sasol

SASOL SOUTH AFRICA LIMITED
ANNUAL FINANCIAL STATEMENTS

30 June 2021

PLANET
PEOPLE
PROFIT

Purpose
Innovating for a better world

Sasol South Africa Limited

Registration number 1968/013914/06

Annual Financial Statements
for the year ended 30 June 2021

Contents

Preparers of the Annual Financial Statements

The Annual Financial Statements of Sasol South Africa Limited have been audited in compliance with section 30 of the South African Companies Act. Ms Imelda Erasmus CA(SA) and Mr Christo Nel CA(SA) are responsible for this set of financial statements and have supervised the preparation thereof.

Report of the Sasol Group Audit Committee

This report has been prepared for Sasol South Africa Limited (the Company), a subsidiary within the Sasol group, and is based on the requirements of the South African Companies Act, 71 of 2008 as amended (the Companies Act), the King IV Report on Corporate Governance for South Africa 2016 (King IV), applicable regulatory requirements and the terms of reference of the Sasol Group Audit Committee (the Committee).

The Committee presents its financial year 2021 Audit Committee report.

Composition and meetings

Members of the Committee are independent non-executive directors of Sasol Limited, all of whom are financially skilled and have extensive audit committee experience. The members are Messrs C Beggs, S Westwell, S Subramoney and Mss GMB Kennealy, NNA Matyumza and KC Harper. Mr S Subramoney was appointed as a member of the Committee effective 1 March 2021. We believe that the experience of the Committee members gives perspective and insight to the Committee's considerations and decisions.

The members gained further knowledge and experience of Sasol through management presentations and various site visits since their respective appointments. Mr C Beggs was 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 companies.

Ms GMB Kennealy has been appointed as chairman of the Committee with effect from 1 September 2021 upon the retirement of Mr C Beggs on 31 August 2021. With the appointment of Ms Kennealy as chairman, the Sasol Limited Board has designated her as the Audit Committee financial expert in accordance with the SEC rules.

The Committee met eight times during the financial year. All Committee members attended all meetings and were joined at these meetings by the Chairman of the Sasol Limited Board, Sasol's President and Chief Executive Officer and Sasol's Chief Financial Officer. The Chairman reports to the Sasol Limited Board on key matters arising after each of these meetings. At each meeting, the Committee meets separately during closed sessions with Sasol's President and Chief Executive Officer, management, internal audit and external audit.

Statutory duties and functions

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 Sasol Limited Board and Sasol's shareholders. The Committee also acts as the audit committee for all South African companies within the Sasol group. Oversight of the following specific matters has been delegated to the Committee:

- quality and integrity of Sasol Limited's integrated reporting, including its financial statements and public announcements in respect of the financial results;
- 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 Sasol group's internal audit function, the Sasol 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 might have an impact on 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 global oil price and chemical prices' volatility, the impacts of the COVID-19 pandemic and rand/US$ exchange rates, and identifying contingency actions for these scenarios.

The Committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act.

Adequate processes and structures have been implemented to assist the Committee in providing oversight and ensuring the integrity of financial reporting, internal control and other governance matters relating to subsidiaries. The Disclosure Working Group is responsible for ensuring that the information publicly disclosed complies with requirements of the Johannesburg Stock Exchange, New York Stock Exchange and the US Securities Exchange Commission rules. Material matters of concern are also reported to the Audit Committee.

In satisfying its duties, the Committee in particular:

- Considered legal and regulatory compliance requirements to the extent that they might have an impact on financial statements and reviewed the internal control environment.
- The Committee is of the opinion that there were no material breakdowns in internal control during the 2021 financial year, except for the material weakness in the Company's internal control over financial reporting noted below.

  Regarding internal controls over financial reporting management has determined that the Sasol group's as well as the Company's internal control over financial reporting was ineffective as a material weakness was identified in the Southern Africa integrated value chain impairment process. 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. Notwithstanding the material weakness, the Committee believes that the Sasol South Africa Limited consolidated and separate annual financial statements present fairly, in all material respects, the Group and Company's financial position, results of operations and cash flows as of and for the periods presented in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

- Considered the going concern assumption as the basis of preparation of the Annual Financial Statements. After examining the evidence provided to support the conclusion, the Committee concluded that the Company's liquidity and capital position for the foreseeable future was adequate and that the going concern basis could be applied.
- Relied on management, the external auditor, internal audit as well as the Sasol Limited group's independent ethics reporting telephone line 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 confirms that where matters were raised by stakeholders, management has responded promptly.
- Nominated for appointment PricewaterhouseCoopers Inc (PwC) as auditor of Sasol Limited and the group for the financial year ended 30 June 2021 in line with the requirements of the Act and any other legislation relating to the appointment of auditors.
- The Committee is satisfied that PwC and the designated auditor are qualified and independent of the Company and the Sasol group.
- Appropriate controls are in place to manage the provision of non-audit services by the external auditor and the Committee also determined, subject to the provisions of the Companies Act, the nature and extent of any non-audit services which PwC may provide and pre-approved all audit and permissible non-audit services that PwC provides.
- 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 Sasol group and the external auditors.
- Reviewed the assurance services charter and approved the integrated three year rolling internal audit plan. The Committee also evaluated the independence, effectiveness and performance of the internal audit function and compliance with its charter and found them to be satisfactory.
- Reviewed the Sasol group's policies on risk assessment and management as they pertain to financial reporting and found them to be sound. The Committee also considered fraud risks and controls.
- The Committee also considered the plans and outputs of the external and internal auditors and concluded that they were adequate to address all significant financial risks facing the business.

The Committee is also satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer of Sasol Limited and the expertise, resources, succession plans and experience of Sasol's finance functions.

Conclusion

The Committee is satisfied that it has complied with all its statutory and other responsibilities. Having had regard to all material risks and factors that may impact on the integrity of the Company's annual financial statements, the Committee recommends the annual financial statements of Sasol South Africa Limited for the year ended 30 June 2021 for approval to the Sasol South Africa Limited Board.

On behalf of the Committee

Colin Beggs

Chairman of the Sasol Limited Audit Committee

16 August 2021

Certificate of the Company Secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, No. 71 of 2008, as amended, that for the year ended 30 June 2021 Sasol South Africa Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

M du Toit

Date: 15 October 2021

Directors' report

The directors have pleasure in presenting their report for the year ended 30 June 2021.

Nature of business

The main business of the company is focused on integrated petro-chemicals; energy and all such other things as may be considered to be incidental or conducive to the attainment and support of the main business. The principal activities of the company have remained unchanged during the year.

Share capital

The authorised and issued share capital of the company remained unchanged during the year.

Directors

The directors in office during the year were:

VD Kahla (Chairman)	appointed 16/03/2012
BSM Backman	appointed 08/08/2019
B Baijnath	appointed 01/03/2017
T Booley	appointed 01/06/2018
RM Laxa	appointed 14/11/2014
PN Magaqa	appointed 01/06/2018
CK Mokoena	appointed 01/06/2018
DT Mokomela	appointed 10/05/2021
Z Monnakgotla	appointed 08/08/2018
K Njobe	appointed 10/05/2021
G Nndwammbi	appointed 03/05/2019
MS Solomon	appointed 01/06/2018 and resigned 28/02/2021
ET Stouder	appointed 01/06/2018 and resigned 01/10/2020
PM Vilakazi	appointed 01/10/2020
LB Zondo	appointed 01/06/2018

Auditor

PricewaterhouseCoopers Inc. (PwC) was the external auditor of Sasol South Africa Limited and its significant subsidiaries for the financial year ended 30 June 2021.

Going concern

Based on the going concern assessment (refer to note 38), the Board is of the view that the group and company have adequate resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis.

The Board however notes that as at 30 June 2021, the group's assets do not exceed its liabilities. As such, at 30 June 2021, the group is technically insolvent as it reflects a shareholders' deficit of R4,1 billion. With the inclusion of non-controlling interest of R2,2 billion, the total shareholders' deficit of the group is R1,9 billion.

Included in the long-term debt of the group is a 0% interest bearing loan from Sasol Limited of R46 877 million. The loan is payable on 30 days' written notice from Sasol Limited to the company. As at 30 June 2021, Sasol Limited made an election not to exercise its right to demand payment from the company under the loan note for a 12-month period from 1 July 2021 to 30 June 2022. On 11 October 2021, Sasol Limited extended this election for a further 6-month period from 1 July 2022 to 31 December 2022.

An independent valuation performed by RMB during July 2021, indicates the fair value of the SSA Group to be approximately R43 billion (market valuation) and R31 billion (IFRS valuation) as at 30 June 2021.

As such, the Directors are of the view that, given the headroom in the recoverable amounts of the assets over the fair value of the liabilities (including contingent liabilities) when considering the waiver referred to above, and the outcome of the positive independent valuation performed by RMB, the group is solvent as at 30 June 2021 and at the date of the issue of the annual financial statements. Therefore, as at 30 June 2021, after impairments, the valuations of the group's assets indicate that their recoverable amounts exceed their carrying values as well as liabilities. The asset base of the group comprises mainly tangible assets with significant value, reflected in the records of the underlying businesses.

The Board is not aware of any new material changes that may adversely impact the group and company other than those disclosed in the going concern note to the financial statements. The Board is not aware of any material non-compliance with statutory or regulatory requirements. The Board is not aware of any pending changes in legislation in any of the major countries in which it operates that may affect the company and group.

Subsequent events

Clean Fuels II specifications were promulgated in South Africa in 2006, and amended in 2012 and 2017. The draft Clean Fuels II regulations, published on 30 March 2021 for comment, allowed for an implementation period of five years which was consistent with our engagements with the Department of Mineral Resources and Energy (DMRE) on the time to implement a Clean Fuels II solution. On 31 August 2021, the Clean Fuels II Regulations were published, stipulating implementation of the specifications by 1 September 2023. In terms of the new Regulations, fuels that do not comply with the Clean Fuels II prescribed specification may not be sold or produced for domestic consumption. Sasol, together with industry bodies, have been engaging with the DMRE as we firmly believe that the country would require five years to be fully compliant with the Clean Fuels II specifications. Our implementation of the Clean Fuels II solution at Secunda is progressing and well on track to deliver on-specification product in calendar year 2025. Accordingly, the promulgated implementation date of 1 September 2023 may have a material adverse effect on our operations.

During July 2021, social unrest and widespread protest action flared in certain parts of South Africa impacting the movement of product from refineries, warehouses and the national ports. The impact of this unrest in South Africa resulted in a delay in shipments impacting the timing of sales over July and August 2021.

In addition, Transnet, who is a key service provider that manages the South African rail, port and pipeline infrastructure was the target of a ransomware cyber-attack that compromised all their systems. As a result, the supply chain activities contracted to Transnet were impacted for the duration of their systems being offline. The cyber-attack on Transnet primarily affected operations at several container terminals and interrupted cargo movement. These issues have subsequently been resolved.

Company secretary

The company secretary of Sasol South Africa Limited is Ms M du Toit and her official addresses are:

Postal address

Private Bag X10014
Sandton
2196
South Africa

Physical address

50 Katherine Street
Sandton
2090
South Africa

Registered office

The registered office addresses of the company are:

Postal address

Private Bag X10014
Sandton
2196
South Africa

Physical address

50 Katherine Street
Sandton
2090
South Africa

Approval of the annual financial statements

The group and company annual financial statements for the year ended 30 June 2021 as set out on pages 10 to 69 were approved by the board of directors on 15 October 2021 and are signed on its behalf by:

Director

Director

Independent auditor's report

To the Shareholders of Sasol South Africa Limited

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 South Africa Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, 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 South Africa Limited's consolidated and separate financial statements set out on pages 10 to 69 comprise:

- the consolidated and separate statements of financial position as at 30 June 2021;
- 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 financial statements, which include a summary of significant accounting policies.

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 Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasol South Africa Limited Annual Financial Statements 30 June 2021", which includes the Report of the Sasol Group Audit Committee, the Directors' Report and the Certificate of the Company Secretary as required by the Companies Act of South Africa. 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 seperate 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 seperate 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.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: EPV Bergh
Registered Auditor
Johannesburg, South Africa

15 October 2021

Income statements
for the year ended 30 June

	Note	Group 2021 Rm	Group 2020 Restated* Rm	Company 2021 Rm	Company 2020 Rm
Turnover	2	**94 783**	88 028	**90 143**	84 761
Materials, energy and consumables used	3	**(40 150)**	(38 346)	**(45 916)**	(43 911)
Selling and distribution costs		**(2 865)**	(2 846)	**(2 865)**	(2 846)
Maintenance expenditure		**(5 556)**	(5 324)	**(5 478)**	(5 160)
Employee-related expenditure	4	**(15 644)**	(14 545)	**(15 348)**	(14 175)
Exploration expenditure and feasibility costs		**(134)**	(193)	**(136)**	(193)
Depreciation and amortisation		**(7 369)**	(11 179)	**(4 982)**	(8 116)
Other expenses and income		**(2 840)**	(4 084)	**(1 839)**	(3 469)
Translation (losses)/gains	5	**(1 010)**	964	**(866)**	890
Other operating expenses and income	6	**(1 830)**	(5 048)	**(973)**	(4 359)
Equity accounted profits, net of tax	20	**90**	29	**7**	9
Operating profit before remeasurement items		**20 315**	11 540	**13 586**	6 900
Remeasurement items	8	**(30 665)**	(40 252)	**(16 827)**	(37 377)
Loss before interest and tax (LBIT)		**(10 350)**	(28 712)	**(3 241)**	(30 477)
Finance income	7	**595**	937	**3 972**	4 608
Finance costs	7	**(1 976)**	(2 739)	**(1 830)**	(2 426)
Loss before tax		**(11 731)**	(30 514)	**(1 099)**	(28 295)
Taxation	11	**3 469**	6 517	**1 469**	8 773
(Loss)/earnings for the year		**(8 262)**	(23 997)	**370**	(19 522)
Attributable to					
Owners of Sasol South Africa Limited		**(9 282)**	(24 629)	**370**	(19 522)
Non-controlling interests in subsidiaries		**1 020**	632	**–**	–
		(8 262)	(23 997)	**370**	(19 522)

* Refer note 1.

Statements of comprehensive income
for the year ended 30 June

	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
(Loss)/earnings for the year	**(8 262)**	(23 997)	**370**	(19 522)
Other comprehensive (loss)/income, net of tax				
Items that cannot be subsequently reclassified to the income statement	**(192)**	611	**(190)**	606
Remeasurement on post-retirement benefit obligation	**(266)**	849	**(264)**	842
Tax on items that cannot be subsequently reclassified to the income statement	**74**	(238)	**74**	(236)
Total comprehensive (loss)/income for the year	**(8 454)**	(23 386)	**180**	(18 916)
Attributable to				
Owners of Sasol South Africa Limited	**(9 474)**	(24 018)	**180**	(18 916)
Non-controlling interests in subsidiaries	**1 020**	632	**–**	–
	(8 454)	(23 386)	**180**	(18 916)

The notes on pages 15 to 69 are an integral part of the Annual Financial Statements.

Statements of financial position

at 30 June

		Group			Company		
		2021	2020 Restated*	1 July 2019 Restated*	**2021**	2020 Restated*	1 July 2019 Restated*
	Note	**Rm**	Rm	Rm	**Rm**	Rm	Rm
Assets							
Property, plant and equipment	17	**40 226**	60 969	93 273	**19 816**	31 783	73 159
Right of use assets	16	**5 154**	6 160	–	**4 991**	5 984	–
Goodwill and other intangible assets	18	**5 458**	14 600	34 022	**928**	1 089	1 108
Equity accounted investments	20	**569**	778	283	**271**	523	10
Other long-term investments		**732**	644	–	**257**	252	–
Investment in subsidiaries and joint ventures	21	**–**	–	–	**46 996**	48 404	48 187
Post-retirement benefit assets	32	**36**	353	409	**36**	353	409
Long-term receivables and prepaid expenses	19	**622**	695	706	**151**	103	385
Long-term financial assets	39	**808**	–	–	**808**	–	–
Deferred tax assets	13	**–**	–	–	**4 334**	–	–
Non-current assets		**53 605**	84 199	128 693	**78 588**	88 491	123 258
Inventories	22	**9 930**	10 017	10 462	**9 943**	9 944	10 416
Tax receivable	12	**40**	527	101	**–**	520	101
Trade and other receivables	23	**16 099**	13 840	15 829	**15 391**	13 488	15 189
Short-term financial assets	39	**107**	–	1	**105**	–	1
Cash and cash equivalents	26	**10 799**	5 759	10 290	**5 718**	2 531	6 566
Current assets		**36 975**	30 143	36 683	**31 157**	26 483	32 273
Assets in disposal groups held for sale	10	**5 416**	10 800	1 229	**150**	5 669	1 229
Total assets		**95 996**	125 142	166 605	**109 895**	120 643	156 760
Equity and liabilities							
Shareholders' (deficit)/equity		**(4 097)**	16 755	47 021	**17 036**	28 248	53 418
Non-controlling interests		**2 222**	1 602	1 709	**–**	–	–
Total (deficit)/equity		**(1 875)**	18 357	48 730	**17 036**	28 248	53 418
Long-term debt	15	**57 157**	60 228	65 125	**57 060**	59 999	63 331
Lease liabilities	16	**6 237**	6 930	3 648	**6 003**	6 698	3 648
Long-term provisions	30	**5 210**	5 429	6 821	**4 770**	5 008	6 355
Post-retirement benefit obligations	32	**2 993**	2 568	3 320	**2 981**	2 560	3 306
Long-term deferred income		**39**	94	205	**5**	94	205
Long-term financial liabilities	39	**540**	2 130	–	**540**	2 123	–
Deferred tax liabilities	13	**1 309**	11 270	19 929	**–**	261	8 584
Non-current liabilities		**73 485**	88 649	99 048	**71 359**	76 743	85 429
Short-term debt**		**3 602**	3 554	4 837	**3 601**	3 472	3 720
Short-term provisions	31	**2 924**	779	966	**1 470**	775	962
Tax payable	12	**544**	201	169	**477**	–	–
Trade and other payables	24	**15 752**	10 879	12 409	**15 941**	11 073	12 786
Short-term deferred income		**10**	250	58	**9**	250	57
Short-term financial liabilities	39	**–**	53	–	**–**	45	–
Current liabilities		**22 832**	15 716	18 439	**21 498**	15 615	17 525
Liabilities in disposal groups held for sale	10	**1 554**	2 420	388	**2**	37	388
Total equity and liabilities		**95 996**	125 142	166 605	**109 895**	120 643	156 760

* Refer to note 1.
** Includes short-term portion of long-term debt and lease liabilities.

