



sasol

# MAINTAINING MOMENTUM

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Annual Integrated Report  
30 June 2015



Sasol is an international integrated chemicals and energy company that leverages the talent and expertise of about 31 000 people working in 37 countries. 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 low-carbon electricity.



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**Our Annual Integrated Report provides cross-references to our suite of reporting publications:**

**AIR** Annual Integrated Report

Our primary annual report to stakeholders. Contains succinct material information and conforms to local and international statutory reporting frameworks.

**AFS** Annual Financial Statements

Contains a full analysis of the Group's financial results, with detailed financial statements, as well as the full remuneration report, prepared in accordance with International Financial Reporting Standards. Our full corporate governance report is available on our website at [www.sasol.com](http://www.sasol.com).

**20-F** Form 20-F

Form 20-F, our annual report issued in accordance with the Securities Exchange Act of 1934, which is filed with the United States Securities and Exchange Commission (SEC), in line with the requirement of our New York Stock Exchange listing.

**SD** Sustainable Development Online Report

Our annual online report covering environmental, social and governance matters. Prepared in accordance with the GRI G4 framework.

# About this report

Sasol applies a progressive approach to integrated thinking and integrated reporting. The leadership of the Group develops and directs the strategy and manages the business in an integrated way, taking cognisance of the capital resources required and the interests of all our stakeholders. This is demonstrated throughout our Annual Integrated Report (AIR) for the year ended 30 June 2015.

In preparing our report, we were guided by the International Integrated Reporting Framework, published by the International Integrated Reporting Council in December 2013. In support of integrated thinking and integrated reporting, our AIR includes sustainable development (SD) matters. Accordingly, we will no longer print a separate SD report, but rather produce a web-based SD supplement to provide additional information to our stakeholders. Our management reporting processes and our suite of reporting publications are aligned with the integrated reporting requirements of the King Code of Governance Principles for South Africa 2009 (King III Code). Sasol has an integrated reporting working group in place that interacts directly with the Office of the President and Chief Executive Officer and the Chief Financial Officer.

The AIR is our primary report to stakeholders. The scope of this report includes the Group's main business units and key functions, including our joint ventures and investments over which we exert significant control or influence, as shown on pages 83 to 97. All significant items are reported on a like-for-like basis, with no major restatements.

Our Annual Financial Statements (AFS) and online Sustainable Development Report (SDR), which supplements the AIR, aim to provide information of specific relevance to certain stakeholders. These reports are available on our website, [www.sasol.com](http://www.sasol.com), or on request from Sasol Public Affairs. Contact details are on page 98.

Given the integrated basis upon which we manage our business, the interests and concerns of our key stakeholders, and how we respond to them, are discussed throughout our report.

## Reporting frameworks

Our AIR conforms to the requirements of local and international statutory and reporting frameworks, including those of the South African Companies Act 2008 and Johannesburg Stock Exchange (JSE) Listings Requirements. We continue to use the Global Reporting Initiative (GRI) G4 guidelines to inform our SDR and web-based sustainability disclosures. On this basis the contents of the report are aligned with material sustainability focus areas.

## Approval of our Annual Integrated Report

The President and Chief Executive Officer, Mr David E Constable, and the Chief Financial Officer, Mr Bongani Nqwababa, presented this report to the Audit Committee for approval on 9 October 2015.

## Determining materiality

Our AIR aims to provide a balanced, accurate and accessible assessment of our strategy, performance and prospects in

relation to material financial, economic, social, environmental and governance issues. The material issues and developments that are comprehensively dealt with in the report were determined by considering the following:

- set quantitative and qualitative criteria factors;
- matters that are critical in relation to achieving our strategic objectives and the sustainability of our integrated value chain;
- matters covered in reports submitted to the Board of Directors for discussion or approval;
- key risks identified by our risk management process; and
- the interest of our key stakeholders.

## Combined assurance

Sasol applies a combined assurance model, which seeks to optimise the assurance obtained from management and internal and external assurance providers.

Management provides the Sasol Limited Board with assurance that it has implemented and monitored the Group's risk management plan, and that it is integrated into day-to-day activities. Management is responsible for monitoring and implementing the necessary internal controls, including compliance with the Sarbanes-Oxley Act, 2002.

The internal audit function, overseen by the Audit Committee, assesses the effectiveness of Sasol's system of internal control and risk management.

The Group receives external assurance on certain aspects of the business. For example, our external auditors, PricewaterhouseCoopers Inc., provide an opinion on the fair presentation of the Group's AFS and assurance on selected information in the SDR.

The Audit Committee ensures that the combined assurance model introduced by the King III Code is applied to provide a co-ordinated approach to all assurance activities and addresses all the significant risks facing the company. The committee also monitors the relationship between the external assurance providers and the company.



**AIR** For more information on assurance, refer to the corporate governance report.

## Feedback

Through our reporting process we seek to move beyond compliance and enter into an inclusive and meaningful dialogue with our stakeholders, with the aim of informing our strategy and building trust.

We value feedback and welcome questions and comments on our reporting. To give feedback or request hard copies of our reports, please contact our Sasol Public Affairs division or use the feedback form on our website at [www.sasol.com](http://www.sasol.com).

**AIR** Readers are referred to the forward-looking statements on the inside back cover.

# MAINTAINING MOMENTUM

With a new operating model, underpinned by streamlined corporate and management structures, simplified governance and decision-making processes, and new ways of working, Sasol is a redefined, resilient, integrated chemicals and energy company.

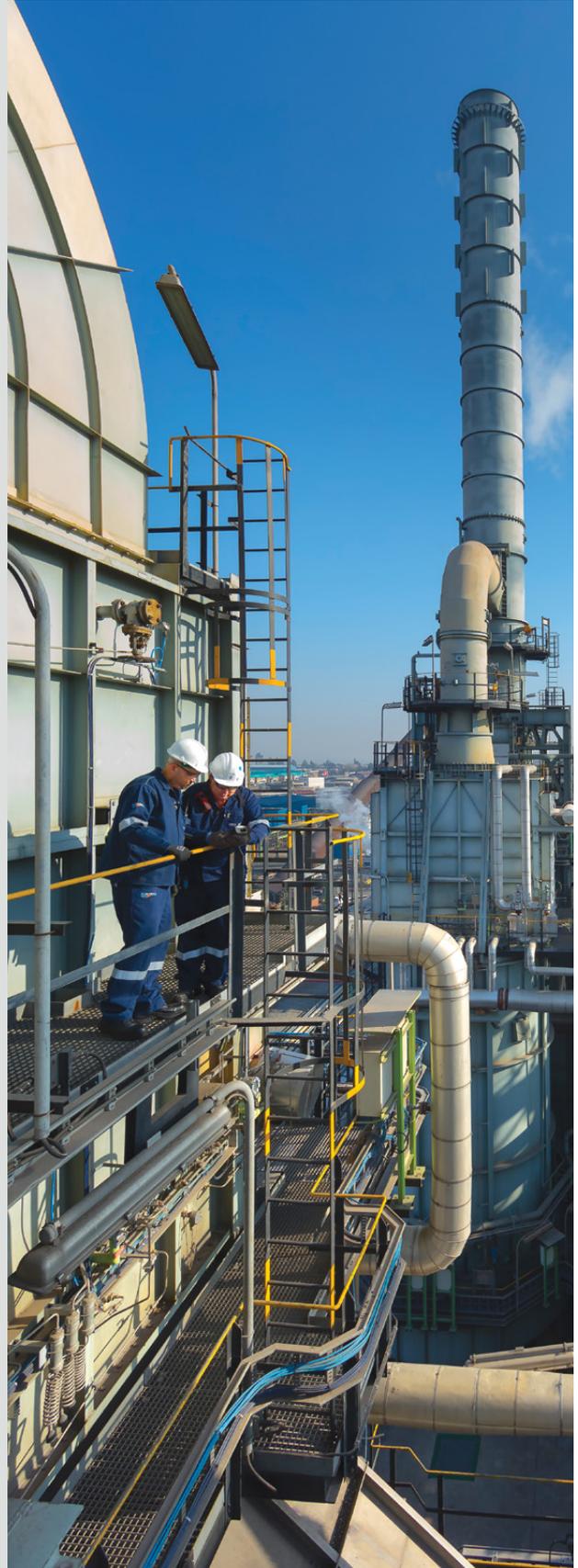
The launch of a significant change programme in 2012, at a time when we were delivering record profits, enabled us to place the company in the strongest position possible to respond to a turbulent macroeconomic environment.

