transfer tax	**(22)**	(20)
South African normal tax	**(194)**	(172)
current year	**(194)**	(171)
prior years	**–**	(1)
Deferred tax – South Africa	**182**	71
current year	**182**	71
	(34)	(121)

Reconciliation of effective tax rate

The table below shows the difference between the South African enacted tax rate (28%) compared to the tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to earnings before tax. The reasons for these differences are:

	2019 %	2018 %
South African normal tax rate	**28,0**	28,0
Increase in rate of tax due to:		
disallowed expenditure	**14,0**	3,9
securities transfer tax	**0,2**	0,1
	42,2	32,0
Decrease in rate of tax due to exempt income	**(41,8)**	(31,5)
Effective tax rate	**0,4**	0,5

	Number of shares 2019	Number of shares 2018
16 Share capital		
Authorised	**1 314 407 571**	1 314 407 571
Issued	**631 028 318**	645 560 928

For further details of share capital, refer to note 15 in the consolidated Annual Financial Statements.

	2019 Rm	2018 Rm
17 Share-based payment		
17.1 Share-based payment expense		
During the year, the following share-based payment expenses were recognised in the income statement regarding share-based payment arrangements that existed:		
Cash-settled – recognised in share-based payment provision	**(45)**	38
Sasol Share Appreciation Rights Scheme	**(45)**	38
Equity-settled – recognised in share-based payment reserve	**38**	2 910
Sasol Long-term Incentive Scheme	**38**	44
Sasol Khanyisa share transaction	**–**	2 866
	(7)	2 948
17.2 Share-based payment reserve		
Equity-settled		
Sasol Inzalo share transaction	**–**	34
Sasol Khanyisa share transaction	**953**	2 953
Sasol Long-term Incentive Scheme	**706**	789
	1 659	3 776

For further details of the Sasol Khanyisa transaction, refer to note 35 in the consolidated Annual Financial Statements.

	2019 Rm	2018 Rm
18 Cash generated by operating activities		
Cash flow from operations (refer to note 19)	**7 959**	18 374
Decrease/(increase) in working capital	**3 227**	(138)
	11 186	18 236

		2019 Rm	2018 Rm
19	**Cash flow from operations**		
	Earnings before tax	**9 065**	25 944
	Adjusted for		
	net finance income	**(4 629)**	(7 235)
	translation on guarantees	**(4)**	(6)
	equity-settled share-based payment expense	**38**	2 910
	effect of remeasurement items	**2 973**	(19)
	movement in provision	**(58)**	35
	income statement charge	**(45)**	38
	utilisation	**(13)**	(3)
	dividends receivable recognised in revenue	**–**	(3 207)
	expected credit losses on long and short-term receivables	**574**	–
	other non-cash movements	**–**	(48)
		7 959	18 374

		2019 Rm	2018 Rm
20	**Dividends paid**		
	Final dividend – prior year		
	external shareholders	**(4 898)**	(4 764)
	related party – subsidiary company	**–**	(69)
	related parties – Inzalo	**(292)**	(733)
	Interim dividend – current year		
	external shareholders	**(3 667)**	(3 062)
	related parties – Inzalo	**(56)**	(567)
	Per statement of cash flows	**(8 913)**	(9 195)

		2019 Rm	2018 Rm
21	**Additional investments in subsidiaries and long-term receivables movements**		
	Increase in investments per statement of financial position (refer to note 1)	**(7 744)**	(12 771)
	Adjusted for		
	dividend received in specie (refer to note 22)	**–**	13
	notional interest	**4 254**	4 369
	long-term incentive scheme	**1 011**	568
	impairment of investment in subsidiary	**(140)**	(59)
	Per statement of cash flows	**(2 619)**	(7 880)

22 Related party transactions

During the year, the company in the ordinary course of business, entered into various transactions with its direct and indirect subsidiaries. The effect of these transactions is included in the financial performance and results of the company.