The notes on pages 15 to 69 are an integral part of the Annual Financial Statements.

Statement of changes in equity

for the year ended 30 June

	Share capital Note 14 Rm	Share-based payment reserve Note 34 Rm	Other reserves Rm	Remeasurement on post-retirement benefits Rm	Retained (losses)/ earnings Rm	Shareholders' equity/ (deficit) Rm	Non-controlling interests Rm	Total equity/ (deficit) Rm
	Group							
Balance at 30 June 2019	68 834	1 433	8	310	(23 564)	47 021	1 709	48 730
Adjustment on initial application of IFRS 16, net of tax*	–	–	–	–	(290)	(290)	–	(290)
Restated balance at beginning of year	68 834	1 433	8	310	(23 854)	46 731	1 709	48 440
Movement in Incentives schemes	–	(353)	–	–	(297)	(650)	–	(650)
long-term incentives vested and settled	–	(353)	–	–	353	–	–	–
share incentives schemes distributions**	–	–	–	–	(650)	(650)	–	(650)
Movement in share-based payment reserve	–	1 247	–	–	–	1 247	–	1 247
share-based payment expense	–	1 254	–	–	–	1 254	–	1 254
deferred tax	–	(7)	–	–	–	(7)	–	(7)
Total comprehensive (loss)/income for the year	–	–	–	611	(24 629)	(24 018)	632	(23 386)
(loss)/profit**	–	–	–	–	(24 629)	(24 629)	632	(23 997)
other comprehensive income for the year	–	–	–	611	–	611	–	611
Dividends paid	–	–	–	–	(6 555)	(6 555)	(739)	(7 294)
Dividends declared	–	–	–	–	(7 200)	(7 200)	(739)	(7 939)
Notional portion of dividends declared	–	–	–	–	645	645	–	645
Balance at 30 June 2020	68 834	2 327	8	921	(55 335)	16 755	1 602	18 357
Movement in Incentives schemes	–	(538)	–	–	28	(510)	–	(510)
long-term incentives vested and settled	–	(538)	–	–	538	–	–	–
share incentives schemes distributions**	–	–	–	–	(510)	(510)	–	(510)
Movement in share-based payment reserve	–	1 204	–	–	–	1 204	–	1 204
share-based payment expense	–	1 183	–	–	–	1 183	–	1 183
deferred tax	–	21	–	–	–	21	–	21
Sasol Khanyisa Tier 1 transaction vested and settled	–	(1 220)	–	–	1 220	–	–	–
Total comprehensive (loss)/income for the year	–	–	–	(192)	(9 282)	(9 474)	1 020	(8 454)
(loss)/profit	–	–	–	–	(9 282)	(9 282)	1 020	(8 262)
other comprehensive loss for the year	–	–	–	(192)	–	(192)	–	(192)
Dividends paid	–	–	–	–	(12 072)	(12 072)	(400)	(12 472)
Dividends declared	–	–	–	–	(13 274)	(13 274)	(400)	(13 674)
Notional portion of dividends declared	–	–	–	–	1 202	1 202	–	1 202
Balance at 30 June 2021	68 834	1 773	8	729	(75 441)	(4 097)	2 222	(1 875)

* The adjustment on initial application of IFRS 16 'Leases' relates to the derecognition of the IAS 17 finance lease of Oxygen Train 17 and the recognition of the embedded derivative in the Oxygen Train 17 agreement with Air Liquide.

** Distributions in accordance with Khanyisa Tier 1 scheme of R350 million (2020 - R394 million), refer note 34.1 and long-term incentive scheme of R160 million (2020 - R256 million), refer note 34.2.

The notes on pages 15 to 69 are an integral part of the Annual Financial Statements.

Statement of changes in equity

for the year ended 30 June

	Company					
	Share capital Note 14 Rm	Share-based payment reserve Note 34 Rm	Other reserves Rm	Re-measurement on post-retirement benefits Rm	Retained (losses)/ earnings Rm	**Total equity Rm**
Balance at 30 June 2019	**68 834**	**1 396**	**7**	**307**	**(17 126)**	**53 418**
Adjustment on initial application of IFRS 16, net of tax*	**–**	**–**	**–**	**–**	**(290)**	**(290)**
Restated balance at beginning of year	**68 834**	**1 396**	**7**	**307**	**(17 416)**	**53 128**
Movement in Incentives schemes	–	(348)	–	–	(275)	**(623)**
long-term incentives vested and settled	–	(348)	–	–	348	**–**
share incentives schemes distributions**	–	–	–	–	(623)	**(623)**
Movement in share-based payment reserve	–	1 214	–	–	–	**1 214**
share-based payment expense	–	1 217	–	–	–	**1 217**
deferred tax	–	(3)	–	–	–	**(3)**
Total comprehensive (loss)/income for the year	–	–	–	606	(19 522)	**(18 916)**
loss	–	–	–	–	(19 522)	**(19 522)**
other comprehensive income for the year	–	–	–	606	–	**606**
Dividends paid	–	–	–	–	(6 555)	**(6 555)**
dividends declared	–	–	–	–	(7 200)	**(7 200)**
notional portion of dividends declared	–	–	–	–	645	**645**
Balance at 30 June 2020	**68 834**	**2 262**	**7**	**913**	**(43 768)**	**28 248**
Movement in Incentives schemes	**–**	**(479)**	**–**	**–**	**(8)**	**(487)**
long-term incentives vested and settled	**–**	**(479)**	**–**	**–**	**479**	**–**
share incentives schemes distributions**	**–**	**–**	**–**	**–**	**(487)**	**(487)**
Movement in share-based payment reserve	**–**	**1 167**	**–**	**–**	**–**	**1 167**
share-based payment expense	**–**	**1 149**	**–**	**–**	**–**	**1 149**
deferred tax	**–**	**18**	**–**	**–**	**–**	**18**
Sasol Khanyisa Tier 1 transaction vested and settled	**–**	**(1 200)**	**–**	**–**	**1 200**	**–**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**(190)**	**370**	**180**
profit	**–**	**–**	**–**	**–**	**370**	**370**
other comprehensive loss for the year	**–**	**–**	**–**	**(190)**	**–**	**(190)**
Dividends paid	**–**	**–**	**–**	**–**	**(12 072)**	**(12 072)**
Dividends declared	**–**	**–**	**–**	**–**	**(13 274)**	**(13 274)**
Notional portion of dividends declared	**–**	**–**	**–**	**–**	**1 202**	**1 202**
Balance at 30 June 2021	**68 834**	**1 750**	**7**	**723**	**(54 278)**	**17 036**

* The adjustment on initial application of IFRS 16 'Leases' relates to the derecognition of the IAS 17 finance lease of Oxygen Train 17 and the recognition of the embedded derivative in the Oxygen Train 17 agreement with Air Liquide.

** Distributions in accordance with Khanyisa Tier 1 scheme of R344 million (2020 - R387 million), refer note 34.1 and long-term incentive scheme of R143 million (2020 - R236 million), refer note 34.2.

The notes on pages 15 to 69 are an integral part of the Annual Financial Statements.

Statements of cash flows

for the year ended 30 June

	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Cash receipts from customers		**93 622**	89 636	**88 877**	86 773
Cash paid to suppliers and employees		**(62 880)**	(65 094)	**(68 320)**	(70 544)
Cash generated by operating activities	27	**30 742**	24 542	**20 557**	16 229
Dividends received from equity accounted investments	20	**42**	32	**42**	32
Finance income received	7	**588**	920	**3 747**	4 351
Finance costs paid*	7	**(2 154)**	(3 077)	**(2 074)**	(2 835)
Tax paid	12	**(5 317)**	(2 052)	**(2 442)**	(73)
Cash available from operating activities		**23 901**	20 365	**19 830**	17 704
Dividends paid	29	**(12 232)**	(6 811)	**(12 215)**	(6 791)
Dividends paid to non-controlling shareholders in subsidiaries		**(400)**	(739)	**–**	–
Cash retained from operating activities		**11 269**	12 815	**7 615**	10 913
Additions to non-current assets		**(9 257)**	(12 552)	**(9 020)**	(12 331)
additions to property, plant and equipment	17	**(9 180)**	(12 379)	**(8 944)**	(12 158)
additions to other intangible assets		**(1)**	(3)	**–**	(3)
Decrease in capital project related payables		**(76)**	(170)	**(76)**	(170)
Proceeds on disposals and scrappings	9	**8 302**	1 002	**8 282**	1 001
Additions to assets held for sale**		**(427)**	–	**(427)**	–
Transfer of Acrylates cash		**–**	–	**436**	–
Purchase of equity accounted investments		**–**	(512)	**–**	(512)
Decrease/(increase) in long-term receivables and prepaid expenses		**73**	(192)	**(48)**	275
Cash used in investing activities		**(1 309)**	(12 254)	**(777)**	(11 567)
Proceeds from long-term debt	15	**34**	380	**–**	316
Repayment of long-term debt	15	**(3 065)**	(4 111)	**(3 065)**	(2 989)
Repayment of debt held for sale		**(976)**	–	**–**	–
Payment of lease liabilities	16	**(602)**	(439)	**(581)**	(421)
Cash used in financing activities		**(4 609)**	(4 170)	**(3 646)**	(3 094)
Increase/(decrease) in cash and cash equivalents		**5 351**	(3 609)	**3 192**	(3 748)
Cash and cash equivalents at the beginning of year		**5 759**	10 290	**2 531**	6 566
Reclassification to disposal groups held for sale and other long-term investments		**(311)**	(922)	**(5)**	(287)
Cash and cash equivalents at the end of the year	26	**10 799**	5 759	**5 718**	2 531

* Included in finance costs paid are amounts capitalised to assets under construction, a class of property, plant and equipment. Refer note 7.

** Relates to additions to the Air Separation Units disposal group held for sale at 30 June 2020. Refer note 10.

The notes on pages 15 to 69 are an integral part of the Annual Financial Statements.

Notes to the financial statements

1 Statement of compliance

The annual 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 annual financial statements were approved for issue by the Board of Directors on 15 October 2021 .

Basis of preparation of financial results

The annual 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 annual financial results are presented in rand, which is Sasol South Africa Limited's functional and presentation currency, rounded to the nearest million.

The annual financial statements are prepared on the going concern basis. Refer note 38.

The comparative figures are reclassified as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

Change in presentation of assets under construction (reclassification)

Assets under construction were previously presented as a separate class of assets on the statement of financial position. From the current year, assets under construction are classified as a separate class of property, plant and equipment. The accounting policies in respect of assets under construction have not been amended. The comparative figures have been reclassified.

Prior period error due to calculation of deferred tax on the impairment of goodwill (restatement)

During the year, the group identified a prior period error related to the incorrect recognition of deferred tax on the impairment of goodwill, resulting in an overstatement of the impairment charges recognised in the 2020 financial year. The prior period error mainly impacts the Chemical Work-up and Heavy Alcohols, Acrylates and Butanol and Synfuels liquid fuels refinery cash generating units. The comparative figures have been restated.

Accordingly, the group has restated its previously reported results and related disclosures as follows:

for the year ended 30 June	As reported on 30 June 2019 Rm	Reclassification Rm	As restated on 1 July 2019 Rm
Statement of financial position			
Property, plant and equipment	**76 490**	16 783	**93 273**
Assets under construction	**16 783**	(16 783)	**–**
Non-current assets	**128 693**	–	**128 693**

for the year ended 30 June	As reported on 30 June 2020 Rm	Reclassification Rm	Restatement Rm	As restated on 30 June 2020 Rm
Statement of financial position				
Property, plant and equipment	**43 462**	15 792	1 715	**60 969**
Assets under construction	**15 792**	(15 792)	–	**–**
Goodwill and other intangible assets	**13 959**	–	641	**14 600**
Non-current assets	**81 843**	–	2 356	**84 199**
Deferred tax liability	**8 914**	–	2 356	**11 270**
Non-current liabilities	**86 293**	–	2 356	**88 649**
Income statement				
Remeasurement items	**(42 608)**	–	2 356	**(40 252)**
Loss before interest and tax (LBIT)	**(31 068)**	–	2 356	**(28 712)**
Taxation	**8 873**	–	(2 356)	**6 517**
Loss for the year	**(23 997)**	–	–	**(23 997)**

Accordingly, the company has restated its previously reported results and related disclosures as follows:

for the year ended 30 June	As reported on 30 June 2019 Rm	Reclassification Rm	As restated on 1 July 2019 Rm
Statement of financial position			
Property, plant and equipment	**56 670**	16 489	**73 159**
Assets under construction	**16 489**	(16 489)	**–**
Non-current assets	**123 258**	–	**123 258**

for the year ended 30 June	As reported on 30 June 2020 Rm	Reclassification Rm	As restated on 30 June 2020 Rm
Statement of financial position			
Property, plant and equipment	**16 259**	15 524	**31 783**
Assets under construction	**15 524**	(15 524)	**–**
Non-current assets	**88 491**	–	**88 491**

Accounting policies

The accounting policies applied in the preparation of these consolidated and standalone annual financial statements are in terms of IFRS and are consistent with those applied in the consolidated and standalone annual financial statements for the year ended 30 June 2020, except for the adoption of certain amendments to existing standards as detailed below. These accounting policies are consistently applied throughout the group and company.

Accounting standards, interpretations and amendments to published accounting standards

In the prior financial year, the group and company early adopted the Interest Rate Benchmark Reform Phase 1 Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' (Phase 1). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the group and company have elected to early adopt the Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' (Phase 2) which was issued in August 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships and financial instruments. The adoption of the amendments had no impact on the comparative period, and therefore comparative amounts have not been restated, which resulted in no impact on the current period opening reserves amounts on adoption.

In addition, the following amendments to IFRS were mandatorily effective for the first time from 1 July 2020:

- Amendments to IFRS 3 'Business Combinations' on the definition of a 'business'; and
- Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of 'material'.

The following amendments to IFRS were early adopted by the group and company effective from 1 July 2020:

- Amendments to IFRS 16 'Leases' to extend the optional relief with regards to COVID-19-related rent concessions;
- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 with regards to the disclosure of accounting policies;
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' relating to the definition of 'accounting estimates'; and
- Amendments to IAS 12 'Income Taxes' relating to deferred tax on assets and liabilities arising from a single transaction.

The adoption of these amendments had no material impact on the consolidated and standalone financial statements.

Accounting standards, interpretations and amendments not yet effective

IFRS 17 'Insurance Contracts'

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts'. IFRS 17 is effective for the group from 1 July 2023, will be applied prospectively and is not expected to significantly impact the group and company.

Amendments to IAS 1 'Presentation of Financial Statements'

The amendments provide guidance on the classification of liabilities as current or non-current in the statement of financial position and does not impact the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in place at the end of the reporting period which enable the reporting entity to defer settlement by at least twelve months. The amendments further make it explicit that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are effective for the group and company from 1 July 2023, will be applied retrospectively and are not expected to significantly impact the group and company.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**Rm**	Rm	**Rm**	Rm

2 Turnover

Revenue by major product line

	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Revenue from contracts with customers				
Chemicals	**58 592**	50 841	**58 592**	52 630
Energy	**35 572**	36 472	**31 525**	32 101
Other	**619**	715	**26**	30
	94 783	88 028	**90 143**	84 761

Accounting policies:

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 and company performance obligations are satisfied at a point in time and over time, however the group and company mainly satisfies its performance obligations at a point in time.

Revenue recognised reflects the consideration that the group and company expect 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, licence fees and royalties. The group and company allocate revenue based on standalone selling price.

The group and company enter 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.

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 and company do not adjust for time value of money.

Chemicals

Chemical products are grouped into Advanced Materials, Base Chemicals, Essential Care Chemicals and Performance Solutions. These are produced in various Sasol production facilities in South Africa.

The Chemicals businesses sell the majority of their products under contracts at prices determinable from such agreements. Turnover is recognised in accordance with the related contract terms, at the point at which control transfers to the customer and 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
Secunda Operations sells synthetic fuels components to Sasol Oil (Pty) Ltd under the Component Supply Agreement (CSA) at prices determined by the CSA. Turnover is recognised when in accordance with the related contract terms, control has passed to the customer, which is when the products have passed over the appropriate weigh bridge or flow meter.

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). Turnover is recognised at the point in time when the gas has reached the inlet coupling of the customer, which is the point at which control passes to the customer. Gas analysis and tests of the specifications and content are performed prior to delivery.

	Group		Company	
for the year ended 30 June	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
3 Materials, energy and consumables used				
Cost of raw materials	**32 071**	31 947	**37 843**	37 517
Cost of energy and other consumables used in production process	**8 079**	6 399	**8 073**	6 394
	40 150	38 346	**45 916**	43 911

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

Purchase commitments

	Group		Company	
for the year ended 30 June	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
Contractual obligations				
Within one year	**3 883**	1 386	**3 883**	1 386
One to five years	**17 954**	6 444	**17 954**	6 444
More than five years	**64 652**	31 108	**64 652**	31 108
	86 489	38 938	**86 489**	38 938

The group and company enter into off-take agreements in the ordinary course of business, the most significant of which relates to oxygen supply agreements for Secunda Operations of R85 013 million (2020 - R36 998 million). The Oxygen Train 17 Supply Agreement runs to 2037, with an option to renew the contract to 2050. The renewal option is not taken into account in the calculation of the commitments. The increase compared to the prior financial year relates mainly to SSA concluding the Oxygen Trains 1 to 16 Agreement during the current financial year. The Oxygen Trains 1 to 16 Agreement is managed through various agreements, including the Gas Sales Agreement (GSA), Utilities Agreement and a suite of other contracts. in terms of the Utilities Agreement, the group and company are contractually bound to buy oxygen and other derivative gasses from Air Liquide annually, while Air Liquide is bound to buy utilities from SSA for the same amount for 15 years.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
4 Employee-related expenditure					
Analysis of employee costs					
Labour		**15 007**	14 487	**14 734**	14 144
salaries, wages and other employee related expenditure		**14 470**	14 074	**14 197**	13 731
post-retirement benefits*		**537**	413	**537**	413
Share-based payment expenses		**1 166**	1 117	**1 132**	1 082
equity-settled	34	**1 183**	1 254	**1 149**	1 217
cash-settled	33	**(17)**	(137)	**(17)**	(135)
Total employee-related expenditure		**16 173**	15 604	**15 866**	15 226
Costs capitalised to projects		**(529)**	(1 059)	**(518)**	(1 051)
Per income statement		**15 644**	14 545	**15 348**	14 175

* Employer contributions to the retirement funds were suspended for the period 1 May 2020 to 31 July 2020. These were then reinstated due to the Sasol Group's improved liquidity position.

