

## **TERMS OF REFERENCE**

### **SASOL LIMITED**

#### **CAPITAL INVESTMENT COMMITTEE**

##### **1. PURPOSE AND OBJECTIVES**

- 1.1 The Capital Investment Committee (the Committee) has been appointed by the Sasol Limited Board of Directors (the Board) as a committee of the Board to evaluate mergers, acquisitions, investments, divestments and disposals prior to approval by the Board.
- 1.2 In addition, the Committee attends to these mergers, acquisitions and Board approved investments, divestments and disposals, together with the Company's capital allocation and asset review programmes and provides the Board with quarterly feedback.

##### **2. CONSTITUTION AND MEMBERSHIP**

- 2.1 The Committee shall comprise of no less than three directors appointed by the Board, the majority of whom shall be independent, non-executive directors.
- 2.2 The Board shall appoint an independent non-executive director as the Committee Chairperson and determine the period for which he or she shall hold office.
- 2.3 The Committee shall nominate a Committee Secretary, as the primary interface between the Committee Chairperson, the Committee members, the JCEOs and the Group Executive Committee.

##### **3. MANDATE**

- 3.1 The main purpose of the Committee is to consider and provide direction and assurance to the Board on strategic considerations and risks in respect of the following proposed investments or divestments within the Sasol group prior to approval by the Board:
  - 3.1.1 capital investments with an end-of-job cost exceeding R4 billion;
  - 3.1.2 merger and acquisition transactions or forming of joint ventures with a financial implication of more than R4 billion;
  - 3.1.3 divestitures or disposal, encumbrance or transfer of tangible or intangible property or assets not in the normal course of business

or below market value with a financial implication of more than R4 billion; and

- 3.1.4 plant closures affecting more than 5% of Sasol's group wide turnover for, or profit of, the preceding financial year.
- 3.2 The Committee shall approve any deviation of up to 10% (cumulative) from the capital budget for any project of which the initial Board approved capital expenditure exceeded R4 billion, provided that such amounts shall not exceed USD100 million in respect of projects outside of South Africa, and will inform the Board of such deviation.
- 3.3 The Committee shall monitor the execution / implementation of any Board approved investments, divestments and disposals falling in one of the above categories.
- 3.4 The Committee shall monitor mergers and acquisitions and take over activities on a Sasol Limited level.
- 3.5 When evaluating or monitoring any matter within its mandate, the Committee should as appropriate to the applicable phase of the project:
  - 3.5.1 assess alignment with the Sasol Group strategy, financial viability, financing, feasibility and sustainability;
  - 3.5.2 assess the cost benefit analysis, considering key risks and the short- and long-term environmental and social-economic impacts, ensuring the necessary mitigation controls are implemented;
  - 3.5.3 assess the sensitivity to determine whether investments would remain feasible if assumptions used in the calculations / projections were to change;
  - 3.5.4 assess cost effectiveness and arrangements for implementation in order to ensure efficiency and execution within time and budget;
  - 3.5.5 consider the Sasol Group structure and funding strategies which would best support the investment; and
  - 3.5.6 consider the appropriateness of a communication strategy if applicable.

### **3.6 Risk management**

To support the Board in ensuring effective risk management oversight insofar as it relates to capital investments, specifically in relation to material risks within its scope, the Committee will:

- 3.6.1 ensure the effective monitoring of these risks and that potential opportunities are considered as appropriate;
- 3.6.2 consider and review executive management's reports on the design and implementation of appropriate risk responses, overseeing that the risks are managed within the levels of appetite and tolerance and the integration and embedding of risk management in the business activities and culture of the Company;
- 3.6.3 obtain confirmation that there is adequate assurance and that controls in relation to these risks are appropriate in design and effectiveness; and
- 3.6.4 inform the Audit Committee of its findings and recommendations in respect of material capital and investment risks which may have an impact on the financial statements.

#### **4. REMUNERATION**

- 4.1 Non-executive directors who are members of the Committee will be paid such additional remuneration for their service as members of the Committee as may be determined by the Board and approved by shareholders.
- 4.2 Such special remuneration shall be in addition to the annual fees payable to directors.
- 4.3 Those members of the Committee who are not employed by the Company nor non-executive directors of the Company shall be paid such special remuneration in respect of their appointment as shall be fixed by the Board.

#### **5. MEETINGS AND PROCEEDINGS**

- 5.1 Meetings of the Committee will be held as and when the Committee deems necessary, provided that the Committee shall meet at least four times each year. Meetings should be organised so that attendance is maximised. The Chairman of the Committee or any member of the Committee, with the Committee Chairman's confirmation, may call a special meeting of the Committee at any other time.
- 5.2 The notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed must, barring exceptional circumstances, be forwarded to each member of the Committee not less than five working days prior to the date of the meeting.

- 5.3 The meetings of the Committee may be held in person, by telephone, by telepresence or such other form of long distance conference facility as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.
- 5.4 The quorum for decisions of the Committee shall be a majority of independent non-executive directors present for that particular decision. A decision shall be deemed to be passed if a majority vote on the matter for decision is passed by the members present at the Committee.
- 5.5 A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, provided that each member received notice of the matter to be decided. A decision made in such manner has the same effect as if it had been approved at a meeting.
- 5.6 Where decisions are required by way of written resolution, a quorum shall be a majority of members, of whom the majority shall be independent, one being the Committee Chairman.
- 5.7 Members of the Group Executive Committee and any other person identified by the Committee will attend Committee meetings, as and when required by the Committee.
- 5.8 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's Memorandum of Incorporation regulating the meetings and proceedings of directors and committees.
- 5.9 The Committee Secretary shall take minutes of meetings. Minutes of all meetings shall be circulated to all the members of the Committee, and may also, if the Chairperson of the Committee so decides, be circulated to other members of the Board.
- 5.10 Any director may, provided that there is no conflict of interest and with the agreement of the Chairperson, obtain copies of the Committee's minutes.

## **6. LIMITED LIABILITY**

- 6.1 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members, with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgment, in accordance with their legal and statutory obligations.
- 7.2 Subject to the above provisions and any relevant legislation and codes of best practice, the members of the Committee shall not attract any personal liability arising from their appointment and the Company shall

indemnify members of the Committee to the extent possible in terms of its approved directors' and officers' liability insurance coverage.

## **7. GENERAL**

- 7.1 The Committee, in carrying out its tasks under these Terms of Reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- 7.2 The Board will ensure that the Committee has access to professional advice both internal and external to the Company in order to perform its duties.
- 7.3 The Committee, through the Committee Secretary, may require from any director, prescribed officer or employee of the Company any information or explanation necessary for the performance of the Committee's functions.
- 7.4 These Terms of Reference should be reviewed annually and amended as required, subject to the approval of the Board.
- 7.5 The Committee shall assess its and its members' effectiveness at least once every two years.
- 7.6 The Chairperson of the Committee, or a person nominated by him/her, will report to the shareholders at the Company's annual general meeting on any matter within its mandate.