CHARTER FOR PETROLEUM AND LIQUID FUELS INDUSTRY
Sasol is a global integrated chemicals and energy company. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively to create superior value for our customers, shareholders and other stakeholders.

We develop and commercialise technologies, and build and operate world-scale facilities to produce a range of high value product streams, including liquid fuels, chemicals and lower-carbon electricity.

We employ more than 31 000 people working in 31 countries.
Meeting the Petroleum and Liquid Fuels Charter objectives (Sasol Oil)

The South African Petroleum and Liquid Fuels Industry stakeholders signed the Liquid Fuels Charter (the Charter) to provide a framework for driving the empowerment of historically disadvantaged South Africans in the liquid fuels industry in November 2000.

The South African Petroleum Industry Association (SAPIA) Transformation Committee and the Ministerial Compliance Committee have been established by the Department of Energy (DoE) to monitor, support and report on progress of the Charter. All oil companies are represented in these committees. The signatories of the Charter, including Sasol Oil, committed to facilitate empowerment in the industry by delivering targets as outlined on the following pages.

However, with the release of the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Practice, later amended in 2013, there have been various conflicts experienced between the B-BBEE Codes and the Liquid Fuels Charter, as well as many other pieces of empowerment legislation impacting on interpretation and implementation.

Consequently, a trumping provision was introduced into the B-BBEE Codes enabling the B-BBEE Act to trump any law that was in force prior to the date of its commencement if there are conflicts on matters dealt by it. The Departments of Energy and Trade and Industry have embarked on a process to align the Liquid Fuels Charter with the B-BBEE Codes to clarify interpretation.
The following is a summary of Sasol Oil’s progress towards meeting the Charter’s objectives and targets:

1. **OWNERSHIP**

   **Progress**

   The Charter requires that historically disadvantaged South Africans (HDSA) own, in total, 25% of the aggregate value of the equity of the entity that holds the operating assets in the South African Oil Industry.

   Sasol Oil has fully complied with the ownership element. Effective 1 July 2006, Sasol Oil sold 25% of its shares to Tshwarisano LFB (Pty) Ltd, a B-BBEE consortium comprising 150,000 direct shareholders and 2.8 million beneficiaries. The value of this transaction amounted to R1 450 billion, making it the biggest B-BBEE transaction in the liquid fuels industry. The demographics of this empowerment group include women ownership, rural youth and disabled representation.

   In structuring this empowerment transaction, it was ensured that all aspects of the Charter were adhered to, including participation of Tshwarisano throughout Sasol Oil’s value chain. In addition, Tshwarisano holds the acquired 25% ownership of Sasol Oil without any limitations on its ability to exercise rights and obligations that accrue under such ownership. Tshwarisano has the right to appoint three Non-executive Directors to the Sasol Oil Board of Directors (the Board), Sasol Limited has the right to appoint six Non-executive Directors and Sasol Oil has the right to appoint three Executive Directors. In terms of the Sasol Oil Shareholders Agreement, each director has one vote; hence Tshwarisano has 25% of the voting rights subject to veto rights granted to shareholders in respect of certain shareholder reserved matters. Tshwarisano also has rights, as a shareholder, to approve or agree to shareholder reserved matters. Consequently, Tshwarisano is participating in the sourcing of crude and fuels components, refining and blending, in-bound logistics and retailing and direct sales to end-users. All debt related to the transaction was settled in September 2015, a year in advance of the agreed term.

2. **CONTROL**

   **Progress**

   Sasol Oil Black Economic Empowerment (BEE) partners fully own and control Tshwarisano, which in turn has an effective 25% shareholding throughout Sasol Oil’s value chain. Tshwarisano has appointed three directors to Sasol Oil Board of Directors with full voting rights. To ensure that effective control by historically disadvantaged South African (HDSA) is maintained, Sasol Oil board has transformed from zero Black representation to 70% Black representation and 20% Black women board members to date. In terms of control, Sasol Oil is fully compliant with the Charter from both the perspective of Black representation and voting rights as well as operational involvement of HDSA.