The total number of permanent and non-permanent employees, in approved positions, excluding joint ventures' and associates' employees, is analysed below:

for the year ended 30 June	Group 2021 Number	Group 2020 Number	Company 2021 Number	Company 2020 Number
Permanent employees*	**15 104**	16 753	**14 814**	16 448
Non-permanent employees	**157**	244	**155**	242
	15 261	16 997	**14 969**	16 690

* On 1 July 2020, 968 employees were transferred to Enaex SA after the disposal of our explosives business.

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
5 Translation (losses)/gains				
Arising from				
Trade and other receivables	**(1 097)**	1 174	**(996)**	1 091
Trade and other payables	**174**	(288)	**116**	(211)
Foreign currency loans	**7**	(9)	**7**	(9)
Other	**(94)**	87	**7**	19
	(1 010)	964	**(866)**	890

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
6 Other operating expenses and income				
Insurance	**749**	672	**728**	648
Computer costs	**1 932**	2 000	**1 928**	1 997
Hired labour	**234**	415	**232**	411
Audit remuneration	**62**	48	**58**	45
Derivative (gains)/losses (including foreign exchange contracts)*	**(2 070)**	1 581	**(2 053)**	1 563
Professional fees	**726**	610	**701**	585
Changes in rehabilitation provisions**	**(458)**	(1 753)	**(458)**	(1 753)
Other expenses***	**4 120**	5 092	**3 621**	4 676
Other operating income	**(3 465)**	(3 617)	**(3 784)**	(3 813)
	1 830	5 048	**973**	4 359

* Mainly relates to US dollar derivatives that are embedded in long-term oxygen supply contracts to Secunda Operations.
** R622 million (2020 – (R1,3 billion)) for the group and company relates to the change in discount rates applied in calculating the rehabilitation provision.
*** Includes a management fee for group and company relating to the Oxygen Train 17 Oxygen Supply Agreement with Air Liquide.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
7 Net finance costs					
Finance income					
Dividends received from investments		–	–	3 617	3 981
Interest received on		595	937	355	627
loans and receivables		56	84	10	25
cash and cash equivalents – fellow subsidiaries	36	500	813	343	598
cash and cash equivalents – external		39	40	2	4
Per income statement		595	937	3 972	4 608
Less: dividend received from equity accounted investments		–	–	(25)	(25)
Less: dividend received in specie – recognised in finance income		–	–	(192)	(217)
Less: interest received on tax		(7)	(17)	(8)	(15)
Per the statement of cash flows		588	920	3 747	4 351
Finance costs					
Debt		1 566	2 511	1 485	2 268
Interest on lease liabilities		722	719	699	696
Other		3	4	3	1
		2 291	3 234	2 187	2 965
Amortisation of loan costs	15	3	5	–	–
Notional interest	30	426	563	387	524
Total finance costs		2 720	3 802	2 574	3 489
Amounts capitalised to assets under construction	17	(744)	(1 063)	(744)	(1 063)
Per income statement		1 976	2 739	1 830	2 426
Total finance costs before amortisation of loan costs and notional interest		2 291	3 234	2 187	2 965
Less: interest accrued on long-term debt and lease liabilities		(137)	(157)	(113)	(130)
Per the statement of cash flows		2 154	3 077	2 074	2 835

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Restated Rm	Company 2021 Rm	Company 2020 Rm
8 Remeasurement items affecting operating profit					
Effect of remeasurement items					
Impairment of		33 114	39 959	19 268	37 087
property, plant and equipment	17	25 343	22 273	19 268	37 041
goodwill and other intangible assets	18	7 771	17 686	–	46
(Profit)/loss on	9	(2 449)	293	(2 441)	290
disposal of property, plant and equipment		(76)	(9)	(56)	(9)
goodwill and other intangible assets		3	–	3	–
disposal of businesses		(2 611)	23	(2 611)	23
scrapping of property, plant and equipment		235	279	223	276
Remeasurement items per income statement		30 665	40 252	16 827	37 377
Tax effect		(8 694)	(9 566)	(4 819)	(10 457)
Total remeasurement items, net of tax		21 971	30 686	12 008	26 920

Impairment/reversal of impairments

The group and company's non-financial assets, other than inventories and deferred tax assets, are reviewed 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 reviewed 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 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 and company 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.

Main assumptions used for impairment calculations

		Group		Company	
		2021	2020	**2021**	2020
Growth rate – long-term Producer Price Index	%	**5,50**	5,50	**5,50**	5,50
Weighted average cost of capital*	%	**14,03**	14,22	**14,03**	14,22
Long-term average crude oil price (Brent) (nominal)**	US$/bbl	**70,09**	59,69	**70,09**	59,69
Long-term average Southern African gas purchase price (real)**	US$c/Gj	**8,41**	7,10	**8,41**	7,10
Long-term average ammonia price (nominal)**	Rand/ton	**5 297**	4 664	**5 297**	4 664
Long-term average wax price (nominal)**	Rand/ton	**21 957**	24 130	**21 957**	24 130
Long-term average exchange rate**	Rand/US$	**14,57**	15,20	**14,57**	15,20

* Calculated using spot market factors on 30 June.
** Assumptions are provided on a long-term average basis. Oil price, ammonia price, wax price and exchange rate assumptions are calculated based on a five year period. The Southern African gas purchase price is calculated until 2050, linked to the South African integrated value chain's useful life.

Areas of judgement:
Management determines the expected performance of the assets based on past performance and its expectations of market developments. By its very nature, cash flow projections involve inherent risks and uncertainties which have been further aggravated by the effect of COVID-19. The group and company adjusted cash flow projections and budgets to include the effects of the COVID-19 pandemic. These adjustments took into account the impact of the pandemic on revenue and margins as well as the expected periods of recovery from the pandemic for each individual cash generating unit.

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 reserve estimates, 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. The continued impact of the COVID-19 pandemic is incorporated in our pricing assumptions through the use of the average June 2021 views obtained from two independent consultancies that reflect their current views on market development. 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.

Climate related risks such as carbon tax and the cost of energy have been incorporated in the cash flow projections where reasonable and supportable.

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 of assets in 2021

Cash-generating unit (CGU)		Group Property, plant and equipment 2021 Rm	Gas transportation agreement and other intangible assets 2021 Rm	Total 2021 Rm
South African integrated value chain				
Blends and Minchem CGU	Chemicals	103	–	103
Wax CGU	Chemicals	2 521	1 370	3 891
Synfuels liquid fuels refinery	Energy	22 719	6 401	29 120
		25 343	7 771	33 114

Cash-generating unit (CGU)		Company Property, plant and equipment 2021 Rm	Total 2021 Rm
South African integrated value chain			
Blends and Minchem CGU	Chemicals	92	92
Acrylates and Butanol CGU	Chemicals	2 926	2 926
Synfuels liquid fuels refinery	Energy	16 250	16 250
		19 268	19 268

Other than for the CGUs specifically mentioned, all of the remaining CGUs have sufficient headroom and no reasonable changes to assumptions applied would result in any impairment or reversal of impairment.

The following table lists the recoverable amounts of each of the South African CGUs that was impaired together with a description of the factors that resulted in the impairment:

Cash-generating unit (CGU)	Description	Group Recoverable amount* (net of tax) 2021 Rm	Company Recoverable amount* (net of tax) 2021 Rm
Chemicals			
Blends and Minchem CGU	Significantly higher feedstock costs.	–	–
Acrylates and Butanol CGU	Impact of the divisionalisation of Acrylates assets and liabilities.	2 695	–
Wax CGU	Significantly higher cost to procure gas in the longer term, lower sales volumes and price due to reduced gas availability in 2022 and 2023 as well as a stronger forecasted rand/US dollar exchange rate.	416	–
Energy			
Synfuels liquid fuels refinery	Significantly higher cost to procure gas in the longer term as well as a stronger forecasted rand/US dollar exchange rate and lower long-term oil price outlook over the remaining useful life of the CGU which impacted negatively on the forecasted Basic Fuel Price (BFP), despite the short-term recovery in oil prices.	12 535	–

* The recoverable amounts reflect the CGUs contribution to the integrated value chain and have been determined as described in the accounting policies section below.

Significant impairments of assets in the group in 2020

		Group			
		Property, plant and equipment	Goodwill	Gas transportation agreement and other intangible assets	Total
		2020	2020	2020	2020
		Restated		Restated	Restated
Cash-generating unit (CGU)		Rm	Rm	Rm	Rm
South African integrated value chain					
Polyethylene CGU	Chemicals	3 207	–	988	4 195
Chlor Vinyls CGU	Chemicals	2 000	–	25	2 025
Methyl Isobutyl Ketone CGU	Chemicals	140	–	–	140
Chemical Work-up and Heavy Alcohols CGU	Chemicals	1 920	629	520	3 069
Methanol CGU	Chemicals	–	–	182	182
Acrylates and Butanol CGU	Chemicals	5 519	665	2 287	8 471
Ammonia CGU	Chemicals	181	–	1 966	2 147
Wax CGU	Chemicals	1 329	–	2 308	3 637
Synfuels liquid fuels refinery	Energy	7 904	4 762	3 185	15 851
Other	Various	73	–	169	242
		22 273	6 056	11 630	39 959

Significant impairments of assets in the company in 2020

		Company		
		Property, plant and equipment	Other intangible assets	Total
		2020	2020	2020
Cash-generating unit (CGU)		Rm	Rm	Rm
South African integrated value chain				
Polyethylene CGU	Chemicals	3 097	–	3 097
Chlor Vinyls CGU	Chemicals	1 309	–	1 309
Methyl Isobutyl Ketone CGU	Chemicals	140	–	140
Chemical Work-up and Heavy Alcohols CGU	Chemicals	4 080	–	4 080
Methanol CGU	Chemicals	237	–	237
Acrylates and Butanol CGU	Chemicals	473	–	473
Ammonia CGU	Chemicals	1 810	–	1 810
Wax CGU	Chemicals	701	–	701
Synfuels liquid fuels refinery	Energy	25 000	–	25 000
Other	Various	194	46	240
		37 041	46	37 087

Group 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. The following assets are particularly impacted by changes in key assumptions:

Chemicals – Blends and Minchem CGU*
The performance of this CGU is highly sensitive to changes in the discount rate and product sales prices. A 1% increase (or decrease) in the discount rate would increase (or decrease) the recoverable amount by approximately R2 million. A 10% decrease in sales prices would decrease the recoverable amount by approximately R481 million and a 10% increase in sales prices would increase the recoverable amount by approximately R339 million.

Chemicals – Wax CGU*
The performance of this CGU is highly sensitive to changes in the discount rate and the cost to procure gas in the long term. A 1% increase (or decrease) in the discount rate would decrease (or increase) the recoverable amount by approximately R151 million (or R139 million). A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R463 million.

Synfuels liquid fuels refinery*
The performance of this CGU is highly sensitive to changes in crude oil prices, the Rand/US$ exchange rate and the cost to procure gas. A US$1 decrease in the price of Dated Brent would decrease the recoverable amount of this CGU by approximately R2,9 billion. A R0,10/US$ strengthening in the exchange rate would decrease the recoverable amount by R1,5 billion. A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R0,9 billion.

* Reflected net of tax.

Company 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. The following assets are particularly impacted by changes in key assumptions:

Chemicals – Blends and Minchem CGU*
The performance of this CGU is highly sensitive to changes in the discount rate and product sales prices. A 1% increase (or decrease) in the discount rate would increase (or decrease) the recoverable amount by approximately R3 million. A 10% decrease in sales prices would decrease the recoverable amount by approximately R482 million and a 10% increase in sales prices would increase the recoverable amount by approximately R350 million.

Chemicals – Acrylates and Butanol CGU*
The performance of this CGU is highly sensitive to changes in the discount rate, product sales prices and the cost to procure gas in the long term. A 1% increase in the discount rate would decrease the recoverable amount by approximately R75 million and a 1% decrease in the discount rate would increase the recoverable amount by approximately R86 million. A 10% decrease in sales prices would decrease the recoverable amount by approximately R3,9 billion and a 10% increase in sales prices would increase the recoverable amount by approximately R2,7 billion. A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverble amount by approximately R150 million.

Synfuels liquid fuels refinery*
The performance of this CGU is highly sensitive to changes in crude oil prices, the Rand/US$ exchange rate and the cost to procure gas. A US$1 decrease in the price of Dated Brent would decrease the recoverable amount of this CGU by approximately R2,9 billion. A R0,10/US$ strengthening in the exchange rate would decrease the recoverable amount by R1,5 billion. A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R0,9 billion.

* Reflected net of tax.

Accounting policies:

Remeasurement items are amounts recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of non-current assets or liabilities that are less closely aligned to the normal operating or trading activities of the group or the company, such as 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 and the company'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. 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 and company'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.

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

For the purposes of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored internally. Impairment losses recognised in respect of a cash-generating unit are first allocated to reduce the carrying amount of the goodwill allocated to the unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis relative to their carrying amounts. A previously recognised impairment loss on goodwill cannot be reversed.

		Group		Company	
		2021	2020	2021	2020
for the year ended 30 June	Note	Rm	Rm	Rm	Rm
9 Disposals and scrapping					
Property, plant and equipment	17	**235**	316	**223**	312
Right of use assets		**–**	11	**–**	11
Goodwill and other intangible assets	18	**3**	–	**3**	–
Equity accounted investments		**290**	–	**290**	–
Assets in disposal groups held for sale		**5 861**	1 276	**5 861**	1 276
Liabilities in disposal groups held for sale		**(59)**	(308)	**(59)**	(308)
Long-term financial liabilities		**(477)**	–	**(477)**	–
		5 853	1 295	**5 841**	1 291
Consideration received		**8 302**	1 002	**8 282**	1 001
Net profit/(loss) on disposal		**2 449**	(293)	**2 441**	(290)
Consideration received comprising					
Chemicals – Partial disposal of Explosives business		**–**	945	**–**	945
Chemicals – Partial disposal of share in Enaex Africa		**175**	–	**175**	–
Secunda Operations – Disposal of air separation units		**8 051**	–	**8 051**	–
Other		**76**	57	**56**	56
Consideration received		**8 302**	1 002	**8 282**	1 001

Significant disposals and scrappings in the group and company in 2021

Secunda Operations – Air separation units

The sale of Sasol's sixteen air separation units (ASUs) and associated business located in Secunda was concluded on 24 June 2021, resulting in a profit on disposal of R2 726 million. As part of the transaction, the group entered into a supply contract for the supply of gas for 15 years. In determining whether the gas supply agreement was a lease or a supply contract, management applied judgement. The most significant judgement is that Air Liquide has taken full ownership and overall responsibility for managing the ASUs to maintain the agreed quantity and quality of gasses supplied to SSA.

Chemicals – Share in Enaex Africa

The sale of 26% of SSA's 49% interest in Enaex Africa (Pty) Ltd to Afris Subco (Pty) Ltd, resulted in a loss of R115 million. After the transaction, SSA's remaining interest in Enaex Africa (Pty) Ltd is 23%.

Significant disposals and scrappings in the group and company in 2020

Base Chemicals – Partial disposal of Explosives business

Sasol South Africa Limited has concluded the transaction to sell a 51% share in the explosive business to Enaex, and on 1 July 2020, Enaex Africa in association with Sasol South Africa Limited, officially started operating in South Africa and on the African Continent. Sasol South Africa Limited recognised a loss on the disposal of R23 million.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**Rm**	Rm	**Rm**	Rm
10 Disposal groups held for sale				
Assets in disposal groups held for sale				
Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)	**5 266**	5 131	**–**	–
Secunda Operations Air Separation Units	**–**	5 669	**–**	5 669
Chemicals - Cyanide business	**150**	–	**150**	–
	5 416	10 800	**150**	5 669
Liabilities in disposal groups held for sale				
Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)*	**(1 552)**	(2 383)	**–**	–
Secunda Operations Air Separation Units	**–**	(37)	**–**	(37)
Chemicals - Cyanide business	**(2)**	–	**(2)**	–
	(1 554)	(2 420)	**(2)**	(37)

* Reduction relates mainly to debt repaid during the year.

Refer to notes 15, 17 and 30 for disposal groups transferred to held for sale.

Significant disposal group held for sale in 2021

Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)

SSA concluded a sale and purchase agreement in terms of which it agreed to dispose of a 30% interest in ROMPCO. SSA will retain a 20% shareholding in ROMPCO and will continue to operate and maintain the pipeline in terms of the commercial agreement between SSA and ROMPCO. SSA's interest in ROMPCO will be sold for a consideration comprising an initial amount of R4,145 billion and a deferred payment of up to R1,0 billion payable if certain agreed milestones are achieved by 30 June 2024. Two of the existing shareholders, the South African Gas Development Company Limited (iGas) and Companhia Moçambicana de Gasoduto S.A.R.L. (CMG), have recently exercised their pre-emptive right to acquire 30% of SSA's equity in ROMPCO. The sale will therefore now be concluded with iGas and CMG. This process is well underway, and will be subject to a few conditions precedent, including the standard regulatory approvals. It is expected that the sale will become effective during the second half of calendar year 2021.