Material related party transactions were as follows:

	2019 Rm	2018 Rm
Other income statement items to related parties		
Management fee to subsidiary		
Sasol South Africa Limited (refer to note 11)	**103**	79
Donation to		
Sasol Siyakha Enterprise and Supplier Development Trust	**382**	208
Revenue – dividends from subsidiaries		
Sasol Mining Holdings (Pty) Ltd	**1 530**	524
Sasol South Africa Limited	**3 311**	18 034
Sasol Financing Limited	**–**	517
Sasol Technology (Pty) Ltd	**174**	38
Sasol Oil (Pty) Ltd	**1 535**	–
Sasol Investment Company (Pty) Ltd	**–**	1 837
Sasol Middle East and India (Pty) Ltd	**2 033**	955
Other	**52**	–
	8 635	21 905
Finance income – interest from subsidiaries		
Sasol Inzalo Employee Trust	**–**	2 300
Sasol Inzalo Management Trust	**–**	186
Sasol Khanyisa Fundco (RF) Ltd	**647**	–
Sasol South Africa Limited	**4 254**	4 420
Sasol Financing Limited	**1**	–
Sasol Financing International Limited	**14**	23
	4 916	6 929
Finance income – guarantee fees from subsidiaries		
Sasol Chemicals (USA) LLC	**611**	501
Sasol Chemicals North America LLC	**61**	50
Sasol International Services Limited	**10**	9
Sasol Mining (Pty) Ltd	**1**	3
Sasol South Africa Limited	**19**	–
Sasol Oil (Pty) Ltd	**1**	2
	703	565
Finance cost paid to subsidiary		
Sasol Financing Limited	**338**	–
Recognised directly in equity		
Dividend in specie		
Sasol Merisol RSA (Pty) Ltd	**–**	13
Amounts reflected as non-current assets		
Investments in subsidiaries at cost (refer to note 1)	**126 446**	120 795
Long-term loans to indirect subsidiaries		
Sasol Mining (Pty) Ltd (refer to note 1)	**525**	525
	126 971	121 320
Long-term receivables relating to subsidiaries		
Sasol South Africa Limited (refer to note 2)	**46 877**	46 877
Sasol Khanyisa Fundco (RF) Ltd (refer to note 2)	**8 655**	8 302
	55 532	55 179

	2019 Rm	2018 Rm
Long-term receivables relating to indirect subsidiaries		
Sasol Khanyisa Warehousing Trust	**17**	17
Amounts reflected as current assets		
Other receivables relating to direct subsidiaries		
Sasol Inzalo Public Limited	**–**	9
Sasol Investment Company (Pty) Ltd	**43**	57
Sasol Oil (Pty) Ltd	**1**	1
Sasol Mining (Pty) Ltd	**–**	2
Sasol South Africa Limited	**22**	3 206
Other receivables relating to indirect subsidiaries		
Sasol Chemicals North America LLC	**30**	25
Sasol Inzalo Investments (Pty) Ltd	**4**	2
Sasol Chemicals (USA) LLC	**307**	272
Other	**18**	80
	425	3 654
Short-term payables relating to direct and indirect subsidiaries		
Sasol Holdings Netherlands B.V.	**3**	3
Sasol Siyakha Enterprise and Supplier Development Trust	**101**	–
Sasol South Africa Limited	**17**	12
Sasol Chemicals (USA) LLC	**1**	1
	122	16

An analysis of other related party transactions is provided in:

Note 6 – Long-term financial liabilities

Note 7 – Long-term loan from subsidiary

Note 12 – Remeasurement items affecting operating loss

23 Financial risk management and financial instruments

Introduction

The company is exposed in varying degrees to a variety of financial instrument related risks. Refer to note 40 in the consolidated financial statements for more information.

Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations. Credit risk is deemed to be low when based on the forward available information it is highly probably that the customer will service its debt in accordance with the agreement throughout the period.

How we manage the risk

The risk is managed by review of credit status, credit limits and other monitoring procedures. Where appropriate, the company obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by management prior to granting credits. Management has evaluated counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations. The company's maximum exposure is the outstanding carrying amount of the financial asset.

For all financial assets measured at amortised cost, the company calculates the expected credit loss based on contractual payment terms of the asset. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Financial assets at amortised cost are carefully monitored and reviewed on a regular basis for expected credit loss and impairment based on our credit risk policy. Financial assets are impaired when there is no reasonable prospect that the customer will pay.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The company determines the probability of default based on the forward-looking external information such as chemical prices and exchange rates and internal information such budgets and customer financial profile analysis. Loss given default is based on the Basel model. The Basel model assumes 35% loss given default for secured financial assets and 45% for unsecured financial assets. Credit enhancement is only taken into account if it is integral to the asset. Financial assets' expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased. When the financial asset reflects impairment indicators such as fair value of the asset being less than the carrying amount, or the customer is in liquidation, a specific expected credit loss is calculated based on management's view of what is considered as less probable to be received.

23 Financial risk management and financial instruments continued

Credit risk is deemed to have increased when the payment is 30 days overdue and the customer has defaulted, as this indicates that they are not able to honor the debt.