Ultimately, our ability to sustainably reduce costs and fundamentally reposition Sasol for long-term growth and longevity is testament to the tenacity of our people who rallied behind the company's call to maintain momentum and remain focused on driving shareholder value for the benefit of all our stakeholders.



**David E Constable**

*President and Chief Executive Officer*  
Sasol Limited



# Our performance highlights

## Sustaining our strong financial and non-financial performance

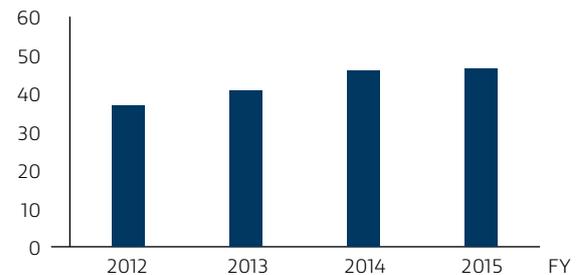
Our performance in recent years has been largely attributable to effectively managing the factors within our control. Underpinned by a solid safety performance, we have met our strategic milestones and embedded comprehensive organisational changes. This has allowed us to consistently outperform our previous best efforts and maintain our track record of growing shareholder value sustainably.

<p>Safety Recordable Case Rate, excluding illnesses, improved to</p> <p><b>0,32</b></p>	<p><b>▲ 5%</b></p> <p>increase in liquid fuels sales volumes for our Energy Business in Southern Africa</p>	<p>Performance Chemicals and normalised Base Chemicals sales volumes up</p> <p><b>▲ 2%</b></p>	<p>Normalised cash fixed costs increased by</p> <p><b>0%</b></p>
<p>Business Performance Enhancement Programme cost savings of</p> <p><b>R2,5bn</b></p> <p>exceeded 2015 financial year target by R1 billion</p>	<p>Low oil price Response Plan achieved an</p> <p><b>R8,9bn</b></p> <p>cash conservation benefit, at upper end of guidance</p>	<p>Headline earnings per share</p> <p><b>▼ 17%</b></p> <p><b>R49,76</b></p> <p>despite a 33% decline in oil price</p>	<p>Lake Charles Chemical Project making good progress, with</p> <p><b>80%</b></p> <p>of funding secured</p>

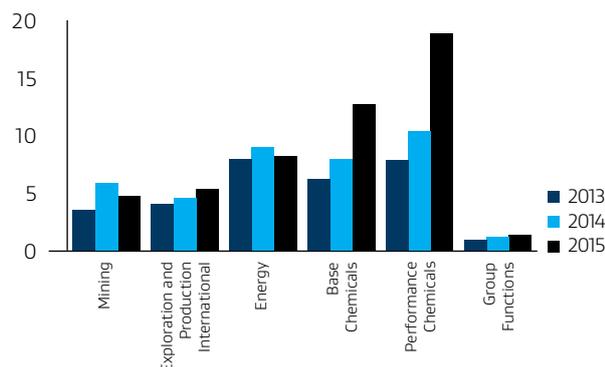
**Earnings per share and dividend per share**  
(Rand per share)



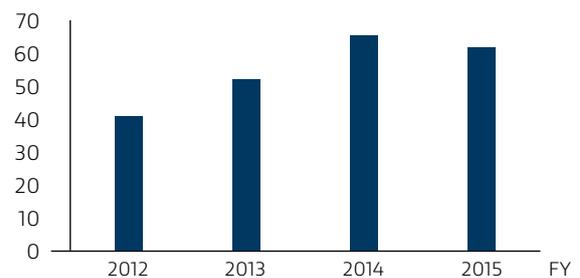
**Profit from operations**  
(R billion)



**Capital investments**  
(R billion)



**Cash generated by operating activities**  
(R billion)



## SAFETY

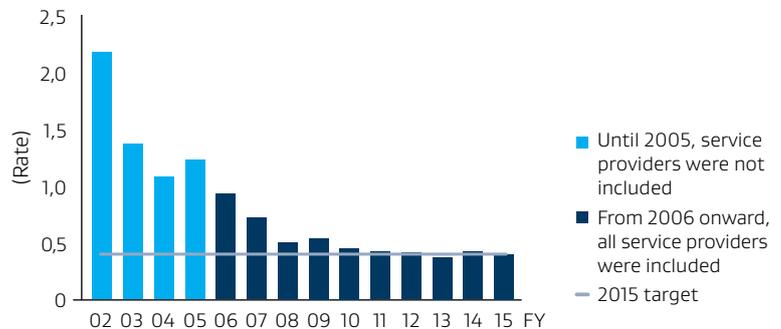
RCR\* of 0,32 in 2015  
(0,40 including illnesses)

### TARGET

- 0,40 (including illnesses)
- 0,34 (excluding illnesses)



**Recordable case rate (RCR)**  
(recordable cases per 200 000 hours)



\* The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workday cases, restricted work injuries, medical treatment cases and occupational illnesses for every 200 000 employee hours worked.

## ENERGY EFFICIENCY

The utility Energy Intensity Index for our South African operations improved by a cumulative 10,2% (off a 2000 baseline) to 0,898 in 2015

### TARGET

- 0,85



**Sasol energy efficiency accord measurement**  
(Energy Intensity Index)



## GREENHOUSE GAS EMISSIONS INTENSITY

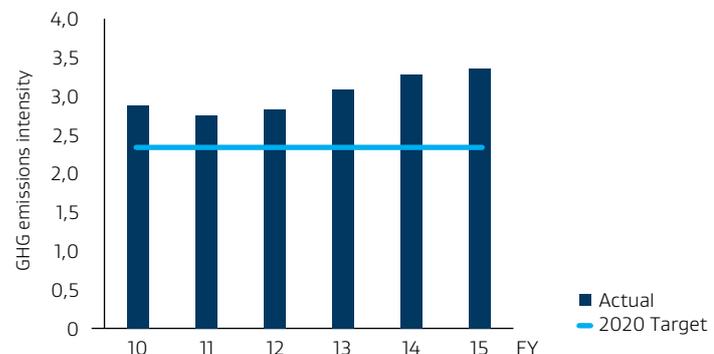
Total GHG emissions decreased by 3,5% from 2014. GHG intensity of 3,35

### TARGET

- 2,47 by 2020



**Greenhouse gas (GHG) emissions intensity**  
(tons CO<sub>2</sub> equivalent per ton production)



Notwithstanding the decrease in total GHG emissions by 3,5% from 2014, our GHG emissions intensity increased to 3,35 from 3,28 in 2014 due to the sale of the Solvents Germany facility and exclusion of the ORYX GTL data.