Significant disposal groups held for sale in prior periods

Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)

SSA has commenced a process to divest from some or all of its shareholding in ROMPCO. ROMPCO owns and operates 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. The assets and liabilities of ROMPCO were classified as held for sale as at 30 June 2020 following approval by the Board to continue with the divestment process.

Secunda Synfuels Air Separation Unit

Prior to year end, SSA commenced a process to dispose of its sixteen air separation units and this was approved by the appropriate Board Committee and Sasol South Africa board.

On 28 July 2020, SSA, announced that an exclusive negotiation agreement had been signed with Air Liquide for the sale of its sixteen air separation units and associated business located in Secunda.

Definitive Agreements for the divestment are in the process of being negotiated. The proceeds of approximately R8,5 billion (R5,525 billion plus EUR147,5 million, translated at Closing to US$) will be received after fulfilment of various conditions, including Competition Commission approval. Assets and liabilities associated with the air separation units were classified as held for sale on 30 June 2020.

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.

11 Taxation

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Restated Rm	Company 2021 Rm	Company 2020 Rm
South African normal tax		**5 878**	1 235	**3 450**	(336)
current year		**5 920**	1 584	**3 503**	–
prior years		**(42)**	(349)	**(53)**	(336)
Dividend withholding tax		**–**	2	**–**	2
Foreign tax – current year		**536**	395	**2**	3
current year		**536**	403	**2**	3
prior years		**–**	(8)	**–**	–
Income tax		**6 414**	1 632	**3 452**	(331)
Deferred tax – South Africa	13	**(9 883)**	(8 149)	**(4 921)**	(8 442)
current year		**(9 778)**	(8 601)	**(4 816)**	(8 898)
prior years		**(105)**	452	**(105)**	456
		(3 469)	(6 517)	**(1 469)**	(8 773)

for the year ended 30 June	Group 2021 %	Group 2020 Restated %	Company 2021 %	Company 2020 %
Reconciliation of effective tax rate				
The table below shows the difference between the South African enacted tax rate (28%) and 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**	28,0
Increase/(decrease) in rate of tax due to				
disallowed expenditure	**(0,9)**	(6,6)	**(11,8)**	(0,9)
disallowed share-based payment expenses	**(1,4)**	(0,6)	**(13,6)**	(0,7)
exempt income	**–**	0,2	**87,1**	3,9
dividend in specie received from investment in subsidiary	**–**	–	**4,9**	0,2
incentive allowances	**0,3**	0,1	**3,3**	0,1
prior year adjustments	**1,3**	(0,3)	**14,4**	(0,4)
capital gains and losses*	**1,5**	–	**16,5**	–
other adjustments	**0,8**	0,6	**4,9**	0,8
Effective tax rate	**29,6**	21,4	**133,7**	31,0

* Relates mainly to the disposal of the Air Separation Units.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
12 Tax paid					
Net amounts (receivable)/payable at beginning of year		**(326)**	68	**(520)**	(101)
Transfer of Acrylates tax receivable		**–**	–	**(5)**	–
Net interest on tax		**(9)**	(8)	**(8)**	(15)
Income tax per income statement	11	**6 414**	1 632	**3 452**	(331)
Reclassification to held for sale*		**(258)**	34	**–**	–
		5 821	1 726	**2 919**	(447)
Net tax (payable)/receivable per statement of financial position		**(504)**	326	**(477)**	520
tax payable		**(544)**	(201)	**(477)**	–
tax receivable		**40**	527	**–**	520
Per the statement of cash flows		**5 317**	2 052	**2 442**	73
Comprising					
Normal tax					
South Africa		**4 992**	1 570	**2 440**	69
Foreign		**325**	480	**2**	2
Dividend withholding tax		**–**	2	**–**	2
		5 317	2 052	**2 442**	73

* Mainly due to ROMPCO tax payable that was transferred to liabilities in disposal group held for sale.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Restated Rm	Company 2021 Rm	Company 2020 Rm
13 Deferred tax					
Reconciliation					
Restated balance at beginning of year		**11 270**	19 929	**261**	8 584
Current year charge		**(9 978)**	(7 904)	**(5 013)**	(8 203)
per the income statement	11	**(9 883)**	(8 149)	**(4 921)**	(8 442)
per the statement of changes in equity		**(21)**	7	**(18)**	3
per the statement of comprehensive income		**(74)**	238	**(74)**	236
Prior year charge to equity		**–**	(112)	**–**	(112)
Transfer to disposal groups held for sale		**17**	(643)	**–**	(8)
Transfer of Acrylates deferred tax liability		**–**	–	**418**	–
Balance at end of year		**1 309**	11 270	**(4 334)**	261
Comprising					
Deferred tax assets		**–**	–	**(4 334)**	–
Deferred tax liabilities		**1 309**	11 270	**–**	261
		1 309	11 270	**(4 334)**	261

for the year ended 30 June	Group 2021 Rm	Group 2020 Restated Rm	Company 2021 Rm	Company 2020 Rm
Deferred tax is attributable to temporary differences on the following:				
Net deferred tax (assets)/liabilities:				
Property, plant and equipment*	**5 309**	12 186	**23**	4 593
Intangible assets*	**985**	3 634	**–**	–
Right of use assets	**1 415**	1 616	**1 369**	1 567
Current assets	**(484)**	(218)	**(441)**	(158)
Short- and long-term provisions	**(3 899)**	(2 684)	**(3 351)**	(2 548)
Current liabilities	**(61)**	(102)	**(51)**	(102)
Calculated tax losses	**–**	(406)	**–**	(406)
Financial assets/(liabilities)	**104**	(695)	**104**	(695)
Lease liabilities	**(1 940)**	(2 133)	**(1 874)**	(2 068)
Other	**(120)**	72	**(113)**	78
	1 309	11 270	**(4 334)**	261

* The significant decrease in deferred tax liabilities mainly relates to impairments recognised during the current year.

Accounting policies:

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

for the year ended 30 June	Group and Company 2021 Rm	Group and Company 2020 Rm
14 Share capital		
Issued share capital (as per statement of changes in equity)	**68 834**	68 834

	Group and Company Number of shares 2021	Group and Company Number of shares 2020
Authorised		
Ordinary shares of no par value	**400 000 000**	400 000 000
Issued – no par value shares		
Shares issued at the beginning and end of year	**288 371 336**	288 371 336

Share capital

The capital of the group is managed by its ultimate holding company, Sasol Limited, by means of an approved group funding policy, which determines each group entity's required rate of return.

Accounting policies:

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
15 Long-term debt					
Holding company and fellow subsidiaries	36	**60 255**	63 282	**60 158**	62 971
Short-term portion		**(3 098)**	(3 054)	**(3 098)**	(2 972)
		57 157	60 228	**57 060**	59 999
Analysis of long-term debt					
At amortised cost					
Secured debt		**–**	–	**–**	–
Unsecured debt		**60 255**	63 282	**60 158**	62 971
		60 255	63 282	**60 158**	62 971
Reconciliation					
Balance at beginning of year		**63 282**	69 343	**62 971**	66 432
Transfer of operating lease straight-lining under IAS 17 on initial application of IFRS 16		**–**	(788)	**–**	(788)
Adjusted amount at 1 July 2019		**63 282**	68 555	**62 971**	65 644
Loans raised		**34**	380	**–**	316
Loans repaid		**(3 065)**	(4 111)	**(3 065)**	(2 989)
Interest accrued		**1**	4	**–**	–
Amortisation of loan costs	7	**3**	5	**–**	–
Transfer to disposal groups held for sale		**–**	(1 551)	**–**	–
Transfer of Acrylates long-term debt		**–**	–	**252**	–
Balance at end of year		**60 255**	63 282	**60 158**	62 971
Interest-bearing status					
Interest-bearing debt		**60 255**	63 282	**60 158**	62 971
Non-interest-bearing debt		**–**	–	**–**	–
		60 255	63 282	**60 158**	62 971
Maturity profile					
Within one year		**3 098**	3 054	**3 098**	2 972
One to five years		**10 190**	11 532	**10 093**	11 367
More than five years		**46 967**	48 696	**46 967**	48 632
		60 255	63 282	**60 158**	62 971

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2021	Group 2021 Rm	Group 2020 Rm
Unsecured debt						
Repayable in annual instalments ending June 2026		Energy, Chemicals	Rand	**Jibar + 2,5%**	**13 281**	16 342
Other		Other	Rand	**–**	**97**	63
Repayable on 30 days written notice from Sasol Limited*		Sasol South Africa Limited	Rand	**Fixed 0%**	**46 877**	46 877
Total unsecured debt					**60 255**	63 282
Total long-term debt					**60 255**	63 282
Short-term portion of long-term debt					**(3 098)**	(3 054)
					57 157	60 228

Terms of repayment	Business	Currency	Company Interest rate at 30 June 2021	2021 Rm	2020 Rm
Unsecured debt					
Repayable in annual instalments ending June 2026	Energy, Chemicals	Rand	**Jibar + 2,5%**	**13 281**	16 094
Repayable on 30 days written notice from Sasol Limited*	Sasol South Africa Limited	Rand	**Fixed 0%**	**46 877**	46 877
Total unsecured debt				**60 158**	62 971
Total long-term debt				**60 158**	62 971
Short-term portion of long-term debt				**(3 098)**	(2 972)
				57 060	59 999

* Sasol South Africa Limited (SSA) purchased 100% of the shares in Sasol Gas (Pty) Ltd from Sasol Limited on 30 June 2017 for R51,2 billion (fair value). The purchase was funded by a loan from Sasol Limited at 0% interest. The loan is payable on 30 day's written notice from Sasol Limited to SSA. Sasol Limited made an election not to exercise its right to demand payment from SSA under the loan note for the 12 month period from 1 July 2021 to 30 June 2022. On 11 October 2021, Sasol Limited extended this election for a further 6-month period from 1 July 2022 to 31 December 2022.

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.

16 Leases

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Amounts recognised on statement of financial position				
Lease liabilities				
Lease liabilities	**6 741**	7 430	**6 506**	7 198
Short-term portion	**(504)**	(500)	**(503)**	(500)
	6 237	6 930	**6 003**	6 698
Right of use assets				
Land	**23**	26	**23**	26
Buildings and improvements	**2 165**	2 942	**2 002**	2 766
Plant, equipment and vehicles	**2 966**	3 192	**2 966**	3 192
	5 154	6 160	**4 991**	5 984
Additions to right of use assets for the year	**350**	700	**350**	693

The decrease in the lease liabilities and right of use assets is mainly due to a reassessment of the likelihood to exercise an extension option relating to the Sandton office lease (R561 million). As a result of the expected long-term impact of the COVID-19 pandemic, the group and company no longer consider it reasonably certain to exercise an option to extend the term of the lease.

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Amounts recognised in income statement				
Interest expense (included in net finance cost)	**722**	719	**699**	697
Expense relating to short-term leases (included in other operating expenses and income)*	**67**	90	**66**	88
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in other operating expenses and income)*	**1**	–	**1**	–
Expense relating to variable lease payments not included in lease liabilities (included in other operating expenses and income)*	**4**	–	**–**	–
Depreciation of right of use assets				
Land	**3**	4	**3**	4
Buildings and improvements	**288**	257	**276**	244
Plant, equipment and vehicles	**497**	445	**497**	445
	1 582	1 515	**1 542**	1 478
Amounts recognised in statement of cash flows				
Total cash outflow on leases	**602**	439	**581**	421

* Included in cash paid to suppliers and employees in the statement of cash flows.

The group and company lease a number of assets as part of their activities. These primarily include corporate office buildings in Sandton and storage facilities. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. A maturity analysis of lease liabilities is provided in note 39.

Accounting policies:

At contract inception all arrangements are assessed to determine whether it is, or contains, a lease. At the commencement date of the lease, the group and company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised;
- payments of penalties for terminating the lease, if the lease term reflects the group and company exercising the option to terminate; and
- lease payments to be made under reasonably certain extension options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are capitalised as part of the cost of inventories or assets under construction) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group and company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. The incremental borrowing rate is the rate that the group and company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The group and company apply the recognition exemptions to short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses over the lease term.

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group and company are reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset’s useful life. The depreciation charge is recognised in the income statement unless it is capitalised as part of the cost of inventories or assets under construction.

The right of use assets are also subject to impairment. Refer to the accounting policies in the note on Remeasurement items affecting profit or loss.

Areas of judgement:

Various factors are considered in assessing whether an arrangement contains a lease including whether a service contract includes the implicit right to substantially all of the economic benefits from assets used in providing the service and whether the group and company direct how and for what purpose such assets are used. In performing this assessment, the group and company consider decision-making rights that will most affect the economic benefits that will be derived from the use of the asset such as changing the type, timing, or quantity of output that is produced by the asset.

Incorporating optional lease periods where there is reasonable certainty that the option will be extended is subject to judgement and has an impact on the measurement of the lease liability and related right of use asset. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option, including consideration of the significance of the underlying asset to the operations and the expected remaining useful life of the operation where the leased asset is used.

The incremental borrowing rate that the group and company apply is the rate that the group and company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. The estimation of the incremental borrowing rate is determined for each lease contract using the risk-free rate over a term matching that of the lease, adjusted for other factors such as the credit rating of the lessee, a country risk premium and the borrowing currency. A higher incremental borrowing rate would lead to the recognition of a lower lease liability and corresponding right of use asset. The range of incremental borrowing rates applied for Southern Africa was 6,19% to 15,35% (2020 - 6,25% to 16,58%).

17 Property, plant and equipment

for the year ended 30 June	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Assets under construction* Rm	Total Rm
			Group		
Restated carrying amount at 30 June 2020	348	3 827	41 002	15 792	**60 969**
Additions to sustain existing operations	–	–	106	9 074	**9 180**
Net reclassification (to)/from other assets	(11)	(16)	31	(2)	**2**
Reduction in rehabilitation provisions capitalised	–	–	(16)	–	**(16)**
Projects capitalised	–	91	8 512	(8 755)	**(152)**
Reclassification(to)/from disposal groups held for sale	–	(2)	178	(32)	**144**
Finance costs capitalised	–	–	–	744	**744**
Disposals and scrapping	–	(1)	(137)	(97)	**(235)**
Current year depreciation charge	–	(216)	(4 851)	–	**(5 067)**
Impairment of property, plant and equipment	–	–	(25 343)	–	**(25 343)**
Carrying amount at 30 June 2021	**337**	**3 683**	**19 482**	**16 724**	**40 226**

* Includes intangible assets under construction

	Land	Buildings and improvements	Plant, equipment and vehicles	Assets under construction	Total
			Group		
			Restated		Restated
for the year ended 30 June	Rm	Rm	Rm	Rm	Rm
Carrying amount at 30 June 2019	364	3 902	72 224	16 783	**93 273**
Transfer of finance lease assets to right of use assets on initial application of IFRS 16	–	(14)	(4 069)	(71)	**(4 154)**
	364	3 888	68 155	16 712	**89 119**
Additions to sustain existing operations	2	–	284	12 105	**12 391**
Net reclassification to other assets	–	–	(5)	(9)	**(14)**
Reduction in rehabilitation provisions capitalised	–	–	(24)	–	**(24)**
Projects capitalised	3	244	13 178	(13 746)	**(321)**
Reclassification to disposal groups held for sale	(11)	(69)	(9 875)	(283)	**(10 238)**
Finance costs capitalised	–	–	–	1 063	**1 063**
Disposals and scrapping	(10)	–	(256)	(50)	**(316)**
Current year depreciation charge	–	(236)	(8 182)	–	**(8 418)**
Impairment of property, plant and equipment	–	–	(22 273)	–	**(22 273)**
Carrying amount at 30 June 2020	348	3 827	41 002	15 792	**60 969**

Up to and including financial year 2019, SSA recognised lease assets that were classified as finance leases under IAS 17 Leases as part of Property, Plant and Equipment. From financial year 2020, assets recognised under IFRS 16 Leases are disclosed separately in note 16, Leases.