	2019			2018
	Life time Rm	12 months Rm	Expected credit loss Rm	Impairment Rm
Long-term receivables*	534	39	573	–
Other receivables	1	–	1	–
	535	39	574	–

* An independent valuation of Sasol South Africa Limited performed at 30 June 2019, resulted in the Khanyisa Fundco long-term receivable carrying amount being higher than its fair value. As a result, a specific expected credit loss of R534 million was recognised at 30 June 2019.

On 1 July 2018, the company adopted IFRS 9 'Financial Instruments'. The new accounting standard has been modified retrospectively. The impact of the adoption of the new standard would have been a reduction of R49 million on the opening shareholders' equity position. This was adjusted for in the current year as the impact is not significant.

Liquidity risk

The company has provided guarantees for the financial obligations of subsidiaries and joint ventures. The outstanding guarantees at 30 June 2019 are provided in note 6.

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2019					
Financial assets					
Non-derivative instruments					
Investment in security	1	7	–	–	7
Long-term receivables		63 777	–	–	63 777
Other receivables	4	427	427	–	–
Cash	5	4 315	4 315	–	–
		68 526	4 742	–	63 784
Financial liabilities					
Non-derivative instruments					
Long-term loan from subsidiary	7	(6 449)	(411)	(6 038)	–
Trade and other payables	9	(172)	(172)	–	–
Financial guarantees[1]	6	(149 462)	(149 462)	–	–
		(156 083)	(150 045)	(6 038)	–

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2018					
Financial assets					
Non-derivative instruments					
Investment in security	1	7	–	–	7
Long-term receivables		64 596	–	–	64 596
Other receivables	4	3 564	3 564	–	–
Cash	5	8 255	8 255	–	–
		76 422	11 819	–	64 603
Financial liabilities					
Non-derivative instruments					
Trade and other payables	9	(79)	(79)	–	–
Financial guarantees[1]	6	(145 755)	(145 755)	–	–
		(145 834)	(145 834)	–	–

* Contractual cash flows include interest payments.

1 Issued financial guarantee contracts are all repayable on default, however the likelihood of default is considered remote. Refer to note 6.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the company is exposed to include foreign currency exchange rates. The company has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

Foreign currency risk

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2019	2018	**2019**	2018
Rand/US dollar	**14,20**	12,85	**14,08**	13,73

The most significant exposure of the company's financial assets and liabilities to currency risk is as follows:

	2019 US dollar Rm	2018 US dollar Rm
Net exposure on balances between group companies	**2 170**	2 296
Total net exposure	**2 170**	2 296

Sensitivity analysis

A 10 percent strengthening of the rand on the company's exposure to foreign currency risk at 30 June would have increased either the equity or the income statement by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular interest rates, remain constant and has been performed on the same basis for 2018.

	2019		2018	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
US dollar	**(217)**	**(217)**	(230)	(230)

A 10 percent weakening in the rand against the above currency at 30 June would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African interest rates.

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying value	
	2019 Rm	2018 Rm
Variable rate instruments		
Financial liabilities	**(4 700)**	–
Financial assets	**12 970**	10 605
	8 270	10 605
Fixed rate instruments		
Financial assets	**46 877**	46 877
	46 877	46 877
Interest profile (variable: fixed rate as a percentage of total interest bearing)	**15:85**	18:82

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings and deposits. A change of 1% in the prevailing interest rate in that region at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency exchange rates, remain constant and has been performed on the same basis for 2018.

23 Financial risk management and financial instruments continued

	Income statement – 1% increase
	South Africa Rm
30 June 2019	**82**
30 June 2018	106

A 1% decrease in the interest rate at 30 June would have the equal but opposite effect for rand exposure.

24 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The financial statements were approved for issue by the Board of Directors on 28 October 2019.

25 Basis of preparation of financial results

The financial statements are prepared using the historic cost convention except that, as set out in the notes above, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and investment in security, are stated at fair value.

The financial statements are prepared on the going concern basis.

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

26 Accounting standards, interpretations and amendments to published accounting standards

IFRS 9 'Financial Instruments'

IFRS 9 provides a single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. The company's financial assets are classified as measured at amortised cost and fair value through profit or loss.

For financial liabilities the existing classification and measurement requirements of IAS 39 will remain the same.

Impairments of financial assets classified as measured at amortised cost are recognised on an expected loss basis which incorporates forward-looking information when assessing credit risk, with the expected losses recognised in profit or loss. The effect of the change was inconsequential on Sasol's accounting as the expected loss basis is not significantly different due to the stringent debtor management policies currently applied by Sasol, and therefore no transition adjustment is presented. Refer to Note 23 for the expected credit loss calculation.