# Our operating context

## A volatile business environment

Sluggish global economic growth, highly volatile oil and gas prices and continued currency fluctuations contributed to 2015 being marked as a challenging year. Market conditions in South Africa, Europe and China remained difficult. The moderate and uneven recovery experienced since the global financial crisis in 2008 is expected to continue over the near to medium term. These global and regional challenges underscore the complexity and interconnectedness of the economic and societal factors that shape our operating context.

In 2015, we focused our efforts on embedding Sasol's new operating model and supporting systems, which both simplifies and standardises how we operate. Sasol is today better positioned to anticipate and manage environmental, regulatory and social challenges, with a streamlined corporate and management structure in place, and with the backing of solid corporate values and culture.

### Oil price volatility

Looking at the global landscape, economic growth is expected to continue at a moderate and uneven pace, with advanced economies leading the way in the short term. Brent crude oil prices have fallen dramatically: the average Brent oil price was US\$73,46/barrel for the year ended 30 June 2015, compared with US\$109,40/barrel in the prior year. Oil prices are likely to remain under pressure in the near term, but are expected to rise modestly as the supply-overhang is slowly whittled away. Weak commodity prices, infrastructure constraints and the potential increase in US interest rates in the second half of calendar year 2015, are likely to further weaken the rand exchange rate.

The introduction, in December 2014, of the Group's Response Plan, with a target of conserving R30 billion to R50 billion over a 30-month period to 30 June 2017, was a proactive measure to mitigate the steep decline in oil prices. The quick and decisive response of management is testament to the value of a simplified operating model, which allows for better business management and more efficient decision-making.

In addition to the Response Plan objectives, our Business Performance Enhancement Programme continued to deliver excellent cost savings, providing a solid platform for Sasol to withstand the challenges of the volatile macroeconomic environment. In the 2015 financial year, we increased our target for sustainable annual cost savings from R4 billion to R4,3 billion by the end of our 2016 financial year. As part of the Response Plan, we are currently working to deliver further sustainable cash cost savings of R1 billion annually by the 2018 financial year.

We consider hedging of oil, as well as commodity price risks, when appropriate. We monitor the market constantly for investments which offer an opportunity to mitigate some of our risks, taking into consideration not only the potential benefits of any such investments, but also the strength of our balance sheet. We are confident that our new operating model will enable us to continue to deliver on our strategic objectives, and manage any further volatility in global markets.

### Outlook for South Africa

In South Africa, our home base and the location of our largest operations, the economic and societal landscape remains challenging and complex. Near-term growth is curbed by electricity supply constraints, soft global prices for some of the country's key commodity exports, and low business and consumer confidence.

Among the business community's concerns are regulatory and policy uncertainty and continuing labour market volatility. However, wage negotiations impacting Sasol's South African operations within the Petroleum and Industrial Chemicals sectors have been concluded and we continue to pursue selected growth opportunities in South Africa, with our Sasolburg and Secunda facilities focusing on optimisation and efficiency. We have also identified opportunities to further invest in gas-to-power projects over the medium to longer term.

Key regulatory concerns stem from the trend towards increased regulatory activity and multimedia influences. We are managing the impacts of significant changes to air quality legislation, the proposed introduction of carbon budgets and a carbon tax, uncertainty over the Mineral and Petroleum Resources Development Act Amendment Bill, and changes to the Codes of Good Practice on Broad-Based Black Economic Empowerment.

We are reviewing our longer-term strategy within an oil price environment of US\$80 to US\$100 a barrel to ensure that we are well positioned to create sustainable value in the long term. The rand remains undervalued against the US dollar.

Increased sustainable annual cost savings target  
**from R4 billion to R4,3 billion**  
by the end of our 2016 financial year

Low oil price Response Plan target to conserve  
**R30 billion – R50 billion**  
in next 24 months

Hedging of oil and other commodities  
**considered, when appropriate**

The risk of exchange rate and financial market volatility remains high and dependent on the interest rate increasing in the United States, as well as country-specific risk factors impacting on the rand.

### Outlook for the United States

The outlook for the United States is currently positive. Against this backdrop, the shift towards liquids-rich plays for natural gas production has led to large quantities of ethane being produced as a co-product, flooding the market and pricing ethane below the energy floor value.

Over the next five years, ethane demand is set to increase significantly, with numerous ethane export terminals and ethane crackers (including Sasol's Lake Charles Chemical Project) under construction. Should significant quantities of ethane be exported, the ethane balance will tighten, leading to higher ethane prices in the longer term. However, the level of ethane production in the United States may still be conducive for further investments in gas-to-chemicals projects.

### Diversified asset portfolio

Our chemicals businesses have a diverse portfolio of robust assets. This ensures resilience under a number of different oil price scenarios and industry cycles allowing for the delivery of the Group's definition of victory, which is to grow shareholder value sustainably.

In the near to medium term, we will continue to actively manage our portfolio and harness synergies in Base Chemicals and Performance Chemicals with a view to maximising sales to customers and delivering marketing excellence.

In 2015, Sasol was reclassified by the FTSE as a Chemicals Company (from a Resources Company).



# Our definition of victory

## Achieved through an integrated approach

Our strategy, operating model, structure, priorities, culture and material sustainability focus areas are integrated to achieve our definition of victory. In growing shareholder value sustainably, we drive both financial and non-financial performance metrics.



# Our shared values and culture

## Defining what we stand for as an organisation

Our shared values inform our actions and behaviour. They determine the way in which we interpret and respond to risk management, business opportunities and challenges.

Together our shared values and culture establish expectations about how we work as colleagues, with our customers, shareholders, suppliers, partners, governments and communities. Being a values-driven organisation means that all Sasol people embrace and live our shared values, which underpin our high-performance culture.

<p><b>SAFETY</b></p>	▶	<p>We are committed to zero harm and all that we do, we do safely. We create a safe, secure, productive and rewarding work environment.</p>
<p><b>PEOPLE</b></p>	▶	<p>We create a caring, diverse, and engaged work environment that recognises both individual and team contributions in pursuit of high performance.</p>
<p><b>INTEGRITY</b></p>	▶	<p>We act consistently based on a set of values, ethical standards and principles.</p>
<p><b>ACCOUNTABILITY</b></p>	▶	<p>We take ownership of our behaviour and responsibility to perform both individually and in teams.</p>
<p><b>STAKEHOLDER FOCUS</b></p>	▶	<p>We serve our stakeholders through quality products, service solutions and value creation.</p>
<p><b>EXCELLENCE IN ALL WE DO</b></p>	▶	<p>We deliver what we promise and add value that goes beyond what is expected.</p>

# Our operating model structure

Informed by our new value chain-based approach

Our new operating model and refined legal structures, introduced simultaneously on 1 July 2014, allow us to approach our decision-making as an integrated organisation, driving the best interests of the entire company and not of a particular business or facility.

## SASOL GROUP

### OPERATING BUSINESS UNITS

Focus on securing the sustainable supply of low-cost feedstocks to Sasol, from coal through Mining, to gas through Exploration and Production International. Help to deliver the selective growth and advancement of the Group. In 2015, we extended the useful life of our plants in Secunda to 2050 by securing the coal reserves required for feedstocks. In addition, in Sasolburg and at our Natref operations, we extended the useful life of our plants to 2034.

#### Mining

Secures the coal feedstocks for the Southern African value chain, mainly for gasification, but also for electricity and steam generation. Mines approximately 40 million tons (Mt) of coal a year from one of the world's largest underground mining complexes at Secunda and Sasolburg. Also exports approximately 3,6 Mt of coal a year.

#### Exploration and Production International

Secures and develops gas feedstocks for the Southern African value chain. Exploration activities are centred on Southern Africa while production activities are in Mozambique, Canada and Gabon.

### REGIONAL OPERATING HUBS

Comprise two broad groupings, Southern Africa Operations and International Operations.