	Land	Buildings and improvements	Plant, equipment and vehicles*	Assets under construction	Total*
			Group		
for the year ended 30 June	Rm	Rm	Rm	Rm	Rm
2021					
Cost	**337**	**7 186**	**159 140**	**16 724**	**183 387**
Accumulated depreciation and impairment	**–**	**(3 503)**	**(139 658)**	**–**	**(143 161)**
	337	**3 683**	**19 482**	**16 724**	**40 226**
2020					
Cost	348	6 596	153 207	15 792	**175 943**
Accumulated depreciation and impairment	–	(2 769)	(112 205)	–	**(114 974)**
	348	3 827	41 002	15 792	**60 969**

* 2020 comparative numbers restated

	Company				
	Land	Buildings and improvements	Plant, equipment and vehicles	Assets under construction*	**Total**
for the year ended 30 June	Rm	Rm	Rm	Rm	**Rm**
Carrying amount at 30 June 2020	345	3 805	12 109	15 524	**31 783**
Additions to sustain existing operations	–	–	106	8 838	**8 944**
Transfer of Acrylates property, plant and equipment	–	–	1 649	8	**1 657**
Net reclassification (to)/from other assets	(11)	(16)	31	(1)	**3**
Projects capitalised	–	90	8 383	(8 626)	**(153)**
Reclassification (to)/from disposal groups held for sale	–	(2)	239	(5)	**232**
Finance costs capitalised	–	–	–	744	**744**
Disposals and scrapping	–	(1)	(125)	(97)	**(223)**
Current year depreciation charge	–	(214)	(3 689)	–	**(3 903)**
Impairment of property, plant and equipment	–	(565)	(18 703)	–	**(19 268)**
Carrying amount at 30 June 2021	**334**	**3 097**	**–**	**16 385**	**19 816**

* Includes intangible assets under construction

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Assets under construction Rm	Total Rm
			Company		
Carrying amount at 30 June 2019	350	3 847	52 473	16 489	**73 159**
Transfer of finance lease assets to right of use assets on initial application of IFRS 16	–	(14)	(4 069)	(71)	**(4 154)**
	350	3 833	48 404	16 418	**69 005**
Additions to sustain existing operations	2	–	268	11 909	**12 179**
Net reclassification to other assets	–	–	(4)	(8)	**(12)**
Projects capitalised	3	244	13 091	(13 659)	**(321)**
Reclassification to disposal groups held for sale	–	(40)	(5 462)	(149)	**(5 651)**
Finance costs capitalised	–	–	–	1 063	**1 063**
Disposals and scrapping	(10)	–	(252)	(50)	**(312)**
Current year depreciation charge	–	(232)	(6 895)	–	**(7 127)**
Impairment of property, plant and equipment	–	–	(37 041)	–	**(37 041)**
Carrying amount at 30 June 2020	345	3 805	12 109	15 524	**31 783**

Up to and including financial year 2019, SSA recognised lease assets that were classified as finance leases under IAS 17 Leases as part of Property, Plant and Equipment. From financial year 2020, assets recognised under IFRS 16 Leases are disclosed separately in note 16, Leases.

for the year ended 30 June	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Assets under construction Rm	Total Rm
			Company		
2021					
Cost	**334**	**7 139**	**155 715**	**16 385**	**179 573**
Accumulated depreciation and impairment	**–**	**(4 042)**	**(155 715)**	**–**	**(159 757)**
	334	**3 097**	**–**	**16 385**	**19 816**
2020					
Cost	345	6 548	146 524	15 524	**168 941**
Accumulated depreciation and impairment	–	(2 743)	(134 415)	–	**(137 158)**
	345	3 805	12 109	15 524	**31 783**

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Additions to property, plant and equipment (cash flow)				
Current year additions	**9 164**	12 367	**8 944**	12 179
Adjustments for non-cash items				
movement in environmental provisions capitalised	**16**	24	**–**	–
other non-cash movements	**–**	(12)	**–**	(21)
Per the statement of cash flows	**9 180**	12 379	**8 944**	12 158

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 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	**15 732**	16 616	**15 075**	16 105
Authorised but not yet contracted for	**14 986**	14 493	**14 637**	14 035
Less expenditure to the end of year	**(12 352)**	(12 190)	**(11 859)**	(11 790)
	18 366	18 919	**17 853**	18 350
to sustain existing operations	**18 236**	18 569	**17 752**	18 010
to expand operations	**130**	350	**101**	340
Estimated expenditure				
Within one year	**11 354**	8 363	**10 986**	8 063
One to five years	**7 012**	10 556	**6 867**	10 287
	18 366	18 919	**17 853**	18 350

Funding

Capital expenditure will be financed from funds generated out of normal business operations, existing borrowing facilities, specific project financing.

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.

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

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 and intangible 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 7,08% (2020 - 9,80%) per annum is calculated as the weighted average of the interest rates applicable to the borrowings of the group and company respectively 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.

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 for the group and company:

Buildings and improvements	1 – 17 %
Plant	3 – 25 %
Equipment	3 – 25 %
Vehicles	5 – 33 %

18 Goodwill and other intangible assets

	Group				
	Goodwill	Software	Gas transportation agreement	Other intangible assets	Total
for the year ended 30 June	Rm	Rm	Rm	Rm	Rm
Restated carrying amount at 30 June 2020	1 315	828	12 157	300	**14 600**
Additions to sustain existing operations	–	1	–	–	**1**
Net reclassification to other assets	–	(35)	–	28	**(7)**
Projects capitalised	–	147	–	5	**152**
Disposals and scrapping	–	(3)	–	–	**(3)**
Current year amortisation charge	–	(276)	(1 206)	(32)	**(1 514)**
Impairment of goodwill and other intangible assets	–	–	(7 771)	–	**(7 771)**
Carrying amount at 30 June 2021	1 315	662	3 180	301	**5 458**

	Goodwill	Software	Gas transportation agreement	Other intangible assets	Total
			Restated		Restated
for the year ended 30 June	Rm	Rm	Rm	Rm	Rm
Carrying amount at 30 June 2019	7 371	773	25 496	382	**34 022**
Additions to sustain existing operations	–	4	–	–	**4**
Projects capitalised	–	320	–	–	**320**
Reclassification to held for sale	–	–	–	(5)	**(5)**
Current year amortisation charge	–	(269)	(1 755)	(31)	**(2 055)**
Impairment of goodwill and other intangible assets	(6 056)	–	(11 584)	(46)	**(17 686)**
Carrying amount at 30 June 2020	1 315	828	12 157	300	**14 600**

	Company		
	Software	Other intangible assets	Total
for the year ended 30 June	Rm	Rm	Rm
Carrying amount at 30 June 2020	827	262	**1 089**
Net reclassification to other assets	(34)	28	**(6)**
Projects capitalised	147	5	**152**
Disposals and scrapping	(3)	–	**(3)**
Current year amortisation charge	(276)	(28)	**(304)**
Carrying amount at 30 June 2021	661	267	**928**

for the year ended 30 June	Software Rm	Other intangible assets Rm	Total Rm
Carrying amount at 30 June 2019	773	335	**1 108**
Additions to sustain existing operations	3	–	**3**
Projects capitalised	320	–	**320**
Current year amortisation charge	(269)	(27)	**(296)**
Impairment of other intangible assets	–	(46)	**(46)**
Carrying amount at 30 June 2020	827	262	**1 089**

Accounting policies:

Intangible assets are stated at cost less accumulated amortisation and impairment losses. These intangible assets are recognised if it is probable that future economic benefits will flow to the entity from the intangible assets and the costs of the intangible assets can be reliably measured. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The amortisation methods and estimated remaining useful lives are reviewed at least annually. The estimation of the useful lives of other intangible assets 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 amortisation rates, based on the estimated useful lives of the respective assets were applied:

Software	10% – 50%
Patents and trademarks	5% – 20%
Gas transportation agreement	6%
Other intangible assets	3% - 33%

Goodwill is recognised when the consideration transferred, the fair value of any previously held interests and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of these transactions. The adjustments to non-controlling interest are based on a proportionate amount of the net assets of the subsidiary. Goodwill is tested at each reporting date for impairment.

		Group		Company	
	for the year ended 30 June	2021 Rm	2020 Rm	2021 Rm	2020 Rm
19	**Long-term receivables and prepaid expenses**				
	Total long-term receivables*	**872**	998	**148**	101
	Short-term portion	**(205)**	(203)	**(2)**	(2)
	Impairment of long-term receivables**	**(50)**	(104)	**–**	–
		617	691	**146**	99
	Long-term prepaid expenses	**5**	4	**5**	4
		622	695	**151**	103

* Includes a preference share subscription of an initial R125 million in Afrisol Pref (Pty) Ltd for the group and company and funding by Siyakha Enterprise and Supplier Development Trust to external parties for the group.

** Long-term loans and receivables are considered for impairment under the expected credit loss model.

Impairment of long-term loans and receivables

Long-term loans and receivables are considered for impairment under the expected credit loss model. Refer to note 39 for detail on the impairments recognised.

		Group		Company	
	for the year ended 30 June	2021 Rm	2020 Rm	2021 Rm	2020 Rm
20	**Equity accounted investments**				
	Amounts recognised in the statement of cash flows:				
	Dividends received from equity accounted investments	**42**	32	**42**	32

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

Name	Country of incorporation	Nature of activities	Group Interest %	Group 2021 Rm	Group 2020 Rm
Joint ventures and associates					
Sasol Dyno Nobel (Pty) Ltd (joint venture)	South Africa	Manufacturing and distribution of explosives	**50**	**259**	255
Enaex Africa (Pty) Ltd (associate)*	South Africa	Manufacturing and distribution of explosives	**23**	**295**	512
Clariant Sasol Catalysts (Pty) Ltd (associate)	South Africa	Manufacturing and distribution of catalyst	**20**	**15**	11
Carrying value of investments				**569**	778

Name	Country of incorporation	Nature of activities	Company Interest %	Company 2021 Rm	Company 2020 Rm
Associates					
Enaex Africa (Pty) Ltd*	South Africa	Manufacturing and distribution of explosives	**23**	**256**	512
Clariant Sasol Catalysts (Pty) Ltd	South Africa	Manufacturing and distribution of catalyst	**20**	**15**	11
Carrying value of investments				**271**	523

* On 1 May 2021, SSA sold 26% of its 49% shareholding in Enaex Africa (Pty) Ltd.

Summarised financial information for the group and company's share of equity accounted investments*

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Operating profit	**124**	38	**10**	12
Earnings before tax	**124**	38	**10**	12
Taxation	**(34)**	(9)	**(3)**	(3)
Earnings and total comprehensive income for the year	**90**	29	**7**	9

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

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Capital commitments relating to 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	**20**	18	**–**	–
Authorised but not yet contracted for	**4**	4	**–**	–
Less expenditure to the end of year	**(19)**	(16)	**–**	–
	5	6	**–**	–

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 to calculate the impairment.

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

Accounting policies:
The financial results of associates and joint ventures are included in the group and company’s results according to the equity method from acquisition date until the disposal date. Associates and joint ventures whose financial year-ends are within three months of 30 June are included in the group and company's 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.

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm

21 Investment in subsidiaries and joint ventures

Reflected as non-current assets

	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Investments at cost	**–**	–	**46 996**	48 404
Balance at the beginning of the year	**–**	–	**48 404**	48 187
Acquisition of investment in subsidiary	**–**	–	**–**	589
Capital return of investment in subsidiary*	**–**	–	**(1 408)**	(372)
	–	–	**46 996**	48 404

* The investment in Sasol Acrylates (South Africa) (Pty) Ltd reduced through a return of capital of R1 408 million and a liquidation dividend of R192 million.

Interest in operating subsidiaries and joint ventures

The following table presents each of the company's subsidiaries (including direct and indirect holdings) and joint ventures, the nature of activities, the percentage of equity owned and the country of incorporation at 30 June.

There are no significant restrictions on the ability of the company's subsidiaries and joint ventures to transfer funds to Sasol South Africa Limited in the form of cash dividends or repayment of loans or advances.

Name	Country of incorporation	Nature of activities	Company % of equity owned 2021 %	Company % of equity owned 2020 %	Company Investment at cost 2021 Rm	Company Investment at cost 2020 Rm
Operating subsidiaries and joint ventures						
Direct						
Sasol Dyno Nobel (Pty) Ltd (joint venture)	South Africa	Manufacturing and distribution of explosives	**50**	50	**114**	114
Sasol Acrylates (South Africa) (Pty) Ltd*	South Africa	Production of acrylic acid and acrylates	**–**	100	**–**	1 408
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	**5**	5
Sasol Gas (Pty) Ltd	South Africa	Marketing, distribution and transportation of pipeline gas and the maintenance of pipelines used to transport gas	**100**	100	**46 877**	46 877
					46 996	48 404

* The investment in Sasol Acrylates (South Africa) (Pty) Ltd reduced through a return of capital of R1 408 million and a liquidation dividend of R192 million.
** Through contractual arrangements Sasol South Africa Limited exercises control over the relevant activities of ROMPCO. The assets and liabilities of ROMPCO were classified as a disposal group held for sale since 30 June 2020.

22 Inventories

Carrying value

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Raw materials	**413**	321	**413**	254
Process material	**1 393**	1 407	**1 393**	1 404
Maintenance materials	**3 387**	3 636	**3 299**	3 469
Work in process	**681**	737	**681**	737
Manufactured products	**4 003**	3 876	**4 105**	4 041
Consignment inventory	**53**	40	**52**	39
	9 930	10 017	**9 943**	9 944

No inventories are encumbered. Inventories of R295 million (2020 - R718 million) are held at net realisable value for the group and company.

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 and company. Revenue from sale of by-products is offset against the cost of the main products.

Cost is determined as follows:

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

		Group		Company	
		2021	2020	**2021**	2020
for the year ended 30 June	Note	**Rm**	Rm	**Rm**	Rm
23 Trade and other receivables					
Trade receivables		**5 054**	4 098	**4 467**	3 620
Related party receivables – subsidiaries, fellow subsidiaries and joint ventures	36	**8 849**	8 408	**8 914**	8 616
Other receivables		**574**	485	**367**	385
Related party receivables – equity accounted investments		**3**	1	**3**	1
Impairment of trade and other receivables		**(135)**	(140)	**(111)**	(119)
Trade and other receivables		**14 345**	12 852	**13 640**	12 503
Prepaid expenses and other		**1 334**	684	**1 331**	681
Value added tax		**420**	304	**420**	304
		16 099	13 840	**15 391**	13 488

Impairment of trade receivables

Trade receivables are considered for impairment under the expected credit loss model. Trade receivables are written off when there is no reasonable prospect that the customer will pay. Refer to note 39 for detail on the impairments recognised.

The following customers represents more than 10% of the group's trade receivables:

- Sasol Oil (Pty) Ltd – R3 313 million (2020 – R2 705 million);
- Sasol Chemie Co GmbH – R1 216 million (2020 – R563 million); and
- Sasol Chemicals North America LLC – R1 509 million (2020 – R1 179 million).

The following customers represents more than 10% of the company's trade receivables:

- Sasol Oil (Pty) Ltd – R3 305 million (2020 – R2 690 million);
- Sasol Chemie Co GmbH – R1 216 million (2020 – R563 million); and
- Sasol Chemicals North America LLC – R1 509 million (2020 – R1 179 million).

Collateral

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

Accounting policies:

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 and company 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.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
24 Trade and other payables					
Trade payables external		**5 584**	3 834	**5 373**	3 550
Capital project related payables		**651**	727	**651**	727
Related party payables - subsidiaries, fellow subsidiaries and joint ventures	36	**2 525**	2 485	**3 084**	3 096
Accrued expenses		**2 569**	1 799	**2 550**	1 765
Related party payables - third parties		**155**	88	**155**	88
Trade payables		**11 484**	8 933	**11 813**	9 226
Other payables*		**4 212**	1 871	**4 128**	1 847
Value added tax		**56**	75	**–**	–
		15 752	10 879	**15 941**	11 073

* Other payables includes employee-related payables.

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.

	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
25 Decrease/(increase) in working capital				
Decrease in inventories	**42**	277	**101**	305
(Increase)/decrease in trade and other receivables	**(1 923)**	1 843	**(1 797)**	1 766
Increase/(decrease) in trade and other payables	**5 030**	(1 419)	**4 673**	(1 790)
Decrease in working capital	**3 149**	701	**2 977**	281

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
26 Cash and cash equivalents					
Cash and cash equivalents		**10 799**	5 759	**5 718**	2 531
fellow subsidiaries	36	**9 524**	4 311	**4 804**	1 431
external		**1 275**	1 448	**914**	1 100
Per the statement of cash flows		**10 799**	5 759	**5 718**	2 531

Included in cash:

Company

Cash in respect of short-term rehabilitation commitments amounted to R106 million (2020 - R100 million) for the rehabilitation of sites.

Group

Cash in respect of various special purpose entities in the group for use within those entities amounted to R291 million (2020 – R137 million) and cash in respect of short-term rehabilitation commitments amounted to R131 million (2020 – R106 million).

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 and company, including amounts held in escrow, trust or other separate bank accounts.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
27 Cash generated by operating activities					
Cash flow from operations	28	**27 593**	23 841	**17 580**	15 948
Decrease in working capital	25	**3 149**	701	**2 977**	281
		30 742	24 542	**20 557**	16 229

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Restated Rm	Company 2021 Rm	Company 2020 Rm
28 Cash flow from operations					
Loss before interest and tax (LBIT)		**(10 350)**	(28 712)	**(3 241)**	(30 477)
Adjusted for					
share of profits of equity accounted investments	20	**(90)**	(29)	**(7)**	(9)
equity-settled share-based payment expense	34	**1 183**	1 254	**1 149**	1 217
depreciation and amortisation		**7 369**	11 179	**4 982**	8 116
effect of remeasurement items	8	**30 665**	40 252	**16 827**	37 377
expected credit losses		**(59)**	99	**(8)**	38
movement in long-term provisions					
income statement charge	30	**(400)**	(1 890)	**(410)**	(1 888)
utilisation	30	**(88)**	(121)	**(86)**	(121)
movement in short-term provisions		**2 006**	(88)	**564**	(90)
movement in post-retirement benefits		**475**	196	**474**	195
movement in deferred income		**(295)**	233	**(330)**	233
movement in financial assets and liabilities		**(2 558)**	1 560	**(2 541)**	1 545
write-down of inventories to net realisable value		**(91)**	37	**(91)**	37
other non-cash movements		**(174)**	(129)	**298**	(225)
		27 593	23 841	**17 580**	15 948

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
29 Dividends paid				
Final dividend*	**1 821**	2 003	**1 821**	2 003
Interim dividend**	**4 826**	4 552	**4 826**	4 552
Special dividend***	**5 425**	–	**5 425**	–
Share incentive schemes distributions	**510**	650	**487**	623
Per the statement of changes in equity	**12 582**	7 205	**12 559**	7 178
Less: non-cash Sasol Khanyisa Tier 1 distribution	**(350)**	(394)	**(344)**	(387)
Per the statement of cash flows	**12 232**	6 811	**12 215**	6 791

* Final dividend for 2020 declared of R2,0 billion excluding the R179 million notional portion.

** Interim dividend for 2021 declared of R5,3 billion (2020 - R5,0 billion) excluding the R474 million (2020 - R448 million) notional portion.

*** Special dividend for 2021 declared of R6,0 billion (2020 - Rnil) excluding the R549 million (2020 - Rnil) notional portion.

for the year ended 30 June	Group Environ- mental Rm	 Share- based payments* Rm	 Other Rm	 Total Rm
30 Long-term provisions				
Balance at beginning of year	5 762	44	65	**5 871**
Rehabilitation provision capitalised	(19)	–	–	**(19)**
Reclassification to disposal groups held for sale	(2)	–	–	**(2)**
Per the income statement	(392)	(17)	9	**(400)**
additional provisions and changes to existing provisions	261	(17)	9	**253**
reversal of unutilised amounts	(31)	–	–	**(31)**
effect of change in discount rate	(622)	–	–	**(622)**
Notional interest	426	–	–	**426**
Utilised during year (cash flow)	(88)	–	–	**(88)**
Balance at end of year	5 687	27	74	**5 788**

* Refer note 33 for accounting policies and areas of judgement used in calculating the share-based payment provision (cash-settled).

for the year ended 30 June	Company Environ- mental Rm	 Share- based payments* Rm	 Other Rm	 Total Rm
Balance at beginning of year	5 343	44	64	**5 451**
Capitalised in property, plant and equipment	(3)	–	–	**(3)**
Per the income statement	(393)	(17)	–	**(410)**
additional provisions and changes to existing provisions	260	(17)	–	**243**
reversal of unutilised amounts	(31)	–	–	**(31)**
effect of change in discount rate	(622)	–	–	**(622)**
Notional interest	387	–	–	**387**
Utilised during year (cash flow)	(86)	–	–	**(86)**
Balance at end of year	5 248	27	64	**5 339**

* Refer note 33 for accounting policies and areas of judgement used in calculating the share-based payment provision (cash-settled).