3. **SUPPORTIVE CULTURE**

   **Progress**

   Various interventions have been implemented to ensure that an enabling empowerment environment is created within Sasol Oil. Black Economic Empowerment (BEE) targets are monitored and pursued as part of Sasol Oil’s overall Balanced Scorecard. BEE Working Group Committee meetings, including all business units are held on a monthly basis to monitor progress against transformation targets and also provide an oversite role in governance and implementation of transformation initiatives.

   Additionally, we have a combined employment equity (EE) and a supplier development (SD) forum which has identified barriers to transformation and has developed transformation action measures. They will continue to review, monitor progress and make recommendations to the Executive Committee on EE and SD issues.

   BEE is one of the key business imperatives for Sasol Oil especially because it is one of the key criteria used by the DoE in awarding retail and site licences, which are critical to the execution of the Sasol Oil strategy.
### 4. SUSTAINABILITY

**Progress**

Sasol Oil played a pivotal role in the establishment of Exel Petroleum in 1997, which operated successfully as a liquid fuels marketing company up to 2004 when it was merged with Sasol Oil. The merger was informed by the realisation that Exel’s operations would be exposed when the industry is de-regulated, hence Exel’s shareholders comprise more than 40% of the Tshwarisano Consortium. Today, Tshwarisano, which includes former Exel’s shareholder, owns 25% equity in all parts of Sasol Oil’s value chain. This has enhanced its sustainability by cushioning the vulnerability of being exposed only to volatile parts of the business. Tshwarisano has in addition used all its dividends to pay a substantial amount of its debt enabling it to meet its 10 year commitment to pay off all its debt.

### 5. EMPLOYMENT EQUITY

**Progress**

For the reporting period, Sasol Oil’s diversity for all designated groups (Africans, Coloureds, Indians, women and people living with disabilities) was 90%. Diversity at different occupational levels is as follows:

- **Senior management including executive management** – 66% with 19,5% Black female and 43% Black male representation.
- **Middle management** – 55,9% with 27,3% Black female and 34,2% Black male representation.
- **Junior management** – 66,6% with 24,9% Black female and 43,8% Black male representation.
- **Semi-skilled** – 92,9% with 12,8% Black female and 80,1% Black male representation.
- **Unskilled** – 100% with 51,8% Black female and 48,1% Black male representation.

The focus remains at achieving our EE plan targets addressing under-representation of African females at senior management, Coloured and African females at middle and junior management. Black people with disabilities represent 2,68% and continue to be a focus area across all levels.

### 6. CAPACITY BUILDING

**Progress**

Sasol Oil’s capacity-building focus is strongly aligned with business priorities and remains on leadership development, critical operational, technical and safety-related training. As at June 2018, a total training spend of R18,6m, which includes external training, bursaries, quantified on the job mentoring and training as well as learnerships for the unemployed was spent on qualifying Black beneficiaries. The unemployment learnership included 13 learners living with disabilities. 97% of the learners were progressed to the next NQF level, while opportunities for permanent employment are being explored. A further intake is planned for FY2019.

### 7. TERMS OF CREDIT TO HDSA COMPANIES

**Progress**

Sasol Oil actively supports emerging Black liquid fuel wholesaling companies with favourable pricing, preferential allocation of products, credit terms in combination with coaching and mentoring.
8. PREFERENTIAL PROCUREMENT

Progress
Total measured procurement spend for the period was R1,78bn. A significant R788,5m (44.2%) was spent with ≥ 51% Black-owned suppliers (excluding crude oil). Procurement targets linked to employee short-term incentive have been set to improve spend with Black-owned suppliers. Additional procurement targets have been set to improve spend with small enterprises within our supply chain, majority of whom are Black-owned. Set aside commodities for BEE procurement have also been identified to contribute in improving BEE spend. More opportunities continue to be explored to increase spend with Black-owned suppliers including enrolling some of them, depending on their needs, on our enterprise and supplier development programme to enable them to meet our requirements such as safety, health and environment (SHE) compliance, quality and general business and technical compliance. Progress continues to be made in the challenging area of crude and product procurement. As at the end of the period, 100% of our total crude as well as imported finished product was sourced from more than 25% Black-owned traders/suppliers.

