

SASOL LIMITED

2021 Application of the King IV Report on Corporate Governance for South Africa 2016 (King IV™)

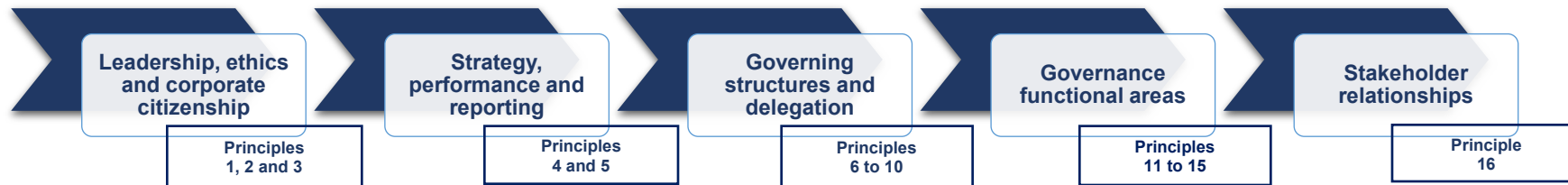
Sasol Limited (Sasol/ the Company) is a listed company on the Johannesburg Stock Exchange operated by the JSE Limited (JSE). Sasol is also listed on the New York Stock Exchange (NYSE) for the purpose of registering its American Depositary Receipts with the United States Securities and Exchange Commission (SEC). The Company complies with the principles of King IV™, the mandatory corporate governance requirements of the JSE and the applicable NYSE corporate governance requirements. Paragraph 3.84 of the JSE listings requirements stipulates that issuers must comply with certain specific requirements concerning corporate governance.

Sasol complies with all the requirements of paragraph 3.84 of the JSE listings requirements and complies in most significant respects with the governance standards imposed on domestic United States companies listed on the NYSE. For the period ended 30 June 2021, Sasol applied all the principles of King IV™ as disclosed in the attached table.

Sasol supports the belief that corporate governance is defined as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

The principles below in King IV™ represent the aspirations of Sasol to ensure good corporate governance.



Principles 1 to 3 Leadership, ethics and corporate citizenship

The Board leads ethically and effectively, governs the ethics of the Group in a way that supports the establishment of an ethical culture and ensures that Sasol is, and is seen to be, a responsible corporate citizen.

The Board embraces and promotes value-creating governance through a deliberate and structured approach to the activities of the Board and its committees. The directors have the necessary competence and act ethically in discharging their responsibility to provide strategic direction to the Company and lead with integrity, fairness and the necessary transparency as outlined in King IV™. The Board ensures that value is created and protected for all shareholders and stakeholders and exercises control through the application of a Group governance framework which includes detailed reporting to the Board and its committees, Board reserved decision-making authority and a system of assurance on internal controls.

The Board is accountable and sets the tone of Sasol's values, including principles of ethical business practices and human rights considerations and, through the Safety, Social and Ethics Committee, approves Sasol's Code of Conduct. The [Code of Conduct](#), available on Sasol's website, guides interaction with all Sasol's stakeholders and reaffirms Sasol's commitment to only do business on the basis of fair, lawful, efficient and transparent practices. Management has been delegated with the responsibility to implement and execute the Code of Conduct and, under the guidance of the Safety, Social and Ethics Committee, exercises ongoing oversight of the management of ethics, monitoring Sasol's activities with regard to ethics and human rights, and ensuring it is integrated in the operations of the Company. Further details on how ethics is managed in the organisation and how Sasol approaches human rights matters can be found in Sasol's [Sustainability Report](#).

In terms of its role of overseeing the Company's conduct as a good corporate citizen, the Board approves the strategy and priorities of the business, including Sasol's material matters and, more specifically, those related to sustainability, including climate change. The Board appreciates the impact of climate change on the sustainability of the Company and ensures that it is appropriately considered in its strategy, its decisions and risk assessments. The Board, with the support of the Safety, Social and Ethics Committee and the Group executive, oversees and monitors how the operations and activities of the Group affect its status as a responsible corporate citizen. This is measured against performance targets in support of Sasol's strategic imperatives. [Sasol's Integrated, Sustainability and Climate Change Reports](#) detail the Group's progress against its priorities.