		Group		Company	
for the year ended 30 June	Note	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Expected timing of future cash flows					
Within one year		**578**	441	**569**	441
One to five years		**1 530**	1 500	**1 530**	1 499
More than five years		**3 680**	3 929	**3 240**	3 509
		5 788	5 870	**5 339**	5 449
Short-term portion	31	**(578)**	(441)	**(569)**	(441)
Long-term provisions		**5 210**	5 429	**4 770**	5 008
Estimated undiscounted obligation		**66 481**	66 166	**64 873**	64 542

Environmental provisions

In accordance with the Sasol 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 gas and petrochemical sites. The amount provided is calculated based on currently available facts and applicable legislation.

The total environmental provision at 30 June 2021 amounted to R5 687 million (2020 – R5 762 million) for the group and R5 248 million (2020 – R5 343 million) for the company.

The risk-free rates used to discount the estimated cash flows based on the underlying currency and time duration of the obligation are provided in the table below.

for the year ended 30 June	Group 2021 %	Group 2020 %	Company 2021 %	Company 2020 %
South Africa	**4,2 to 10,3**	3,6 to 9,4	**4,2 to 10,3**	3,6 to 9,4

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 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	**(773)**	(929)	**(720)**	(903)
amount capitalised to property, plant and equipment	**(53)**	(30)	**(6)**	(6)
income recognised in income statement	**(720)**	(899)	**(714)**	(897)
Decrease in the discount rate	**1 009**	1 068	**945**	1 043
amount capitalised to property, plant and equipment	**63**	32	**8**	9
expense recognised in income statement	**946**	1 036	**937**	1 034

Accounting policies:

Estimated long-term environmental provisions, comprising pollution control and rehabilitation, 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 increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in 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 and company are 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.

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 and company's financial position, liquidity or cash flow as well as the period in which it will be settled.

31 Short-term provisions

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Other provisions*		**2 146**	140	**701**	137
Short-term portion of					
long-term provisions	30	**578**	441	**569**	441
post-retirement benefit obligations	32	**200**	198	**200**	197
		2 924	779	**1 470**	775

* Increase for the group relates mainly to the National Energy Regulator of South Africa's final decision on the maximum gas price methodology for Sasol Gas (a provision of R1,4 billion was recognised in this regard) and employee severance packages as well as provision for repayment of employee salary sacrifices for the group and company.

for the year ended 30 June	Group					
	Non-current		Current		Total	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm	2021 Rm	2020 Rm
32 Post-retirement benefit obligations						
Post-retirement healthcare obligation	**2 993**	2 568	**200**	198	**3 193**	2 766
Post-retirement benefit asset	**36**	353	**–**	–	**36**	353

for the year ended 30 June	Company					
	Non-current		Current		Total	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Post-retirement healthcare obligation	**2 981**	2 560	**200**	197	**3 181**	2 757
Post-retirement benefit asset	**36**	353	**–**	–	**36**	353

Post-retirement benefit asset

The post-retirement benefit assets form part of the asset recognised in terms of the Sasol Pension Fund's defined benefit plan. Full disclosure is provided in the consolidated annual financial statements of Sasol Limited.

Post-retirement healthcare benefits

The group and company provide post-retirement healthcare benefits to certain of its retirees employed prior to 1 January 1998, who retire and satisfy the necessary requirements of the medical fund. The post-retirement healthcare liability forms part of the Sasol Limited group's post-retirement benefit obligation. Full disclosure is provided in the Sasol Limited consolidated annual financial statements.

Accounting policies:

The group and company operate or contribute to defined contribution pension plans and defined benefit pension plans for its employees. 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 and company pay 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 related services are rendered by the employee.

The group and company’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 employees in return for services rendered to date.

This future benefit is discounted to determine its present value, using discount rates based on government bonds that have maturity dates approximating the terms of the group and company’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 and company recognise 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 2021**	**31 March 2021**
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.

	South Africa	
at valuation date	**2021 %**	2020 %
Healthcare cost inflation		
initial	**7,5**	7,5
ultimate	**7,5**	7,5
Discount rate – post-retirement medical benefits	**11,6**	13,3
Discount rate – pension benefits	**11,1**	12,2
Pension increase assumption	**5,2**	6,1
Average salary increases	**5,5***	5,5*
Weighted average duration of the obligation – post-retirement medical obligation	**13 years**	14 years
Weighted average duration of the obligation – pension obligation	**12 years**	12 years

* Salary increases are linked to inflation.

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

		Group		Company	
for the year ended 30 June		**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
33 Cash-settled share-based payment provision					
Expense recognised for the year	Rm	**(17)**	(137)	**(17)**	(135)
Remaining liability on statement of financial position	Rm	**27**	44	**27**	44
Total intrinsic value of rights vested, but not yet exercised	Rm	**–**	–	**–**	–

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 SARs to exercise of such vested rights. No shares are issued in terms of this scheme and all amounts payable in terms of the Sasol SAR 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 which have not yet vested lapse and SARs which have vested may be exercised at the employee’s election before their last day of service. On death, all SARs vest immediately and the deceased's estate has a period of 12 months to exercise these rights. On retrenchment or retirement, all SARs vest immediately and 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.

All rights issued in terms of the Share Appreciation Rights scheme (SARs) have vested and will be settled in cash when exercised. The final rights awarded under the scheme will expire in September 2022.

for the year ended 30 June	Note	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
34 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 scheme:					
Equity-settled – recognised directly in equity					
Sasol Khanyisa share transaction*	34.1	**559**	710	**534**	682
Tier 1 - Khanyisa Employee Share Ownership Plan		**373**	433	**353**	412
Tier 2 - Khanyisa Employee Share Ownership Plan		**186**	277	**181**	270
Long-term incentives**	34.2	**624**	544	**615**	535
		1 183	1 254	**1 149**	1 217

* In November 2017, Sasol Khanyisa a new Broad-Based Black Economic Empowerment (B-BBEE) scheme was approved by Sasol Limited shareholders at a General Meeting.

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

Equity-settled share incentive schemes

34.1 The Sasol Khanyisa share transaction

Sasol Khanyisa was implemented 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 a Sasol South Africa (SSA) level.

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.

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 vests 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 received dividends on these shares throughout the 3 year vesting period. This award was recognised on a straight line basis over the three year vesting period. The employer companies made a cash contribution to the Khanyisa ESOP to enable this ownership plan. The cash contribution unwinds over the 3 year vesting period in accordance with IFRS 2.

An expense of (Group – R350 million; Company – R344 million) was recognised at 30 June 2021.

The Tier 1 options vested on 1 June 2021. Amounts of R1 220 million for the group and R1 200 million for the company were reclassified from the share-based payment reserve to retained earnings upon vesting.

Sasol Khanyisa – SSA (Tier 2 and Khanyisa Public)

Qualifying black employees participate via the Khanyisa Employee Share Ownership plan (Khanyisa ESOP) through a beneficial interest, funded wholly by Sasol (vendor funding), in approximately 9,2% 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 directly to participants as a trickle dividend. At the end of the 10 year transaction term, or earlier, if the vendor funding is repaid, the net value in SSA shares exchanged for SOLBE1 shares will be distributed to participants. Any vendor funding not yet settled by the end of the transaction 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.

34.2 Sasol Long–term Incentive Scheme

During September 2009, the Sasol 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. 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 Sasol Limited Group and the individual. The employer companies will 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 five year vesting period for 50% of the awards.

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.

	Group	
Movements in the number of incentives outstanding	Number of incentives	Weighted average fair value Rand
Balance at 30 June 2019	3 819 830	422
LTIs granted*	4 059 443	276
LTIs vested	(812 993)	368
Effect of CPTs and LTIs forfeited	(444 279)	378
Balance at 30 June 2020	**6 622 001**	**346**
LTIs granted	**3 552 533**	**147**
LTIs vested	**(1 152 619)**	**352**
Effect of CPTs and LTIs forfeited	**(914 972)**	**345**
Balance at 30 June 2021**	**8 106 943**	**257**

* LTIs granted include an allocation that was issued in October 2019 to qualifying employees who did not receive short-term incentives due to cash conservation measures.

** The incentives outstanding as at 30 June 2021 have a weighted average remaining vesting period of 1,9 years. The exercise price of these incentives is Rnil.

	Company	
	Number of incentives	Weighted average fair value Rand
Movements in the number of incentives outstanding		
Balance at 30 June 2019	3 804 110	422
LTIs granted*	3 992 345	276
LTIs vested	(801 982)	368
Effect of CPTs and LTIs forfeited	(436 527)	378
Balance at 30 June 2020	**6 557 946**	**346**
LTIs granted	**3 509 970**	**147**
LTIs vested	**(1 135 400)**	**352**
Effect of CPTs and LTIs forfeited	**(894 010)**	**345**
Balance at 30 June 2021**	**8 038 506**	**257**

* LTIs granted include an allocation that was issued in October 2019 to qualifying employees who did not receive short-term incentives due to cash conservation measures.

** The incentives outstanding as at 30 June 2021 have a weighted average remaining vesting period of 1,9 years. The exercise price of these incentives is Rnil.

for year ended 30 June	2021 Rand	2020 Rand
Average weighted market price of LTIs vested	**134,25**	254,70

		2021	2020
Average fair value of incentives granted			
Model		**Monte-Carlo**	Monte-Carlo
Risk-free interest rate - Rand	(%)	**3,99 - 5,90**	6,07 - 7,04
Risk-free interest rate - US$	(%)	**0,17 - 0,28**	0,39 - 0,81
Expected volatility	(%)	**98**	45
Expected dividend yield	(%)	**3,49**	4,34
Expected forfeiture rate	(%)	**5,00**	5,00
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.

To the extent that an entity grants shares or share options in a B-BBEE 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 B-BBEE 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.

35 Contingent liabilities

35.1 Litigation

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) Ltd matter is still ongoing.

Fluor SA (Pty) Ltd – FTWEP

Fluor claimed a total amount of R486 million plus interest. This claim is based on the nature and quantification of Fluor's alleged entitlement to a change to the prices and completion dates for delayed access. The claim was referred to adjudication. The adjudicator rejected Fluor's entire claim. Subsequently, Fluor has referred its claim for Arbitration.

The Parties have agreed on the appointment of the arbitrator as well as the time schedule for the filing of pleadings in the Arbitration matter. Fluor filed its Statement of Claim on 14 December 2016 and Sasol was scheduled to file its Statement of Defence during May 2017.

However, Sasol raised certain objections to the Fluor Statement of Claim as Fluor included certain elements in the claim which were not part of the adjudication of the claim. These objections were adjudicated on 21 June 2017. The Arbitrator ruled that Sasol is not allowed to proceed with the formal objections but that they should be dealt with in Sasol's Statement of Defence.

Sasol filed its Statement of Defence and instead of Fluor filing its replication (and despite Sasol's previous objections), Fluor amended its Statement of Claim once again. This amendment was filed without notice or leave from the Arbitrator. The amendments made changes to the way in which Fluor now argues the matter. The amendment also changes the capital amount claimed to a lesser amount, being R448 million plus interest. Sasol filed its objection to this late amendment on 22 January 2018. The objection hearing was held on 12 March 2018. The Arbitrator dismissed the objection by Sasol. Sasol accordingly filed its amended Statement of Claim on 26 April 2018.

On 12 March 2019, Fluor filed and served a further amendment to its Statement of Claim in terms of which a further reduction in the quantum is being claimed. Fluor now claims an amount of R384 million (alternatively the amount of R407 million based on an alternative assessment of its claim). The expert report filed shortly after the amended statement of claim indicated a further reduction in the amount claimed by Fluor. Based on the expert report the quantum claimed by Fluor reduced to R305 million alternatively R306 million. The Arbitration commenced in October 2020 however the hearing did not conclude. Hearing of Sasol's expert evidence took place on 12 and 13 April 2021. Fluor advised that the presentations constitute new evidence not previously addressed and or raised during the expert engagements and Fluor is prejudiced by not having been able to prepare for cross examination on the "new evidence". The Arbitration hearing was accordingly stayed until 28 June 2021 to provide Fluor the opportunity to prepare for Cross Examination of Sasol's experts. During the second week of the Arbitration hearing, we were advised that Fluor's counsel would not be able to continue with his cross examination of Sasol's expert witness. The hearing could therefore not conclude, and the parties are in a process of agreeing on new dates for the Arbitration hearing to recommence. It is anticipated that the hearing will only recommence during November 2021.

Sasol believes that Fluor's original claim, including the amended claims are not justified. This view is supported by Sasol's independent experts.

Accordingly, no provision was recognised at 30 June 2021.

Dispute by Solidarity Trade Union relating to Sasol Khanyisa share scheme

Solidarity referred a dispute relating to the Sasol Khanyisa share scheme to the Commission for Conciliation, Mediation and Arbitration (CCMA) on 17 December 2017, where after conciliation proceedings commenced on 11 January 2018. On 5 February 2018, Sasol received a letter from Solidarity demanding a payment to their members (non-qualifying employees for Phase 2 of Khanyisa) equal to "the market value of the Sasol Khanyisa shares which qualifying employees will be entitled to within seven days after such entitlement (2028) or payment to each member of R500 000 by the end of December 2018." A second referral to the CCMA was received on 8 March 2018, conciliation was attempted on two occasions, on 9 and 25 May 2018, but was unsuccessful and a certificate to this effect was issued on 14 June 2018. This would entitle Solidarity to conduct a lawful strike provided picketing rules are in place.

On 25 October 2018, Solidarity served Sasol with its referral of the dispute to the CCMA in terms which Solidarity seeks the dispute be conciliated as an unfair discrimination matter. If unsuccessfully conciliated by the CCMA, it will be referred to the Labour Court for adjudication. This process was originally proposed by Sasol, but unheeded by Solidarity. The matter was referred to the CCMA and was subsequently certified as unresolved in February 2019. On 6 May 2019, Sasol received Solidarity's statement of claim filed with the Labour Court in Johannesburg. Sasol filed its replying documentation to Solidarity's statement of claim on the last day of July 2019. Subsequently the Judge President of the Labour Court invited Sasol and three other respondents (PPC, ArcelorMittal and Minopex) in three other cases where Solidarity is the Applicant on similar grounds, to meet. The purpose of the meeting was to make attempts to consolidate the disputes and set a stated case (combined version setting out the dispute) to afford the court to save time by hearing similar matters simultaneously. The various legal teams gathered at a meeting during the first week of October 2019 and a draft Statement of Case was prepared. The Labour Court was scheduled to hear the matter on 17 September 2020 in Johannesburg.

A few weeks prior to this hearing, the prepared Statement of Case formulation was amended by Solidarity and the other parties unsuccessfully objected to the amended wording. Sasol and the parties, save for PPC who had the date of 17 September 2020 allocated to them originally, decided to withdraw and apply for separate dates to foster their cases individually. No new date has been received yet, and since Solidarity is the applicant in this matter, it will be responsible for the application of dates.

No provision has been recognised at 30 June 2021.

Legal review of Sasol Gas National Energy Regulator of South Africa (NERSA) maximum price decision and NERSA gas transmission tariff application (March 2013)

Pursuant to the 2013 NERSA decisions approving the Sasol Gas maximum gas prices and transmission tariffs, Sasol Gas implemented a standardised pricing mechanism in its supply agreements with customers in compliance with the applicable regulatory and legal framework. NERSA approved further maximum gas prices and transmission tariffs based on the same pricing and tariff mechanisms in November 2017.

Seven of Sasol Gas's largest customers initiated a judicial review of the 2013 NERSA decisions relating to its maximum price and tariff methodologies and NERSA's decision on Sasol Gas's maximum price and transmission tariff applications. On 15 July 2019, the Constitutional Court overturned the 2013 NERSA maximum price decisions and ordered NERSA to revise its decisions. The new decision by NERSA regarding the maximum gas price to be approved for Sasol will apply retrospectively from 26 March 2014 when the original decisions (now overturned) became effective.

During May 2020, the Industrial Gas Users Association of Southern Africa, an industry association whose members include several large gas customers, launched an application to review and overturn the November 2017 NERSA maximum gas price decision approving maximum gas prices for Sasol Gas for the period from 1 July 2017 to 30 June 2020. This NERSA decision was overturned on 3 May 2021 and accordingly, the new decision by NERSA regarding the maximum gas price will apply to this period as well.

Following the above mentioned outcome of the appeal to the Constitutional Court, NERSA must approve new maximum gas prices for Sasol in terms of the provisions of the Gas Act. After a public consultation process in which Sasol participated, NERSA, during April 2020, adopted a new maximum gas price methodology, which was published by NERSA in June 2020. After the adoption of the new maximum gas price methodology NERSA engaged with licensees and affected stakeholders on the intended application of the methodology. Pursuant to the Sasol Gas price application submitted to NERSA in December 2020, NERSA, on 6 July 2021 published its maximum gas price decision in which it approved maximum gas prices for Sasol Gas for the period from 2014 up to 2021 and determined how the maximum prices are to be determined for 2022 and 2023.

The future implementation of the new NERSA approved maximum gas price could have a material adverse effect on our business, operating results, cash flows and financial condition. Because the new maximum gas prices approved by NERSA for the period of the overturned decision is lower than the actual price charged to a large number of Sasol Gas' customers, a retrospective liability may arise for Sasol Gas when customers institute claims for compensation based on the differences between the new approved maximum gas prices and actual gas prices historically charged by Sasol Gas.