9. SUPPLIER AND ENTERPRISE DEVELOPMENT

Progress
Sasol Oil is committed to ensuring a capable and highly competent supplier-base to deliver quality goods and services. To this end, Sasol Oil has contributed to a total Sasol Group spend of R163,9m in supplier loan financial support as well as supplier and enterprise development grant support. This much needed loan and grant support enables suppliers with working capital or equipment to meet the demands/requirements of their scopes of work. Access to financial support has been enabled through only a supply contract being required as a guarantee as well as the offering of prime – (minus) to qualifying suppliers based on their credit records.

10. SYNFUELS SUPPLY AND WHOLESALING

Progress
Sasol Oil enables Black enterprises to purchase on a wholesale (ex-refinery) basis. In the past, only oil companies who owned refineries bought on wholesale basis. After signing the Charter, Sasol Oil provided access and opportunity for emerging Black-owned companies to purchase on the same basis as established companies. This intervention has provided many of the “so called non-refinery wholesalers” an opportunity to compete on an equitable basis.

11. REFINING CAPACITY

Progress
Tshwarisano, our BEE partner, owns 25% of Sasol Oil’s share in the Natref refinery, which produces 12% of the total South African petroleum demand. In addition, Tshwarisano owns 25% of Sasol Oil Secunda Operations where fuel components purchased from Sasol Synfuels are blended for marketing. Our BEE partner is fully involved in the manufacturing and refining of all Sasol Oil’s products.

12. RETAILING

Progress
Out of Sasol Oil’s retail network of franchised Sasol Convenient Centres (SCC), Exel service stations and dealer-owned sites, 60,4% are operated by Black dealers and 13,8% operated by women dealers (including white females). In further advancing retail network transformation, only African and Coloured Franchisees will be appointed in New To Industry (NTI) unencumbered sites. African and Coloured females will be given priority, with males considered when no female candidate can be recruited.

For existing sites, pipeline of potential African and Coloured candidates is managed via a database which ensures a repository of potential candidates when opportunities arise. Underperforming franchisees are to be breached and sites to be ring-fenced for Black entrants.
13. SOCIODEVELOPMENT (SED)

Progress

Sasol Oil is a supplier of fit-for-purpose energy solutions in the energy market, both locally and abroad. Social welfare and the development of citizens are encapsulated in the programmes of national development in the respective host nations where we operate. Sasol Oil has contributed to the R239m Sasol Group spend on various SED initiatives.

In Southern Africa and internationally, Sasol Oil’s social investment programmes target programmes in socio-economic development that bring significant impact social upliftment to communities where we operate. In addition, this strategy affords Sasol the opportunity to demonstrate the organisation’s brand and values to stakeholders.

These programmes include policies that promote the social advancement of its people; policy delivery vehicles include key areas:

Education

- Implementation of projects that are targeted at learners from rural and other developing areas to improve their literacy levels and understanding of mathematics and science, enabling them pursue careers in the science and technology fields.
- Supporting rural and urban educational infrastructure and development in communities surrounding the Sasol retail sites, Sasol Oil operations, and the integrated energy centres (IeCs) operations.
- Implement programmes aimed at increasing opportunity for employment with a special focus on youth and supporting learnership and skills development programmes.

Environment

- Supporting environmental programmes with a focus on mitigating the impact of climate change on communities through water, recycling and waste management programmes.

Employee volunteerism

- Encouragement of employees to support the implementation of Social Investment (SI) programmes.