The adoption of IFRS 9 did not have a significant impact on the company's accounting policies relating to financial assets and financial liabilities.

The IFRS 9 hedge accounting requirements are not effective for the company until the International Accounting Standards Board's macro hedging project is finalised.

27 Subsequent events

Information on subsequent events is contained in Note 39 of the consolidated Annual Financial Statements.

28 Other

For further information regarding the remuneration of directors and key management personnel, refer to the audited Report of the Remuneration Committee on pages 24 to 46.

For information on major shareholders, refer to page 21.

Information on contingencies is contained in Note 36 of the consolidated Annual Financial Statements.

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Direct purchase plan

J.P. Morgan offers a convenient way for you to buy ADRs through the GID Program ("Program"). If you wish to participate or review the Program brochure, please visit adr.com/shareholder. At the bottom of the page click on View All Plans and select Sasol Limited to request an enrollment kit or you can call 1-800-990-1135 or 1-651-453-2128.

With the Program, you can:

- Purchase ADSs without a personal broker
- Increase your ADS ownership by automatically reinvesting your cash dividends
- Purchase additional ADSs at any time or on a regular basis through optional cash investments
- Own and transfer your ADSs without holding or delivering paper certificates

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Disclaimer – Forward-looking statements

Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return, executing our growth projects (including LCCP) oil and gas reserves, cost reductions, our Continuous Improvement (CI) initiative and business performance outlook. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour”, “target”, “forecast” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements. These factors and others are discussed more fully in our most recent annual report on Form 20-F filed on or about 28 October 2019 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Pro-forma financial information

US dollar convenience translations included in these financial statements constitutes pro-forma financial information.

The pro-forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only. Because of its nature, the pro-forma financial information may not fairly present Sasol’s financial position, changes in equity, results of operations or cash flows. The underlying information, used in the preparation of the pro-forma financial information, has been prepared using accounting policies which comply with IFRS and are consistent with those applied in the published group consolidated annual financial statements for the year ended 30 June 2019.

This pro-forma information has been reported on by the group’s auditors, being PricewaterhouseCoopers Inc. Their unqualified reporting accountant’s report thereon is available for inspection at the company’s registered address.

Please note: All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word “calendar”.

Comprehensive additional information is available on our website: www.sasol.com

Abbreviations

bbl –barrels	BPEP – Business Performance Enhancement Programme	HEPS – Headline Earnings per Share
mm bbl – million barrels	EGTL – Escravos Gas-to-Liquid	DEPS – Dilluted Earnings per share
mm tons – million tons	LCCP – Lake Charles Chemicals Project	CHEPS – Core headline earnings per share
bscf – billion standard cubic feet	RP – Response Plan	EPS – Earnings per share
mmscf – million standard cubic feet	PSA – Production Sharing Agreement	EBIT – Earnings before interest and tax
mmboe – million barrels oil equivalent	GTL – Gas-to-Liquids	WACC – Weighted average cost of capital
m bbl – thousand barrels	US – United States of America	LTIs – Long-term incentives
oil – references brent crude	B-BBEE – Broad-Based Black Economic Empowerment	SARs – Share Appreciation Rights scheme
ktpa – thousand tons per annum	CGUs – Cash Generating Units	CPTs – Corporate Performance Targets
Rm – rand millions	SARS – South African Revenue Services	Adjusted EBITDA is calculated by adjusting operating profit for depreciation, amortisation, share-based payments, remeasurement items, change in discount rates of our rehabilitation provisions, unrealised translation gains and losses and unrealised gains and losses on our hedging activities.
one billion – one thousand million $/ton – US dollar per ton mm³ – million cubic meters BFP – Basic Fuel Price	JSE – Johannesburg Stock Exchange Limited IFRS – International Financial Reporting Standards	Core headline earnings is calculated by adjusting headline earnings with once-off items, period close adjustments and depreciation and amortisation of capital projects (exceeding R4 billion) which have reached beneficial operation and are still ramping up and share-based payments on implementation of B-BBEE transactions. Period close adjustments in relation to the valuation of our derivatives at period end are to remove volatility from earnings as these instruments are valued using forward curves and other market factors at the reporting date and could vary from period to period. We believe core headline earnings is a useful measure of the group’s sustainable operating performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies. The aforementioned adjustments are the responsibility of the directors of Sasol. The adjustments have been prepared for illustrative purposes only and due to their nature, may not fairly present Sasol’s financial position, changes in equity, results of operations or cash flows.

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