Sasol Gas recognised a provision of R1,4 billion at 30 June 2021 in respect of anticipated claims from customers external to the Sasol Group.

Other litigation matters

From time to time, the SSA group and company 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 and company's financial results.

35.2 Competition matters

SSA 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, SSA 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.

35.3 Environmental orders

SSA's environmental obligation accrued at 30 June 2021 was R5 687 million compared to R5 762 million at 30 June 2020 for the group and R5 248 million compared to R5 343 million at 30 June 2020 for the company.

Although SSA 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 and the company.

36 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 South Africa Limited).

During the year the group and company, in the ordinary course of business, entered into various purchase and sale transactions with its holding company, fellow subsidiaries, subsidiaries, joint ventures and associates. The effect of these transactions is included in the financial performance and results of the group and company. Terms and conditions are determined on an arm's length basis.

Material related party transactions

The tables below show the material transactions that are included in the financial statements.

	Group		Company	
	2021	2020	**2021**	2020
for the year ended 30 June	**Rm**	Rm	**Rm**	Rm
Sales and services rendered to related parties				
fellow subsidiaries				
Sasol Chemicals North America LLC	**5 677**	5 281	**5 677**	5 281
Sasol Chemicals Pacific Limited	**5 614**	4 870	**5 614**	4 870
Sasol Chemie Co GmbH	**5 418**	3 521	**5 418**	3 521
Sasol Oil (Pty) Ltd	**30 959**	31 353	**30 957**	31 349
Wesco China Limited	**658**	830	**658**	830
Sasol Wax GmbH	**1 280**	1 394	**1 280**	1 394
Sasol Middle East FZCO	**2 255**	2 046	**2 255**	2 046
Sasol Germany GmbH	**1 583**	1 647	**1 583**	1 647
Other (less than R1 billion each party)	**2 623**	2 311	**2 207**	1 945
subsidiaries				
Sasol Gas (Pty) Ltd	**–**	–	**634**	849
Sasol Acrylates (South Africa) (Pty) Ltd	**–**	–	**–**	1 789
associate				
Enaex Africa (Pty) Ltd	**–**	–	**1 346**	–
	56 067	53 253	**57 629**	55 521
Purchases from related parties				
fellow subsidiaries				
Sasol Mining (Pty) Ltd	**19 561**	18 513	**19 561**	18 513
Sasol Petroleum Temane Limitada	**2 255**	3 192	**–**	–
Other (less than R1 billion each party)	**553**	847	**551**	847
subsidiaries				
Sasol Gas (Pty) Ltd	**–**	–	**9 058**	7 836
Sasol Acrylates (South Africa) (Pty) Ltd	**–**	–	**–**	2 507
joint venture				
Sasol Dyno Nobel (Pty) Ltd	**7**	718	**7**	718
	22 376	23 270	**29 177**	30 421

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Other income statement items from related parties				
Administration fees paid				
fellow subsidiaries				
Sasol Technology (Pty) Ltd	**30**	35	**30**	35
Finance costs				
fellow subsidiaries				
Sasol Financing Limited	**1 442**	2 246	**1 442**	2 218
Sasol Financing International Limited	**5**	5	**–**	–
Sasol Limited	**–**	6	**–**	6
Sasol Oil (Pty) Ltd	**45**	44	**42**	44
	1 492	2 301	**1 484**	2 268
Finance income				
fellow subsidiaries				
Sasol Financing Limited	**500**	813	**343**	598
subsidiaries				
Sasol Gas (Pty) Ltd	**–**	–	**3 000**	3 000
Sasol Acrylates (Pty) Ltd	**–**	–	**192**	217
ROMPCO (Pty) Ltd	**–**	–	**400**	739
joint venture				
Sasol Dyno Nobel (Pty) Ltd	**–**	–	**25**	25
associate				
Clariant Sasol Catalysts (Pty) Ltd*	**3**	7	**3**	7
	503	820	**3 963**	4 586

* Not included as part of finance income but included in investment in associates.

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Amounts reflected as non-current assets				
Investment in subsidiaries				
Sasol Dyno Nobel (Pty) Ltd	**–**	–	**114**	114
Sasol Acrylates (South Africa) (Pty) Ltd	**–**	–	**–**	1 408
ROMPCO (Pty) Ltd	**–**	–	**5**	5
Sasol Gas (Pty) Ltd	**–**	–	**46 877**	46 877
	–	–	**46 996**	48 404
Amounts reflected as current assets				
Receivables				
fellow subsidiaries				
Sasol Chemicals North America LLC	**1 509**	1 179	**1 509**	1 179
Sasol Oil (Pty) Ltd	**3 313**	2 705	**3 305**	2 690
Sasol Chemie Co GmbH	**1 216**	563	**1 216**	563
Sasol Limited	**13**	373	**13**	366
Other (less than R1 billion each party)	**2 798**	3 588	**2 730**	3 509
subsidiaries				
Sasol Gas (Pty) Ltd	**–**	–	**123**	121
Sasol Acrylates (South Africa) (Pty) Ltd	**–**	–	**–**	173
ROMPCO (Pty) Ltd	**–**	–	**8**	15
joint venture				
Sasol Dyno Nobel (Pty) Ltd	**–**	–	**10**	–
	8 849	8 408	**8 914**	8 616
Cash				
fellow subsidiaries				
Sasol Financing Limited	**9 405**	4 247	**4 685**	1 367
Sasol Financing International Limited	**119**	64	**119**	64
	9 524	4 311	**4 804**	1 431

for the year ended 30 June	Group 2021 Rm	Group 2020 Rm	Company 2021 Rm	Company 2020 Rm
Amounts reflected as non-current liabilities				
Long-term debt				
fellow subsidiaries				
Sasol Mining (Pty) Ltd	**34**	–	**–**	–
Sasol Oil (Pty) Ltd	**297**	336	**233**	272
Sasol Financing Limited	**13 047**	16 069	**13 048**	15 822
holding company				
Sasol Limited	**46 877**	46 877	**46 877**	46 877
	60 255	63 282	**60 158**	62 971
Amounts reflected as current liabilities				
Payables				
fellow subsidiaries				
Sasol Mining (Pty) Ltd	**1 887**	1 823	**1 887**	1 823
Other (less than R1 billion each party)	**637**	600	**427**	294
subsidiaries				
Sasol Gas (Pty) Ltd	**–**	–	**769**	690
Sasol Acrylates (South Africa) (Pty) Ltd	**–**	–	**–**	227
joint venture				
Sasol Dyno Nobel (Pty) Ltd	**1**	62	**1**	62
	2 525	2 485	**3 084**	3 096

for the year ended 30 June 2021	Company Remuneration R 000	Gains on exercise/vesting of share options, share appreciation rights and long-term incentives[10] R 000	Total R 000
Key management remuneration			
Services as a non-executive director			
NP Magaqa[2]	440	–	**440**
Z Monnakgotla[2,3]	707	–	**707**
LB Zondo[2,4]	542	–	**542**
BSM Backman[2,4]	400	–	**400**
K Njobe[5]	–	–	**–**
Service as a director[1]			
Other Services			
B Baijnath[11]	7 814	696	**8 510**
T Booley[11]	7 718	599	**8 317**
VD Kahla[11]	15 366	1 326	**16 692**
RM Laxa[11]	7 550	674	**8 224**
CK Mokoena[11]	12 193	1 212	**13 405**
DT Mokomela[6,11]	687	209	**896**
PM Vilakazi[7,11]	5 791	337	**6 128**
NG Nndwammbi[11]	6 199	385	**6 584**
MS Solomon[8,11]	4 320	525	**4 845**
ET Stouder[9,11]	3 189	734	**3 923**
	72 916	6 697	**79 613**

for the year ended 30 June 2021	Company Balance of long-term incentives at end of year Number	Company Intrinsic value of long-term incentives at end of year[12,13] R 000 and US$ 000
Key management remuneration		
Services as a non-executive director		
NP Magaqa	–	–
Z Monnakgotla	–	–
LB Zondo	–	–
BSM Backman	–	–
K Njobe	–	–
Service as a director		
Other Services		
B Baijnath	42 108	R 9 180
T Booley	38 694	R 8 436
VD Kahla	165 841	R 36 155
RM Laxa	41 103	R 8 961
CK Mokoena	99 023	R 21 588
DT Mokomela	15 600	R 3 401
PM Vilakazi	26 255	R 5 724
NG Nndwammbi	35 647	R 7 771
MS Solomon	16 660	R 3 632
	480 931	R 104 848
ET Stouder	51 376	$788

1 Remuneration includes salary plus short term incentives (STI) approved based on the Group results for the 2021 financial year and payable in the 2022 financial year.

2 Includes payments for meetings held in the fourth quarter of financial year 2020, but paid in financial year 2021.

3 Includes remuneration in relation to another directorship held within the Sasol Group.

4 Includes remuneration related to role as a Trustee held within the Sasol Group.

5 Appointed to the SSA board as an alternate non-executive director with effect from 10 May 2021. As at 30 June 2021, Ms Njobe has not attend any SSA Board meetings.

6 Appointed with effect from 10 May 2021. Reflects remuneration and benefits for the period from date of appointment.

7 Appointed with effect from 1 October 2020. Reflects remuneration and benefits for the period from date of appointment.

8 Resigned from SSA Board with effect from 28 February 2021.

9 Resigned from SSA Board with effect from 1 October 2020.

10 Long-term incentives (LTIs) for the 2021 financial year represent the number of units x corporate performance target achieved (2021) x average share price for June 2021.

11 The director is a permanent employee within the Sasol Group, full remuneration is disclosed.

12 Change in instrinsic value for the year results from a change in the share price.

13 Intrinsic values at end of year have been determined using the closing share price of R218.01 ($15.33) on 30 June 2021.

Prescribed officers for Sasol South Africa Limited are directors of the Company.

for the year ended 30 June 2020	Company Remuneration [1] R 000	Gains on exercise/vesting of share options, share appreciation rights and long-term incentives [5] R 000	Total R 000
Key management remuneration			
Services as a non-executive director			
NP Magaqa	275	–	**275**
Z Monnakgotla[2]	523	–	**523**
LB Zondo[3]	329	–	**329**
BSM Backman[3,4]	131	–	**131**
Service as a director			
Other Services			
B Baijnath[6]	4 030	501	**4 531**
T Booley[6]	3 748	415	**4 163**
VD Kahla[6]	7 454	789	**8 243**
RM Laxa[6]	3 888	615	**4 503**
CK Mokoena[6]	6 558	357	**6 915**
NG Nndwammbi[6]	3 200	249	**3 449**
MS Solomon[6]	3 085	454	**3 539**
ET Stouder[6]	11 661	1 090	**12 751**
	44 882	4 470	**49 352**

for the year ended 30 June 2020	Company Balance of long-term incentives at end of year Number	Intrinsic value of long-term incentives at end of year [7,8] R 000 and US$ 000
Key management remuneration		
Services as a non-executive director		
NP Magaqa	**–**	**–**
Z Monnakgotla	**–**	**–**
LB Zondo	**–**	**–**
BSM Backman	**–**	**–**
Service as a director		
Other Services		
B Baijnath	**25 987**	**R 3 435**
T Booley	**29 231**	**R 3 864**
VD Kahla	**83 246**	**R 11 005**
RM Laxa	**26 638**	**R 3 522**
CK Mokoena	**58 662**	**R 7 755**
NG Nndwammbi	**21 210**	**R 2 804**
MS Solomon	**21 510**	**R 2 844**
	266 484	**R 35 229**
ET Stouder	**32 600**	**$251**

1 No STI payment was approved for 2020.
2 Includes remuneration in relation to another directorship held within the Sasol Group.
3 Includes remuneration related to role as a Trustee held within the Sasol Group.
4 Appointed to the SSA board with effect from 8 August 2019.
5 Long-term incentives (LTIs) for the 2020 financial year represent the number of units x corporate performance target achieved (2020) x closing share price on 12 August 2020.
6 The director is the permanent employee within the Sasol Group, full remuneration is disclosed.
7 Change in instrinsic value for the year results from a change in the share price.
8 Intrinsic values at end of year have been determined using the closing share price of R132,20 ($7,71) on 30 June 2020.

Prescribed officers for Sasol South Africa Limited are directors of the Company.

Key management remuneration

Key management comprises of Executive and Non-executive Directors as well as other members of the Group Executive Committee (GEC).

Amounts due to and from related parties are included in the respective notes to the financial statements for those statement of financial position items.

37 Subsequent events

Clean Fuels II specifications were promulgated in South Africa in 2006, and amended in 2012 and 2017. The draft Clean Fuels II regulations, published on 30 March 2021 for comment, allowed for an implementation period of five years which was consistent with our engagements with the Department of Mineral Resources and Energy (DMRE) on the time to implement a Clean Fuels II solution. On 31 August 2021, the Clean Fuels II Regulations were published, stipulating implementation of the specifications by 1 September 2023. In terms of the new Regulations, fuels that do not comply with the Clean Fuels II prescribed specification may not be sold or produced for domestic consumption. Sasol, together with industry bodies, have been engaging with the DMRE as we firmly believe that the country would require five years to be fully compliant with the Clean Fuels II specifications. Our implementation of the Clean Fuels II solution at Secunda is progressing and well on track to deliver on-specification product in calendar year 2025. Accordingly, the promulgated implementation date of 1 September 2023 may have a material adverse effect on our operations.

During July 2021, social unrest and widespread protest action flared in certain parts of South Africa impacting the movement of product from refineries, warehouses and the national ports. The impact of this unrest in South Africa resulted in a delay in shipments impacting the timing of sales over July and August 2021.

In addition, Transnet, who is a key service provider that manages the South African rail, port and pipeline infrastructure was the target of a ransomware cyber-attack that compromised all their systems. As a result, the supply chain activities contracted to Transnet were impacted for the duration of their systems being offline. The cyber-attack on Transnet primarily affected operations at several container terminals and interrupted cargo movement. These issues have subsequently been resolved.

38 Going concern

Introduction

In determining the appropriate basis of preparation of the annual financial statements, the Directors are required to consider whether the group and company can continue in operational existence for the foreseeable future.

The company is a subsidiary of Sasol Limited which owns 81,8% of its total issued shares. The group and company manage liquidity risk by making use of a central treasury function within the Sasol Limited Group to manage pooled business unit cash investments and borrowing requirements. Despite the group's deficit in equity, at 30 June 2021, the group and company had pooled business unit cash balances with the Sasol Limited central treasury function of R9,5 billion and R4,8 billion, respectively.

Solvency and Liquidity

Solvency

At 30 June 2021, after impairments, the valuations of the company's assets indicate that their recoverable amounts exceed their carrying values as well as liabilities. The asset base of the company includes tangible assets with significant value, reflected in the records of the company. As such, the Directors are of the view that, given the headroom in the recoverable amounts of the assets over the fair value of the liabilities (including contingent liabilities), the company is solvent as at 30 June 2021 and at the date of the issue of the annual financial statements.

At 30 June 2021, the group's assets do not exceed its liabilities. As such, at 30 June 2021, the group is technically insolvent as it reflects a shareholders' deficit of R4,1 billion. With the inclusion of non-controlling interest of R2,2 billion, the total shareholders' deficit of the group is R1,9 billion.

Included in the long-term debt of the group is a 0% interest bearing loan from Sasol Limited of R46 877 million. The loan is payable on 30 days' written notice from Sasol Limited to the company. As at 30 June 2021, Sasol Limited made an election not to exercise its right to demand payment from the company under the loan note for a 12-month period from 1 July 2021 to 30 June 2022. On 11 October 2021, Sasol Limited extended this election for a further 6-month period from 1 July 2022 to 31 December 2022.

An independent valuation performed by RMB during July 2021, indicates the fair value of the SSA Group to be approximately R43 billion (market valuation) and R31 billion (IFRS valuation) as at 30 June 2021.

As such, the Directors are of the view that, given the headroom in the recoverable amounts of the assets over the fair value of the liabilities (including contingent liabilities) when considering the waiver referred to above, and the outcome of the positive independent valuation performed by RMB, the group is solvent as at 30 June 2021 and at the date of the issue of the annual financial statements. Therefore, as at 30 June 2021, after impairments, the valuations of the group's assets indicate that their recoverable amounts exceed their carrying values as well as liabilities. The asset base of the group comprises mainly tangible assets with significant value, reflected in the records of the underlying businesses.

Liquidity

The group and company manage liquidity risk by making use of a central treasury function within the Sasol Limited Group to manage pooled business unit cash investments and borrowing requirements. The Sasol Limited Board has evaluated central treasury counterparty risk and does not expect any central treasury counterparty to fail in meeting their obligations.

Increased cash generation, through delivery of Sasol's self-help measures and asset disposals contributed to increased pooled business unit cash balances with the Sasol Limited central treasury function at 30 June 2021. Management has prepared budgets for 2022 and 2023, which indicate that the group and company will continue to generate cash from operating activities in the foreseeable future.

Conclusion

The Directors have considered the financial plans and forecasts of the group and company and, based on the information available to them, are of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

39 Financial risk management and financial instruments

The group and company classify all its financial instruments at amortised cost except for financial assets and liabilities which are classified at fair value through profit and loss.

39.1 Financial risk management

The group and company are exposed in varying degrees to a number of financial instrument related risks. The directors have the overall responsibility for the establishment and oversight of the group and company's risk management framework. The directors are 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. The directors and divisional committees of Sasol South Africa Limited meet regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of financial risks. The committee reports on a regular basis to the Group Executive Committee (GEC) on its activities.

The Sasol Group has a central treasury function that manages the financial risks relating to the Group's operations.

Capital allocation

The group and company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) are to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group and company's ability to continue as a going concern while taking advantage of strategic opportunities in order to grow shareholder value sustainably.

The group and company manage the capital structure and make 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 and company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

Financing risk

Financing risk refers to the risk that financing of the group and company’s net debt requirements and refinancing of existing borrowings could become more difficult or more costly in the future. The group and company’s ability to obtain financing on favourable terms may be significantly impacted by increased regulation from governmental and regulatory authorities and the lending policies adopted by financial institutions and the actions of non-governmental organisations as a result of the environmental impacts of the group and company’s activities. This risk can be decreased by managing the group and company within the targeted gearing ratio, maintaining an appropriate spread of maturity dates and managing short-term borrowings within acceptable levels.