Responsible for converting feedstocks received from OBUs for the production of a wide range of products on behalf of the SBUs and accountable for delivering against agreed safety, cost, volume and specification targets set by the Group.

#### Southern Africa Operations

##### Secunda Synfuels

Operates a coal- and gas-based synthetic fuels manufacturing facility which also produces chemicals feedstocks and utilities.

##### Secunda Chemicals

Produces chemicals and provides site services to the Secunda complex.

##### Sasolburg Operations

Produces chemicals and cobalt catalyst and supplies utilities and site services to Sasolburg Operations.

##### Satellite Operations

Includes a wax blending plant in Durban, the gas, fuels and chemicals pipelines between Mozambique, Secunda, Sasolburg and KwaZulu-Natal and the explosive accessory plants in Ekandustria.

##### Natref Operations

Operates a crude oil refinery and is 63,64% owned by Sasol.

#### International Operations

##### US Operations

Comprises a set of chemicals processing facilities in a number of US locations, the most significant of which is in Lake Charles, Louisiana.

##### US Mega Projects

Houses the Lake Charles Chemical Project and the proposed US gas-to-liquids project.

##### Eurasian Operations

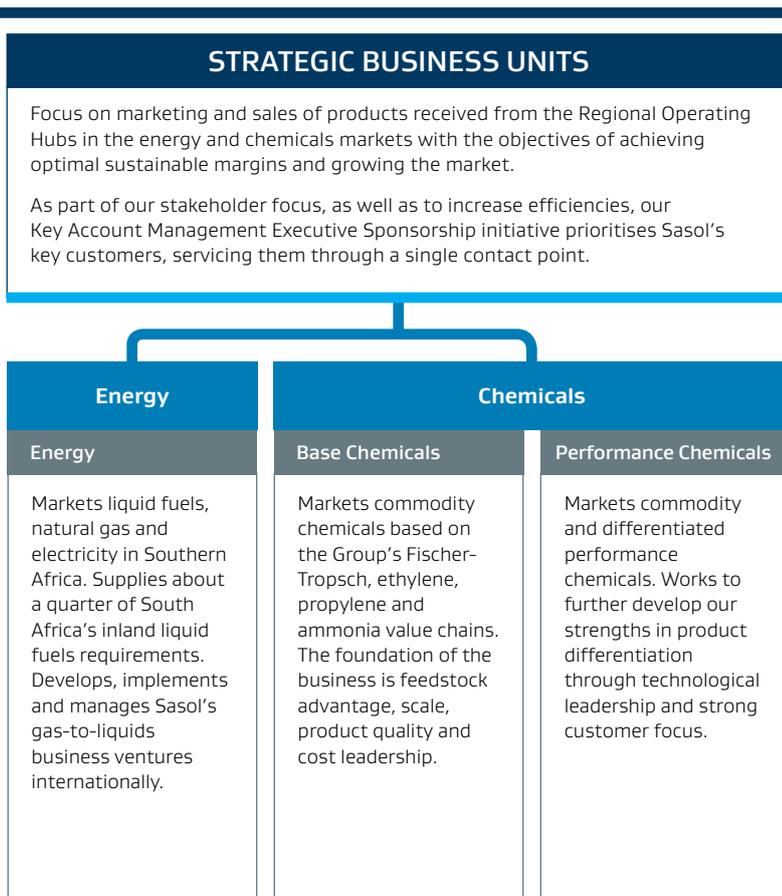
Consists of chemicals processing facilities in China, Germany and Italy.

### GROUP FUNCTIONS

Focuses on delivering fit-for-purpose, supportive and enabling business services and solutions.

With the launch of our new operating model, we have reduced the number of functions from 31 to 15, enhancing synergies, strategic alignment and effectiveness. The legal structure optimisation reduced the number of legal entities from 210 to 165, resulting in a simplified reporting structure with a consolidation of legal business interfaces.

Our new operating platform has resulted in a far more streamlined and cost-conscious organisation. It arranges our businesses and functions along Sasol's integrated value chain which draws on each unit's unique capabilities and areas of specialisation, namely Operating Business Units (OBUs), Regional Operating Hubs (ROHs), Strategic Business Units (SBUs) and Group Functions.



### BENEFITS OF OUR NEW OPERATING MODEL

- Created greater focus and increased **simplicity across our global operations**
- Facilitated quicker decision-making** as an integrated organisation
- Ensured flexibility** to respond to external factors
- Secured better insight** into our businesses for our stakeholders
- Reduced legal structure entities** from 210 to 165
- Reduced GEC business and functional sub-committees** from 57 to 9
- Simplified and enhanced** functional support to the business

- Our Group Functions include:**
- Assurance Services
  - Business Enablement
  - Corporate Finance, Business Development and Portfolio Management
  - Financial Control Services
  - Governance, Compliance and Ethics
  - Human Resources
  - Information Management
  - Investor Relations
  - Legal, Intellectual Property and Regulatory Services
  - Planning and Optimisation
  - Public Affairs
  - Risk and Safety, Health and Environment
  - Strategy
  - Supply Chain
  - Technology (Research and Technology, Capital Projects, Engineering and Project Services)