The [Board Charter](#) outlines the policies and practices of the Board on matters such as directors' dealings in the securities of the Company and declarations of conflicts of interests. Directors adhere to Sasol's declarations of interest policy, which is based on the requirements of the Companies Act 71 of 2008. The Board, through the Nomination and Governance Committee, considers the declarations of interests tabled and identifies and acts on untenable conflicts. Sasol's directors, executives and senior employees are prohibited from dealing in Sasol securities during certain prescribed periods. Dealings in Sasol's securities are disclosed in terms of the applicable JSE and NYSE listings requirements.

Principles 4 and 5 Strategy, performance and reporting

The Board appreciates that Sasol's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. The Board ensures that reports issued by Sasol enable stakeholders to make informed assessments of the Group's performance and its short-, medium-, and long-term prospects.

The Board is accountable for Sasol's performance and steers the direction of the Group bringing independent, informed and effective judgement and leadership to bear on material decisions reserved for the Board, while ensuring that strategy, risk, performance and sustainable development considerations are effectively integrated and appropriately balanced.

The Board informs and approves Sasol's strategy which is aligned with the purpose of the Company, the value drivers of its business and the legitimate expectations of its stakeholders and aimed at ensuring sustainability; and which takes into account the top risks facing the Group in order to determine the priorities and material matters requiring attention. The Board oversees and monitors, with the support of its committees, the implementation and execution by management of Sasol's policies and priorities and ensure that Sasol accounts for its performance by, amongst others, reporting and disclosure. Sasol's 2021 Climate Change Report also represents a considerable step forward in terms of expanding on the Company's disclosure on climate change and expressly addresses what Sasol considers to be its accountabilities, which is partly as a result of input from our stakeholders over the past year. The Company's performance against its strategic objectives is extensively reported on in [Sasol's annual reports](#).

The Board, through the Audit Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of the annual reports and any other disclosures and that Sasol complies with all required disclosures. The Disclosure Working Group supports the Board and the Audit Committee in ensuring that disclosures by Sasol to regulators and investors are timely, accurate and factual and are made in accordance with the prevailing regulatory requirements pertaining to the disclosure of price sensitive and material information.

Sasol ensures that the annual reports, including the Annual Financial Statements, the Integrated Report, the Form 20-F, Sustainability and Climate Change Reports and any other relevant information to stakeholders are published on the Company's website, as well as through other media as is appropriate. Further details as to the Company's internal control over financial reporting is set out in principle 15 below.

Principles 6 to 10 Governing structures and delegation

The Board serves as the focal point and custodian of corporate governance for the Group, and comprises an appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively. The Board ensures that its arrangements for delegation within its own structures promote independent judgment and assist with the balance of power and the effective discharge of its duties. Evaluation of its own performance and that of its committees, its chairman and its individual directors is undertaken to support continued improvement in its performance and effectiveness. The Board further ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

Through the Nomination and Governance Committee, the Board implements and monitors the governance practices within the Group. An appropriate governance framework and Group policies and processes are in place to ensure all entities in the Sasol Group adhere to essential

Group requirements and minimum governance standards. As a direct or indirect shareholder, the Company exercises its rights and is involved in the decision-making of its subsidiaries on material matters. Subsidiaries have adopted the governance framework as appropriate and have aligned their memoranda of incorporation and shareholder agreements with the Group's governance framework. Sasol's governance framework and corporate governance practices are disclosed in the [Integrated Report](#).

The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the financial year ended 30 June 2021. The approved charter, which is reviewed annually, sets out its governance responsibilities, including the role, responsibilities, membership requirements and procedural conduct. It also provides that the Board, as well as any director or member of a Board committee may obtain independent, external professional advice at Sasol's expense concerning matters within the scope of their duties and the directors may request documentation from, and set up meetings with, management as and when required.

The Board delegates certain responsibilities to well-structured Board committees without abdicating accountability. The committees of the Board comprise the Audit, Nomination and Governance, Remuneration, Safety, Social and Ethics and Capital Investment Committees respectively. The delegation is formal in terms of Board-approved terms of reference for each committee, which is aligned to the Companies Act 71 of 2008, the JSE listings requirements, and King IV™. The [Board charter and terms of reference](#) of the committees can be viewed on Sasol's website. For more information regarding the committees' mandates and focus areas, refer to the [Annual Financial Statements, the Integrated Report and Sustainability Report](#) on Sasol's website.