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 is 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 probable 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 the application of credit approvals, limits and monitoring procedures. Where appropriate, the group and company obtain 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 and company calculate 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 and company allocate probability of default based on external and internal information. The major portion of the financial assets at amortised cost consists of externally rated customers and the group and company use 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. No changes were made to the majority of formal credit ratings as these credit ratings were obtained close to year-end and therefore already incorporate the current negative economic environment, as well as an entity's specific circumstances, financial strength and outlook. For customers or debtors that are not rated by a formal rating agency, the group and company allocate internal credit ratings and default rates taking into account forward looking information, based on the debtors profile and financial status. Loss given default (LGD) is based on the Basel model. Until 2019, the group and company used a 45% LGD for unsecured financial assets and 35% for secured financial assets. Basel II, however, requires that LGD parameters reflect economic downturn conditions, meaning that entities' credit exposures need to reflect the losses entities would expect to incur if all defaults occur during the downturn part of an economic cycle. Based on the continued economic downturn the group and company, therefore, applied the Board of Governors of the Federal Reserve System's formula for deriving downturn LGD to be used for 2021 and 2020, namely 50% for unsecured financial assets and 40% for secured 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 signifcantly. The group and company consider credit risk to have increased significantly when the customer's credit rating has been downgraded to a lower grade (e.g. A grade to B grade). The group and company consider customers to be in default when the receivable is more than 30 days overdue or the customer has failed to honour a repayment arrangement.

Sasol Oil (Pty) Ltd, Sasol Chemicals North America LLC and Sasol Chemie Co GmbH individually represent more than 10% of the group and company's total turnover and more than 10% of the group and company's total trade and other receivables for the years ended 30 June 2021 and 2020. Approximately 69% (2020 – 70%) of the group and company's total turnover is generated from sales within South Africa, while about 31% (2020 – 30%) relates to foreign sales. The concentration of credit risk within geographic regions is largely aligned with the geographic regions in which the turnover was earned.

Detail on expected credit losses recognised:

	Group				
	2021				2020
	Life time Rm	12 months Rm	Deductions Rm	Expected credit loss Rm	Expected credit loss Rm
Long-term receivables	**50**	**–**	**–**	**50**	104
Trade and other receivables	**135**	**–**	**–**	**135**	140
	185	**–**	**–**	**185**	244

	Company				
	2021				2020
	Life time Rm	12 months Rm	Deductions Rm	Expected credit loss Rm	Expected credit loss Rm
Long-term receivables	**–**	**–**	**–**	**–**	–
Trade and other receivables	**111**	**–**	**–**	**111**	119
	111	**–**	**–**	**111**	119

Overview of the credit risk profile of financial assets measured at amortised cost is as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
AAA to A-	**21**	13	**22**	26
BBB to B-	**78**	86	**77**	71
CCC+ and - below	**1**	1	**1**	3

Liquidity risk

Liquidity risk is the risk that the group and company will be unable to meet its obligations as they become due.

The COVID-19 pandemic together with the oil price volatility during the first half of the year continued to impact the group and company's operations and results. The lower oil price environment also impacted negatively on chemical prices across most of the group and company's sales regions and products. The group and company experienced a notable gross margin recovery in the second half of the financial year, supported by the combined impact of higher Brent crude oil and chemicals prices, offset by a stronger rand/US dollar exchange rate and further underpinned by a strong cost, working capital and capital expenditure performance, despite the continued impacts of the COVID-19 pandemic and adverse weather events in South Africa.

How we manage the risk

The group and company manage liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a central treasury function within Sasol Group to manage pooled business unit cash investments and borrowing requirements. Currently the group and company are maintaining a positive liquidity position, conserving cash resources through continued focus on working capital improvement, cost savings and capital reprioritisation especially in the light of the current economic environment. The group and company meet its financing requirements through a mixture of cash generated from its operations and, short and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

Our exposure to and assessment of the risk

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June was as follows:

		Group			
	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2021					
Financial assets					
Non-derivative instruments					
Long-term receivables		872	205	332	335
Other long-term investments		732	–	–	732
Trade and other receivables	23	14 345	14 345	–	–
Cash and cash equivalents	26	10 799	10 799	–	–
		26 748	25 349	332	1 067
Derivative instruments					
Long-term financial assets		1 620	–	472	1 148
Short-term financial assets		107	107	–	–
		28 475	25 456	804	2 215
Financial liabilities					
Non-derivative instruments					
Long-term debt		(63 392)	(4 059)	(12 243)	(47 090)
Lease liabilities		(12 590)	(1 212)	(4 619)	(6 759)
Trade and other payables**	24	(11 484)	(11 484)	–	–
		(87 466)	(16 755)	(16 862)	(53 849)
Derivative instruments					
Long-term financial liabilties		(5 422)	–	–	(5 422)
		(92 888)	(16 755)	(16 862)	(59 271)

* Contractual cash flows include interest payments.
** Trade and other payables exclude employee related payables and VAT.

	Note	Group			
		Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2020					
Financial assets					
Non-derivative instruments					
Long-term receivables		998	203	795	–
Other long-term investments		644	–	–	644
Trade and other receivables	23	12 852	12 852	–	–
Cash and cash equivalents	26	5 759	5 759	–	–
		20 253	18 814	795	644
Financial liabilities					
Non-derivative instruments					
Long-term debt		(67 831)	(4 378)	(14 624)	(48 829)
Lease liabilities		(16 536)	(1 064)	(3 883)	(11 589)
Trade and other payables**	24	(8 933)	(8 933)	–	–
		(93 300)	(14 375)	(18 507)	(60 418)
Derivative instruments					
Long-term financial liabilties		(2 130)	–	(122)	(2 008)
Short-term financial liabilties		(53)	(53)	–	–
		(95 483)	(14 428)	(18 629)	(62 426)

* Contractual cash flows include interest payments.
** Trade and other payables exclude employee related payables and VAT.

	Note	Company			
		Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2021					
Financial assets					
Non-derivative instruments					
Long-term receivables		**148**	**2**	**20**	**126**
Other long-term investments		**257**	**–**	**–**	**257**
Trade and other receivables	23	**13 640**	**13 640**	**–**	**–**
Cash and cash equivalents	26	**5 718**	**5 718**	**–**	**–**
		19 763	**19 360**	**20**	**383**
Derivative instruments					
Long-term financial assets		**1 620**	**–**	**472**	**1 148**
Short-term financial assets		**105**	**105**	**–**	**–**
		21 488	**19 465**	**492**	**1 531**
Financial liabilities					
Non-derivative instruments					
Long-term debt		**(63 295)**	**(4 059)**	**(12 243)**	**(46 993)**
Lease liabilities		**(12 590)**	**(1 212)**	**(4 619)**	**(6 759)**
Trade and other payables**	24	**(11 813)**	**(11 813)**	**–**	**–**
		(87 698)	**(17 084)**	**(16 862)**	**(53 752)**
Derivative instruments					
Long-term financial liabilities		**(5 422)**	**–**	**–**	**(5 422)**
		(93 120)	**(17 084)**	**(16 862)**	**(59 174)**

* Contractual cash flows include interest payments.
** Trade and other payables exclude employee related payables and VAT.

	Note	Company Contractual cash flows* Rm	 Within one year Rm	 One to five years Rm	 More than five years Rm
2020					
Financial assets					
Non-derivative instruments					
Long-term receivables		101	2	99	–
Other long-term investments		252	–	–	252
Trade and other receivables	23	12 503	12 503	–	–
Cash and cash equivalents	26	2 531	2 531	–	–
		15 387	15 036	99	252
Financial liabilities					
Non-derivative instruments					
Long-term debt		(67 831)	(4 378)	(14 624)	(48 829)
Lease liabilities		(16 536)	(1 064)	(3 883)	(11 589)
Trade and other payables**	24	(9 226)	(9 226)	–	–
		(93 593)	(14 668)	(18 507)	(60 418)
Derivative instruments					
Long-term financial liabilities		(2 123)	–	(122)	(2 001)
Short-term financial liabilities		(45)	(45)	–	–
		(95 761)	(14 713)	(18 629)	(62 419)

* Contractual cash flows include interest payments.
** Trade and other payables exclude employee related payables and VAT.

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 and company are 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

The Sasol Limited Audit 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. Foreign currency risks are managed through the Sasol Limited group's hedging policy and financing policies and the selective use of various derivatives.

Our exposure to and assessment of the risk

The group and company's transactions are predominantly entered into in the respective functional currency of the individual operations. However, the group and company's operations utilise various foreign currencies on sales, purchases and borrowings, and consequently are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. Our 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 and financing activities. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency.

Foreign exchange contracts

Foreign exchange contracts (FECs) are utilised by the group and company 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).

The following significant exchange rates were applied during the year:

	Average rate **2021** **Rm**	 2020 Rm	Closing rate **2021** **Rm**	 2020 Rm
Rand/Euro	**18,38**	17,34	**16,93**	19,46
Rand/US dollar	**15,40**	15,69	**14,28**	17,33

The table below shows the significant currency exposure where entities within the group and company have monetary assets or liabilities that 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.

	Group			
	2021		2020	
	Euro Rm	US dollar Rm	Euro Rm	US dollar Rm
Long-term receivables	–	323	–	427
Trade and other receivables	2 781	3 508	1 807	4 199
Cash and cash equivalents	–	625	–	64
Net exposure on assets	2 781	4 456	1 807	4 690
Long-term debt	(76)	–	(111)	(45)
Trade and other payables	(520)	(986)	(390)	(1 035)
Net exposure on liabilities	(596)	(986)	(501)	(1 080)
Total net exposure	2 185	3 470	1 306	3 610

	Company			
	2021		2020	
	Euro Rm	US dollar Rm	Euro Rm	US dollar Rm
Trade and other receivables	2 781	3 414	1 807	4 072
Cash and cash equivalents	–	126	–	64
Net exposure on assets	2 781	3 540	1 807	4 136
Long-term debt	(76)	–	(111)	(45)
Trade and other payables	(519)	(679)	(390)	(593)
Net exposure on liabilities	(595)	(679)	(501)	(638)
Total net exposure	2 186	2 861	1 306	3 498

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the group and company 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.

A 10% weakening in the group and company'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 2020.

	Group				Company			
	2021		2020		2021		2020	
	Equity Rm	Income Statement Rm	Equity Rm	Income statement Rm	Equity Rm	Income Statement Rm	Equity Rm	Income statement Rm
Euro	219	219	131	131	219	219	131	131
US dollar	347	347	361	361	286	286	350	350

A 10% movement in the opposite direction in the group and company'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 and company have significant exposure to interest rate risk due to the volatility in South African interest rates.

How we manage the risk

The group and company's policy is to borrow funds at floating rates of interest as this is considered to give somewhat of a natural hedge against commodity price movements, given the correlation with economic growth (and industrial activity) which in turn shows a correlation with commodity price fluctuation.

The debt of the group and company are structured on a combination of floating rates. The benefits of fixing or capping interest rates on the group and company's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration. For further details of long-term debt refer to note 15.

In respect of financial assets, the group and company'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

At the reporting date, the interest rate profile of the group and company's interest-bearing financial instruments was:

	Group Carrying value		Company Carrying value	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm
Variable rate instruments				
Financial assets	**11 531**	6 403	**5 975**	2 783
Financial liabilities	**(13 281)**	(16 405)	**(13 281)**	(16 094)
	(1 750)	(10 002)	**(7 306)**	(13 311)
Fixed rate instruments				
Financial liabilities	**(53 618)**	(53 906)	**(53 383)**	(53 906)
Interest profile (variable: fixed rate as a percentage of total financial assets)	**100:0**	100:0	**100:0**	100:0
Interest profile (variable: fixed rate as a percentage of total financial liabilities)	**20:80**	23:77	**20:80**	23:77

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 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 rates, remain constant and has been performed on the same basis for 2020.

	Group		Company	
	Income statement – 1% increase	Income statement – 1% decrease	Income statement – 1% increase	Income statement – 1% decrease
	Rm	Rm	Rm	Rm
30 June 2021	**(18)**	**18**	**(73)**	**73**
30 June 2020	(100)	100	(133)	133

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

Derivative financial instruments

From time to time, and as required, the group and company make use of derivative financial instruments as a means of mitigating price movements and timing risks. The group and company did not enter into hedging contracts during the year.

Our exposure to and assessment of the risk

The fair value of the embedded derivative financial instrument contained in a long-term oxygen supply contract to our Secunda Operations is impacted by a number of observable and unobservable variables at valuation date. The sensitivities provided above reflect the impact on fair value as a result of movements in the significant input variables utilised for valuation purposes.

		US$/Rand Spot price		US$ Swap curve		Rand Swap curve	
30 June 2021		**+R1/US$**	**-R1/US$**	**+0,1%**	**-0,1%**	**+1,0%**	**-1,0%**
Oxygen supply contract embedded derivative	Rm	**(601)**	**601**	**98**	**(99)**	**(825)**	**955**

		US$/Rand Spot price		US$ Swap curve		Rand Swap curve	
30 June 2020		**+R1/US$**	**-R1/US$**	**+0,1%**	**-0,1%**	**+1,0%**	**-1,0%**
Oxygen supply contract embedded derivative	Rm	(506)	506	117	(120)	(724)	860

Accounting policies:

Derivative financial instruments and hedging activities
Financial liabilities are recognised on the transaction date when the group and company become a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in the income statement.

The group and company are exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group and company use derivative instruments to hedge its exposure to these risks. To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or highly probable forecast transaction that could affect the income statement, the effective part of any gain or loss on the derivative instrument is recognised as other comprehensive income and is classified as a cash flow hedge accounting reserve until the underlying transaction occurs. The ineffective part of any gain or loss is recognised in the income statement. If the hedging instrument no longer meets the criteria for cash flow hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

If the forecast transaction results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is transferred from the cash flow hedge accounting reserve, as other comprehensive income, to the underlying asset or liability on the transaction date. If the forecast transaction is no longer expected to occur, then the cumulative balance in other comprehensive income is recognised immediately in the income statement as reclassification adjustments. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

When derivative instruments, including forward exchange contracts, are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on fair value hedges are recognised in the income statement.

39.2 Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The group and company do not hold any financial instruments traded in an active market. 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.

	Group				
Financial instrument	**Fair value 30 June 2021**	Fair value 30 June 2020	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets					
Long-term receivables	**872**	998	Discounted cash flow	Market related interest rates.	Level 3
Other long-term investments	**732**	644	**	**	Level 1**
Long-term financial assets	**808**	–	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Trade and other receivables	**14 345**	12 852	Discounted cash flow	Market related interest rates.	Level 3*
Cash and cash equivalents	**10 799**	5 759	**	**	Level 1**
Short-term financial assets	**107**	–	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Financial liabilities					
Unlisted long-term debt	**60 255**	63 282	Discounted cash flow	Market related interest rates	Level 3
Long-term financial liabilities	**540**	2 130	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Short-term financial liabilities	**–**	53	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Trade and other payables	**11 484**	8 933	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.

*** The group entered into two long-term gas supply agreements to our Secunda Operations commencing in 2018 and 2021 respectively. In terms of these agreements, SSA pays a fixed fee over the duration of the agreement for the supply of oxygen and other gasses. A portion of the fixed fee is payable in US dollar and escalates based on US labour and inflation indices. This resulted in two embedded derivatives being separately recognised as a financial asset (R282 million) and financial liability (R540 million; 2020 – R2 183 million) measured at fair value through profit or loss. The decrease in the derivative liability compared to 2020 is as a result of the strengthening of the rand. Relating to the long-term gas supply agreement entered into in 2021, a portion of this fixed fee is determined with reference to the ZAR/EUR exchange rate on the effective date of the agreement. Thereafter this fixed fee does not escalate and it will be payable in rand over the term of the contract. SSA's exposure to foreign currency fluctuations from the date of signing the sales agreement up to the effective date of the sale when the EUR fixed fee was fixed is separately recognised as an embedded derivative at fair value through profit or loss. The carrying value of the derivative at 30 June 2021 was R631 million.

Financial instrument	Company Fair value 30 June 2021	Fair value 30 June 2020	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets					
Long-term receivables	**148**	101	Discounted cash flow	Market related interest rates.	Level 3
Other long-term investments	**257**	252	**	**	Level 1**
Long-term financial assets	**808**	–	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Trade and other receivables	**13 640**	12 503	Discounted cash flow	Market related interest rates.	Level 3*
Cash and cash equivalents	**5 718**	2 531	**	**	Level 1**
Short-term financial assets	**107**	–	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Financial liabilities					
Unlisted long-term debt	**60 158**	62 971	Discounted cash flow	Market related interest rates	Level 3
Long-term financial liabilities	**540**	2 123	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Short-term financial liabilities	**–**	45	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate	Level 3***
Trade and other payables	**11 813**	9 226	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 and cash equivalents is considered to reflect its fair value.

*** The company entered into two long-term gas supply agreements to our Secunda Operations commencing in 2018 and 2021 respectively. In terms of these agreements, SSA pays a fixed fee over the duration of the agreement for the supply of oxygen and other gasses. A portion of the fixed fee is payable in US dollar and escalates based on US labour and inflation indices. This resulted in two embedded derivatives being separately recognised as a financial asset (R282 million) and financial liability (R540 million; 2020 – R2 183 million) measured at fair value through profit or loss. The decrease in the derivative liability compared to 2020 is as a result of the strengthening of the rand. Relating to the long-term gas supply agreement entered into in 2021, a portion of this fixed fee is determined with reference to the ZAR/EUR exchange rate on the effective date of the agreement. Thereafter this fixed fee does not escalate and it will be payable in rand over the term of the contract. SSA's exposure to foreign currency fluctuations from the date of signing the sales agreement up to the effective date of the sale when the EUR fixed fee was fixed is separately recognised as an embedded derivative at fair value through profit or loss. The carrying value of the derivative at 30 June 2021 was R631 million.

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