Strategic performance

Governance and remuneration

Financial performance

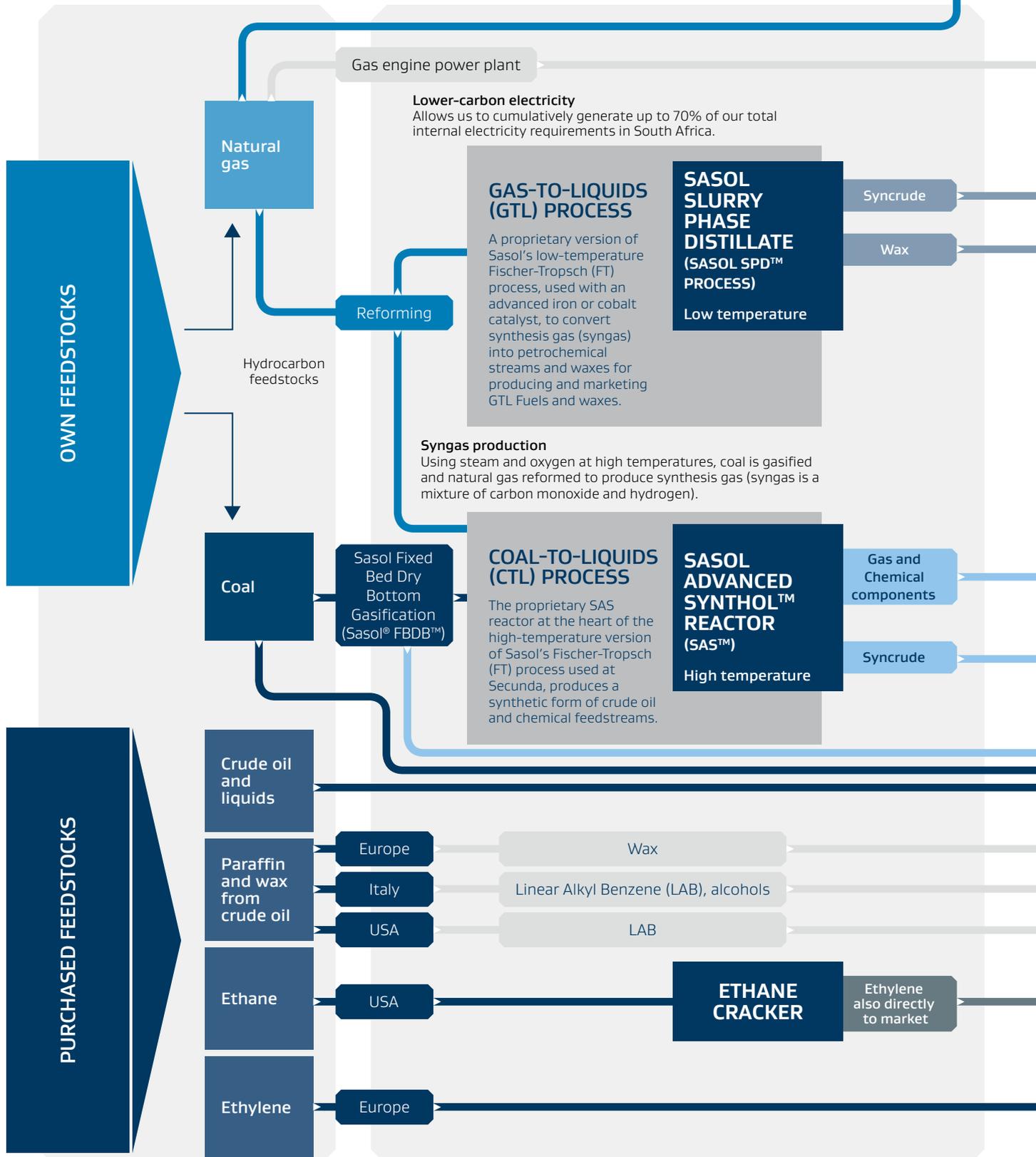
Operating performance

Additional information

# Our integrated value chain

Leveraging our unique value proposition to grow shareholder value sustainably

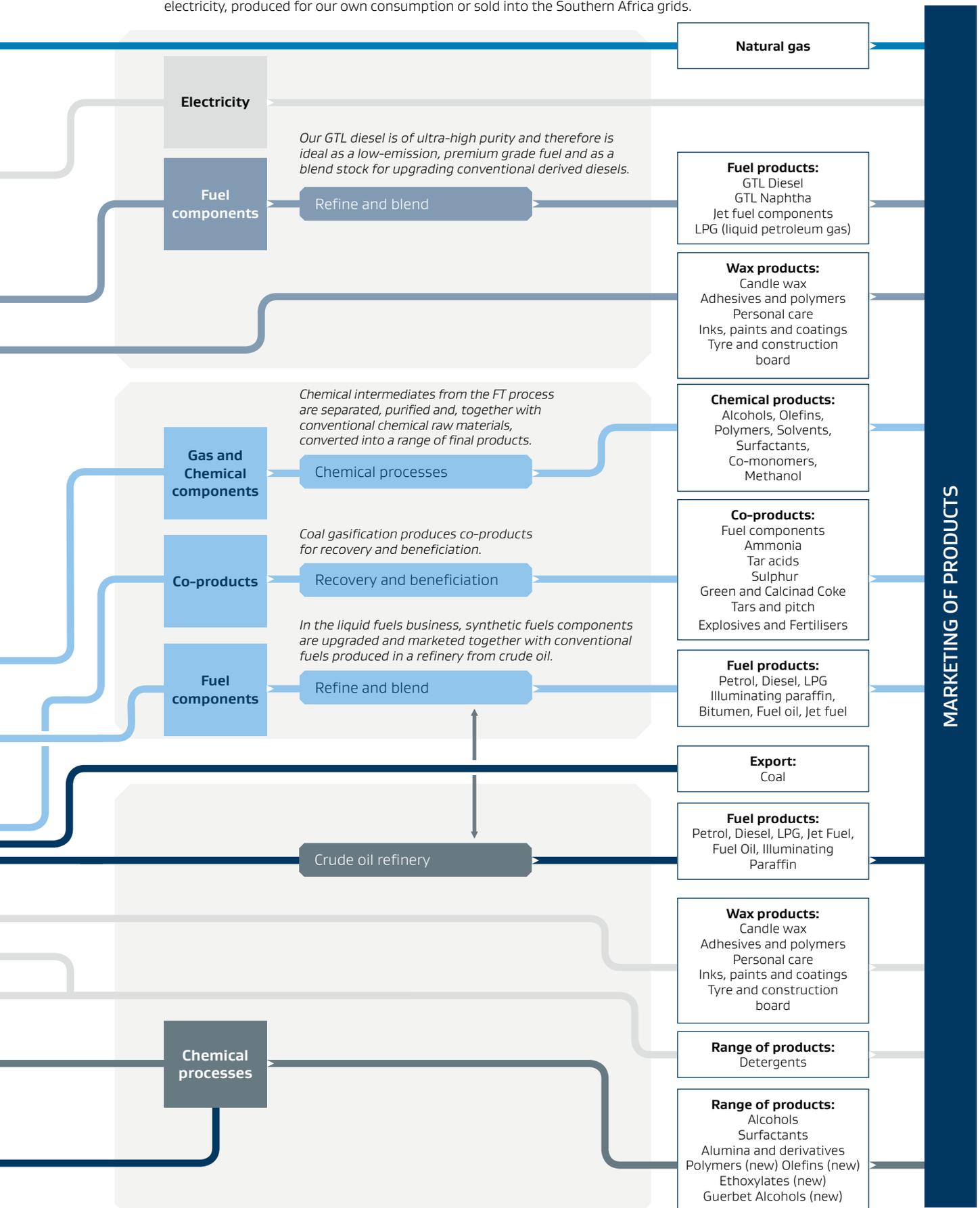
Our integrated value chain is at the heart of our differentiated value proposition. We will continue to improve our coal-to-liquids and gas-to-liquids processes, to ensure safe, reliable and efficient operations with lower environmental impact.





## Our products

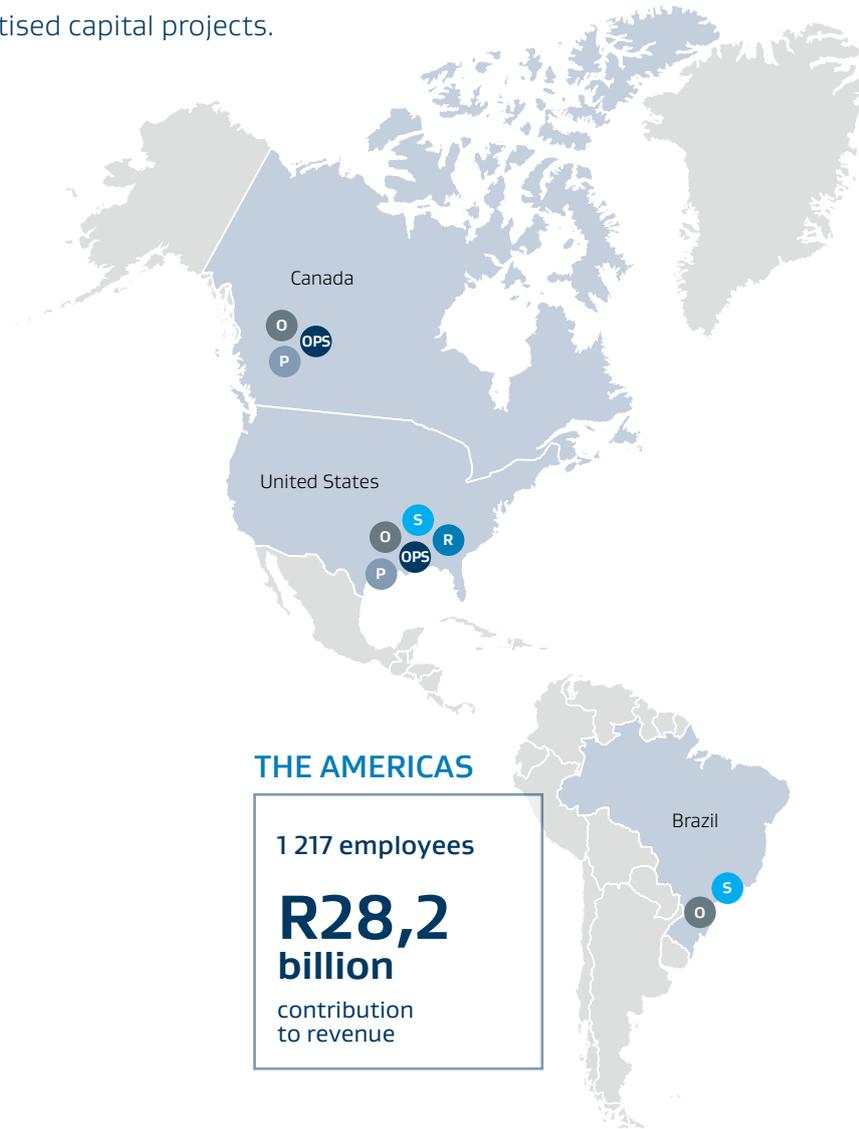
We produce bulk fuel and chemical commodities as well as high value-add or differentiated products. We supply mainly to industries, but also supply directly to consumers in South Africa through our fuel products retail business. We export coal to international power generation customers. Our third product stream is lower-carbon electricity, produced for our own consumption or sold into the Southern Africa grids.