The process for appointment and election of directors is set out in the Company's [memorandum of incorporation](#). The Board recognises and embraces the benefits of having a diverse Board and it appreciates that diversity at Board level is essential for sustaining a competitive advantage. The Board is committed to ensuring a diverse and inclusive culture at Board level where directors believe that their views are heard, and their concerns attended to free from bias, discrimination and harassment. It is the Board's policy that broader diversity at Board level will be promoted, all facets of diversity will be considered in determining the optimal composition of the Board and, where possible, be balanced appropriately. All Board appointments are made on merit, having due regard for the fact that a diverse Board is more effective. The Board is also satisfied that its Committees are constituted in such a manner as to ensure the necessary knowledge, skills, experience and capacity to execute their duties effectively. External advisors, executive directors and members of management also attend committee meetings by invitation to provide pertinent information and insights in their areas of responsibility.

The capacity of each director is categorised as defined in the JSE listings requirements, also taking into consideration King IV™ and other factors as outlined in the Board charter. The Board comprises a majority of independent non-executive directors. The Board has determined that directors may serve on the Board for up to nine years, extendable annually up to a maximum of 12 years and a rigorous review on the independence and performance of independent non-executive directors serving more than nine years is undertaken by the Board with the support of the Nomination and Governance Committee. The Board's succession plans aim to achieve an optimal balance between independence and continuity on both the Board and its committees.

The roles of the Chairman and the President and Chief Executive Officer are separate, and the Chairman is an independent non-executive director. The Board also appointed a Lead Independent Director to assist the Chairman in the execution of his duties. Where the Chairman is absent or unable to perform his duties or where the independence of the Chairman is questionable or impaired, the Lead Independent Director must also serve in this capacity for as long as the circumstances that caused the Chairman's absence, inability or conflict exists. For more information

regarding the roles and functions of the Chairman, the President and Chief Executive Officer and the lead independent director refer to the [Board Charter](#).

The Board has appointed a Company Secretary in accordance with the Companies Act 71 of 2008. Having considered the competence, qualifications and experience of the Company Secretary, the Board is satisfied that she is competent and has the appropriate qualifications and experience to serve as the Company Secretary. The role and responsibilities of the Company Secretary are set out in the [Board Charter](#).

The effectiveness and performance of the Board, its committees and the individual directors are evaluated every second year. In alternate years, or as necessary, an opportunity is provided for reflection and discussion by the Board of its performance and that of its committees, its chairman and its members. The performance of the Chairman and the President and Chief Executive Officer is also evaluated against specified criteria. Ongoing training and development are provided, and newly appointed directors are apprised of Sasol's business and their duties and responsibilities through a structured induction programme. A high-level overview regarding the effectiveness of the Board, its committees and directors are disclosed in the [Integrated Report](#).

Principles 11 to 15 Governance functional areas

The Board governs risk, technology and information in a way that supports the Group in setting and achieving its strategic objectives. The Board further governs compliance with applicable laws and has adopted, non-binding rules, codes and standards in a way that supports Sasol being ethical and a good corporate citizen. The Board ensures that the Group remunerates fairly, responsibly, and transparently and ensures that assurance services and functions enable an effective control environment to support the integrity of information for internal decision-making and external reporting purposes.

Risk management - The Board retains overall responsibility for the governance of risk, with delegated responsibility to management to implement and execute effective risk management. The Board approved Sasol's Risk Policy which sets the direction for how risk management should be approached and addressed. The Board approves and monitors Sasol's Group top risk profile and also approves Sasol's financial risk appetite and tolerance levels and aims to manage relevant top risks within these levels.

A risk management plan and deliverables that aim to ensure that adequate and effective processes and systems are in place to understand, manage and monitor risks or uncertain events that may impact Sasol's strategy and business objectives, are approved by the Board annually. Sasol is committed to effective risk management in pursuit of its strategy and business objectives, with the ultimate aim of growing value sustainably for all stakeholders by embedding risk management into key decision-making processes and day-to-day activities.

For more information regarding the Group top risks, how risk is being managed in Sasol and other relevant risk disclosures, refer to Sasol's [annual reports and the Form 20F](#) filed with the SEC.

Technology and information management - The Board is ultimately accountable for the governance of information and technology management. The Capital Investment Committee supports the Board in this regard by ensuring that technology solutions, information management (IM) and digital strategies are aligned and enable the Sasol Limited Group strategy, and ensures the optimal return on information technology investment. It supports the Board in overseeing that the information technology control environment is appropriately managed and that any risks posed by pursuing or not advancing certain strategies are addressed.

An IM charter is in place and best practice frameworks have been adopted, including measures to ensure compliance with all relevant laws, policies, information security and the protection of personal information. Controls are operating effectively.