# Our global presence

## Leveraging an international footprint

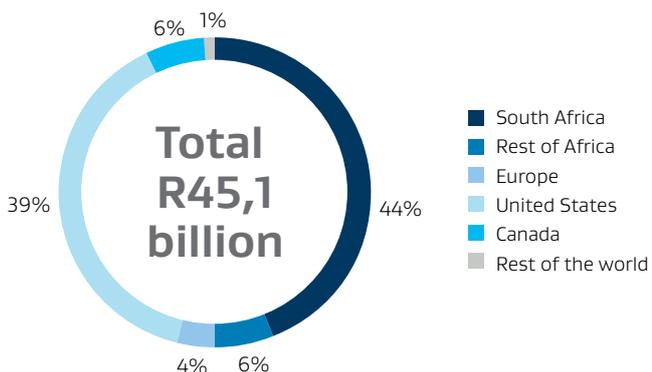
Sasol has exploration, development, production, marketing and sales operations in 37 countries around the world. Our near-to-medium-term strategy encompasses a largely dual-regional focus that seeks to leverage our global presence for growth and expansion. Across our existing global footprint, we aim to maintain and enhance our asset base to make our plants more efficient and effective. In North America and Southern Africa, we seek to advance on several fronts through our pipeline of carefully prioritised capital projects.



Our financial reporting reflects the broad regions in which we have a presence.

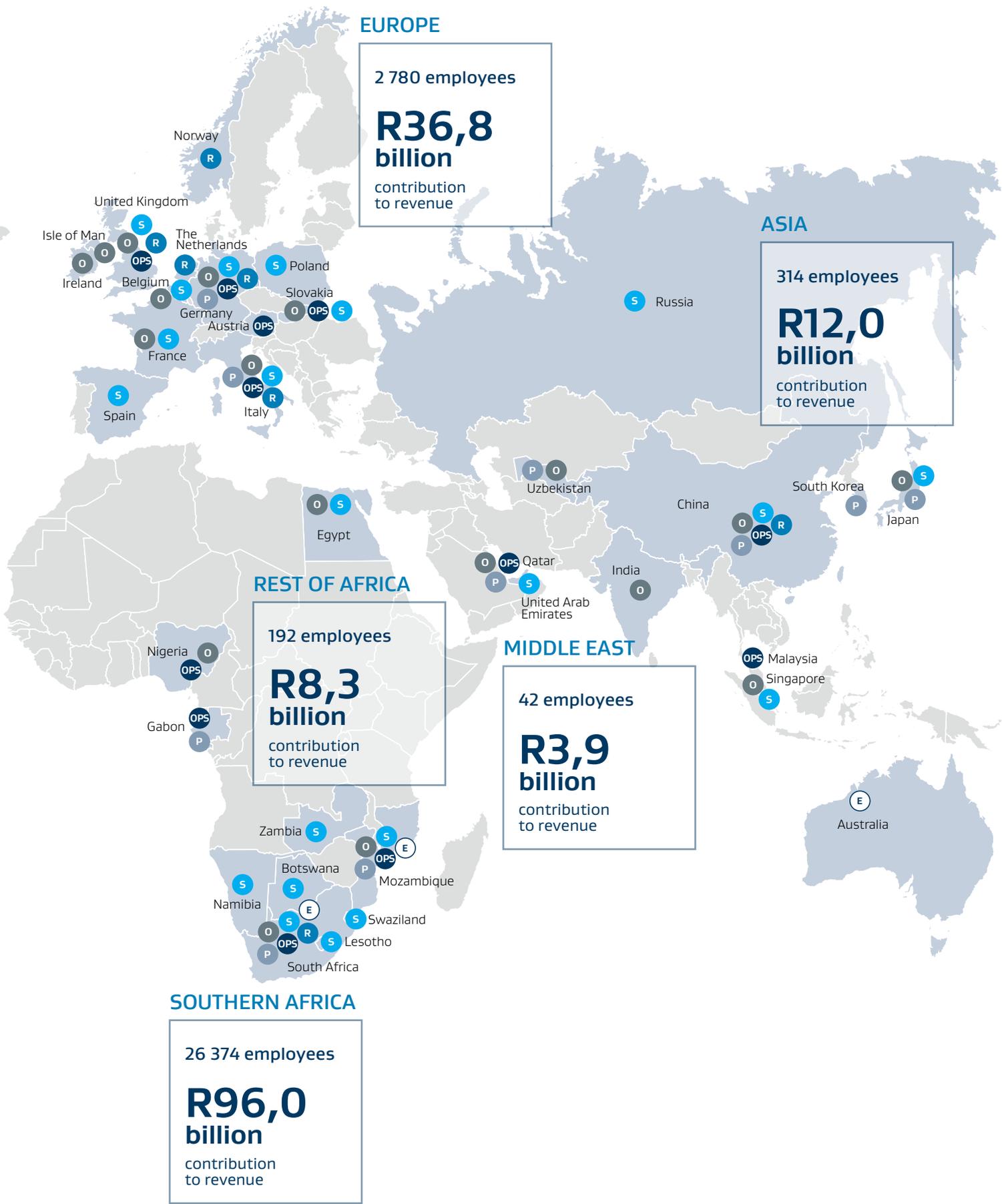


Capital investments by region for 2015



### Legend

- Office
- Operations
- Sales
- Projects at the pre-feasibility, feasibility or implementation phase
- Research activities
- Exploration



## President and CEO review



David E Constable, *President and CEO*

The decisive actions we have taken to reposition Sasol for long-term success have placed us in a position of strength, allowing us to maintain momentum through a challenging and volatile energy landscape.

# MAINTAINING MOMENTUM AND DRIVING FORWARD

## Dear stakeholder,

In reflecting on the past financial year, it has been most rewarding to see our employees rally behind the organisation's call to maintain momentum and remain focused on driving shareholder value, for the benefit of all our stakeholders.

Notwithstanding a steep decline in crude oil prices towards the end of last year, our strong group-wide performance during the 2015 fiscal year is testament to the ongoing commitment of our people; the decisions we took to strategically reposition Sasol for the future; and the agility with which we responded to a fundamentally different energy landscape.

## Embedding change to sustainably reposition Sasol

Given the cyclical nature of the global energy industry, we build commodity price swings into our short- and long-term forecasting and scenario planning. While we could not have predicted the exact moment the oil price would drop, nor the quantum, we knew that at some point it would. This is why we embarked on our Business Performance Enhancement Programme in 2012, despite announcing record profits over the past several years.

To sustainably reduce our cost base and bring about a more competitive organisation, through this programme, we drove deliberate changes in seven key areas, namely:

- streamlined corporate structures;
- tailored management structures;
- an overhauled operating model;
- a refined near-to-medium-term strategic agenda;
- a consistent set of annual company-wide priorities;
- a high-performance culture with empowered accountability; and
- a refocused longer-term strategic direction.

The changes we have driven over the past four years have led us to become a more focused and less complex organisation. This is evident in our streamlined corporate and management structures, and the reduction in subsidiary boards and group executive subcommittees. How we work and make decisions, along with the systems we have put in place to support and enable our new operating model, are hallmarks of the new Sasol.

At the end of financial year 2015, our Business Performance Enhancement Programme recorded cumulative savings of R2,5 billion, and we remain on track to realise at least R4,3 billion in sustainable annual savings from the end of financial year 2016.

Furthermore, the implementation and placement of employees into new structures, in terms of our revised

operating model, was largely concluded in June 2015.

By the end of the reporting period, nearly 2 500 voluntary separations and early retirement applications were approved by the company. In addition, our external spend for service providers has reduced dramatically by 10 400 contractors on a monthly basis.

## Responding decisively to a new energy context

Early in December 2014, we proactively formulated a comprehensive plan to conserve cash in response to a lower oil price environment, over and above the savings target set out under our Business Performance Enhancement Programme.

Our Response Plan caters for a cash conservation target range of between R30 billion to R50 billion over a 30-month period to end June 2017. Several core levers underpin our Response Plan. These levers are cash cost savings, margin and working capital improvements, capital structuring and capital portfolio optimisation.

While our Response Plan protects cash over a relatively short period, certain initiatives we have implemented will result in substantial longer-term cost savings in the region of R1 billion annually from financial year 2018.

For cash cost savings, we identified an extensive list of activities which will deliver R4 billion to R7 billion. During the reporting period, we implemented a partial salary freeze globally. Other key savings areas included real estate and external spend.

With a target of R5 billion to R9 billion through our gross margin and working capital lever, we are driving margin and efficiency improvements. We are also optimising our accounts receivable balances and inventory-on-hand.

Turning to capital structuring, during the reporting period, the Sasol Limited Board confirmed a change in our dividend policy based on a cover range. We are also considering other opportunities in this area, which has allowed us to set a target range of R8 billion to R12 billion.

To our final lever, in January 2015, we announced that we are right-sizing our capital portfolio, given uncertain external factors. As a result of this exercise, we decided to delay the final investment decision on our gas-to-liquids plant in the United States. We are also reprioritising our other growth and sustenance capital projects. Here, our cash conservation target range is R13 billion to R22 billion.

## Fine-tuning our strategic agenda

To retain our flexibility, no matter the circumstances, we recently reviewed and refined our strategic agenda for the next five-year period to ensure that our strategy remains both relevant and achievable. In response to a lower oil price environment, we are focusing on enhancing our existing assets and on driving selective growth opportunities to create value.

## President and CEO review (continued)

Our near-to-medium-term strategic agenda is our game plan that takes us to 2020. With a clear five-year blueprint, we will ensure that we maintain momentum, while selectively growing, irrespective of the global economic climate.

### Delivering on our dual-regional strategy

Over the past year, we continued to strategically position ourselves to advance our gas-based growth programmes concentrated largely in Southern Africa and North America.

Looking at the United States, we are proceeding with the construction of our US\$8,9 billion ethane cracker and derivatives complex in Louisiana. Site preparation is underway, and we expect that the plant will achieve beneficial operation during the 2018 calendar year. The robust project economics benefit from an advantaged site location, which expands our existing operations' economies of scale. This will improve our cost structure, while upgraded infrastructure and utilities will drive further efficiencies.

Our product slate distinguishes our investment from most of the other crackers that have been announced in the region. The project uniquely combines commodity and specialty products, which will leverage low cost US ethane feedstocks, a by-product from natural gas production.

Still in North America, during June 2014, Sasol and INEOS Olefins & Polymers USA successfully concluded a toll manufacturing joint venture, Gemini HDPE LLC. Construction of a high-density polyethylene (HDPE) facility has commenced in Texas, and plant start-up is planned towards the end of the 2016 calendar year. The complex is expected to produce 470 kilotons of high-value, bimodal HDPE annually.

In Southern Africa, the Mozambican gas industry is poised to play an increasingly important role in the regional energy landscape. In February 2015, we submitted our full field development plan for the Pande and Temane Production Sharing Agreement to the Mozambican authorities. In addition, we commissioned a 175 megawatt gas-fired power plant in Ressano Garcia, Mozambique together with our partners, the state-owned power utility company, EDM. At full capacity, the plant will supply electricity to more than two million Mozambicans, which equates to 8% of the country's current demand.

In South Africa, specifically, we have embarked on an extensive 2050 strategy to ensure the efficiency and reliability of our in-country operations to the middle of the century. Here, our capital investments, strategies and business drivers are closely aligned with the South African government's National Development Plan.

At a time when South Africa faces electricity supply challenges, our significant investments in self-generated capacity enables us to generate over 1 100 megawatts of power, thereby taking pressure off the national grid. Not only are we an electricity producer, we also operate one of the world's largest underground mining complexes. In South Africa, we beneficiate over 40 million tons of coal annually, to produce over five billion litres of liquid fuels. In total, we supply a quarter of South Africa's liquid fuels requirements.

On an annual basis, we also produce nearly 7 million tons of chemicals, both from our South African and global operations. This places our chemicals business amongst the 40 largest chemical companies in the world.

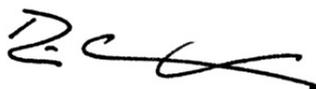
At the end of May 2015, we successfully commissioned Phase I of our Fischer-Tropsch Wax Expansion Project. This was a significant milestone and marked another step towards expanding our Southern African operations, as well as demonstrating our commitment to South Africa through industrial investment. Phase II of the Wax Expansion Project has commenced, and is expected to be commissioned during the first half of the 2017 calendar year. The entire project will see Sasol invest a further R13,6 billion in the region.

### Looking ahead

In June of this year, the Sasol Limited Board confirmed my decision to not extend my contract as President and CEO beyond 30 June 2016. Although the time has come for Sasol to identify a new leader, please be assured that my commitment to the organisation, our colleagues and our shareholders remains unequivocal. In the final year of my tenure, I am looking forward to driving Sasol's 2016 financial year priorities, as we further embed the group-wide change programme, and continue with the organisation's key investments, primarily in Southern Africa and North America.

In conclusion, I wish to acknowledge and thank the people of Sasol – our Board, management and staff. You are the backbone of the organisation that supports and drives the company's performance. Our collective achievements are largely attributable to your ongoing hard work and commitment. To you, our stakeholder, I thank you for your continued confidence in our leadership and in the resilience of the company.

When we report to you this time next year, Sasol's Johannesburg-based employees will be based in our new global headquarters, located in Sandton, South Africa. This new technologically advanced and eco-friendly home will inspire our people to not only maintain momentum, in line with our confirmed strategic objectives and priorities, but to reach new and greater heights for the benefit of all our stakeholders.



**David E Constable**

*President and Chief Executive Officer*  
Sasol Limited



# Our strategic agenda

Focusing on the sustainable growth of shareholder value

Sasol's strategic agenda is our blueprint over the near to medium term to achieve the Group's definition of victory, which is to grow shareholder value sustainably. Oil price volatility prompted us to revisit our strategy in the year. We adjusted downwards our forecast for the average oil price over the next 10 years and developed scenarios to ensure the robustness of our capital portfolio. We are currently engaged in a similar review of our longer-term strategy to identify the shifts in emphasis and appropriate actions required.