The IM governance risk and compliance framework is aligned to the Group risk management framework which incorporates cyber security, third-party management, asset management, service continuity and disaster recovery. All technology solutions impacting financial reporting are part of the internal and external auditing scope.

Technology advances being pursued by Sasol are detailed in the [Integrated and Sustainability Reports](#).

Compliance – Sasol’s compliance policy requires all Group companies and their directors and employees to comply with all laws applicable to Sasol. Compliance systems and processes are in place and are continuously improved to mitigate the risk of non-compliance with the laws in the various jurisdictions in which Sasol does business and also to ensure appropriate responses to changes and developments in the regulatory environment.

The Nomination and Governance Committee approves the Sasol compliance policy and receives regular reports on compliance related matters and the legal and regulatory matters that have an impact on the financial statements are presented to the Audit Committee. Specific areas of law have been identified as key Group legal compliance risk areas and risk mitigation by way of control measures are identified and implemented .

Sasol has a compliance department headed by a suitably skilled and experienced Chief Compliance and Ethics Officer.

Multi-disciplinary compliance programmes are in place and changes in the regulatory landscape are identified to ensure compliance with applicable laws and good governance practices. Sasol sets the appropriate tone at leadership level through codes of conduct, policies and procedures and compliance training and confirmations are conducted annually.

Fair remuneration - Sasol’s Remuneration Committee is tasked to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of Sasol’s strategy and grow stakeholder value sustainably through fair, responsible and transparent remuneration practices.

The remuneration policy and the implementation report are reported on in detail in the remuneration report section of the [Annual Financial Statements and a summarised version of this report is included in the Integrated Report](#). Sasol discloses the remuneration of each individual executive and non-executive director as well as all prescribed officers as required in terms of the Companies Act. The outcome of incentive plans relative to the targets set at the start of the financial year, are also disclosed.

The Remuneration Committee actively engages with Sasol’s large institutional investors regarding its remuneration policy and implementation report and the Committee considers shareholders’ views thoroughly and incorporates them into the policy where these enhancements align with the Group’s strategy.

Assurance - The Audit Committee is responsible for the quality and integrity of Sasol’s integrated reporting. The Board, with the support of the Audit Committee, satisfies itself that the combined assurance model is effective and that it incorporates and optimises the various assurance services

and functions so that, taken as a whole, these support the objectives for assurance. The conclusion of internal control assessments is detailed in the [Annual Financial Statements and Form 20F](#).

The Group maintains a system of internal financial control that is designed to provide assurances on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as and when they are identified.

A Chief Assurance Officer is appointed, and may be removed, by the Audit Committee. The Chief Assurance Officer is accountable to the Audit Committee for the performance of duties and functions that relate to assurance services, functions independently from management and has the necessary authority, which includes unrestricted access to all functions, records, property and personnel within the organisation.

An Internal Audit charter is in place and outlines the responsibilities of the internal audit function. The Audit Committee has been delegated with the responsibility for overseeing that assurance services are executed in line with the charter.

Principle 16 Stakeholder relationships

The Board has adopted a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the Group over time.

The Board, through the Safety, Social and Ethics Committee, considers issues around stakeholder perceptions and through regular reporting the Board is equipped with the necessary information to enable it to take legitimate interests and expectations of stakeholders into account in its decision-making. A systematic and integrated approach to stakeholder engagement across the Group is in place and enables increased assurance to the Board that all stakeholder issues have been identified, prioritised and appropriately addressed.

Extensive engagement across the spectrum of Sasol's numerous and diverse stakeholders informs its holistic climate change management approach. Sasol is committed to maintaining this level of engagement and transparency as it is an effective mechanism to help the Company understand shareholder concerns and expectations in order to make informed decisions regarding Sasol's climate change governance, reporting and disclosures and other matters of import to its stakeholders.

For more information regarding our stakeholders and how Sasol interacts with them, refer to the [Integrated, Sustainability and Climate Change Reports](#).

For more information regarding how Sasol conducts its business, refer to:

Sasol's website: <https://www.sasol.com/>

Sasol's Annual Financial Statements and annual reports: <https://www.sasol.com/investor-centre/financial-reporting/annual-integrated-reporting-set>

Sasol's Code of Conduct: <https://www.sasol.com/sustainability/ethics/sasol-code-conduct>

Sasol's memorandum of incorporation: <https://www.sasol.com/investor-centre/corporate-governance/memorandum-incorporation>

Sasol's Board charter and its committees' terms of reference: <https://www.sasol.com/about-sasol/corporate-governance/board-charter>