## Our updated near-to-medium term strategic agenda

Operating model	Foundation – Nurture and Grow –	Sustainable Growth – Expand and Deliver –	Definition of victory
UPSTREAM	Deliver low-cost feedstocks in Southern Africa	Grow Southern Africa upstream resources	Grow shareholder value sustainably
OPERATIONS	Continuously improve existing asset base and maintain technological lead	Drive world-class safe operations to support growth	
ENERGY	Optimise liquid fuels marketing channels	Deliver selective GTL opportunities and grow low-carbon power generation	
CHEMICALS	Drive value chain optimisation	Drive selective growth based on feedstock, market and/or technology advantage	
Business Excellence (through our Business Performance Enhancement Programme and Response Plan)			
Capital Excellence			
Values-driven, diverse and high-performing organisation			

To ensure that the strategies we drive globally are clearly aligned to the strategic agenda, under our foundation pillar, we are referencing our 'nurture and grow' strategy and, under the sustainable growth pillar, we emphasise our 'expand and deliver' focus.

## Refining our focus

Among the changes we introduced in the year was a move away from the separate articulation of group imperatives, which now form part of our business-as-usual activities. However, Business Excellence (through our Business Performance Enhancement Programme, low oil price Response Plan, our supply chain optimisation efforts and marketing and sales initiatives), Capital Excellence (to ensure flexible and effective use of capital) and a values-driven, diverse and high-performing organisation (our culture) remain key to everything that we do.

In line with changes to our operating model, the near-to-medium-term strategic agenda is structured to show more clearly the strategic objectives of each of our upstream, operations, energy and chemicals businesses. It continues to make a clear distinction between the strategic objectives of our existing foundation businesses, and those we consider to be longer-term growth opportunities.

▶ In Upstream, our drive to 'deliver low-cost feedstocks in Southern Africa' is a change from our previous focus on growing related upstream business. This shift places specific emphasis on ensuring continued access to vital natural resources and feedstocks to enable us to sustain and expand our integrated value chain in Southern Africa. Upstream will also focus on 'growing our Southern African upstream resources' to ensure that we direct our activities towards the region and that we consider a wider range of options to monetise resources for growth.

▶ In Operations, under our foundation pillar, two objectives have been combined, namely 'continuously improving our existing asset base' and 'maintaining our technological lead'. This is a clear affirmation that our existing operations hold substantial long-term value that requires continuous investment to enhance the efficiency and reliability of our facilities, while minimising our environmental footprint and achieving world-class safety. In addition, we will safeguard our technical prowess by focusing on innovation to ensure our proprietary technologies remain robust and cutting edge. We will also focus on 'driving world-class safe operations to support growth'; an acknowledgment that to remain competitive over the long term, our operations must be outstanding in all respects: safe, reliable and efficient.

▶ The focus in our Energy Business is to 'optimise liquid fuels marketing channels' and to 'deliver selective GTL opportunities and grow low-carbon power generation'. While we remain optimistic about the longer-term prospects for GTL, in a low oil price environment, we need to narrow our focus on specific opportunities where the technology is robust, rather than accelerate GTL growth, as was the focus previously. Furthermore, in recent years, we have successfully delivered two gas-to-power plants, in Sasolburg in South Africa and Ressano Garcia in Mozambique.

▶ 'Drive value chain optimisation' in our Chemicals Business underscores the work required to ensure that our existing value chains deliver optimal performance through careful portfolio management. The second objective, namely 'drive selective growth based on feedstock, market and/or technology advantage', under the sustainable growth pillar, is a refinement of a previous objective which focused on growing all value chains. This adjustment highlights that growth in our chemicals portfolio will be selective, and based on clear benefits in feedstocks, markets and technologies.

 Operating model structure, page 8.

 Our key performance indicators, page 22.

 Operating performance, pages 83 to 97.

# Our project pipeline

## Prioritising and executing our capital projects

An important aspect of refining our strategic deliverables has been to scrutinise our pipeline of projects in relation to their human capital and financing requirements, material country risks and policy considerations. This has allowed us to prioritise our capital expenditure on the growth opportunities that play to our strengths globally, and which we believe, will unlock maximum sustainable value for our shareholders.

Operating model	Strategic deliverables	FEED/EPC*	Projects completed in 2015	Definition of victory
Upstream	<ul style="list-style-type: none"> <li>Deliver low-cost feedstocks</li> <li>Grow upstream resources</li> </ul>	<ul style="list-style-type: none"> <li>PSA licence area development: <a href="#">Mozambique</a></li> <li>Gas pipeline expansion (Loopline II): <a href="#">Mozambique</a></li> <li>Exploration/Development                             <ul style="list-style-type: none"> <li>– Area A: <a href="#">Mozambique</a></li> <li>– Montney shale gas: <a href="#">Canada</a></li> <li>– Beetaloo basin: <a href="#">Australia</a></li> <li>– Offshore Durban: <a href="#">South Africa</a></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Gas pipeline expansion (Loopline I): <a href="#">Mozambique</a></li> </ul>	<p><b>Grow shareholder value sustainably</b></p>
Operations	<ul style="list-style-type: none"> <li>Continuously improve existing asset base and maintain technological lead</li> <li>Drive world-class safe operations to support growth</li> </ul>	<ul style="list-style-type: none"> <li>Secunda growth programme: <a href="#">South Africa</a></li> <li>Mine replacement programme: <a href="#">South Africa</a></li> <li>17th air separation unit: <a href="#">South Africa</a></li> </ul>	<ul style="list-style-type: none"> <li>Phase 1A of Secunda growth programme: <a href="#">South Africa</a></li> </ul>	
Energy	<ul style="list-style-type: none"> <li>Optimise liquid fuels marketing channels</li> <li>Deliver selective GTL opportunities and grow low-carbon power generation</li> </ul>	<ul style="list-style-type: none"> <li>Retail site footprint optimisation: <a href="#">South Africa</a></li> </ul>	<ul style="list-style-type: none"> <li>EGTL (Train II): <a href="#">Nigeria</a></li> <li>Electricity generation: <a href="#">Mozambique</a></li> </ul>	
Chemicals	<ul style="list-style-type: none"> <li>Drive value chain optimisation</li> <li>Drive selective growth based on feedstock, market and/on technology advantage</li> </ul>	<ul style="list-style-type: none"> <li>Wax Expansion Project (Phase II): <a href="#">South Africa</a></li> <li>Ethane cracker and derivatives: <a href="#">United States</a></li> <li>Joint venture with INEOS to build high-density polyethylene plant: <a href="#">United States</a></li> <li>C<sub>3</sub> expansion: <a href="#">South Africa</a></li> </ul>	<ul style="list-style-type: none"> <li>Wax Expansion Project (Phase I): <a href="#">South Africa</a></li> </ul>	

\* FEED: Front-end engineering and design  
EPC: Engineering, procurement and construction

# Our top priorities for 2016

## Focusing the organisation on a single set of priorities

Each year the Group Executive Committee (GEC) sets the top priorities for the financial year ahead. This provides focus to the organisation on what we need to achieve in the short term to progressively realise our medium to longer-term strategic business objectives. For 2016, the GEC retained the four priority areas that were in place for 2015, albeit with certain changes in emphasis. The 2016 priorities address the key deliverables of our Business Performance Enhancement Programme and the Response Plan to mitigate the impact of a low oil price environment.



Our 'improve safety performance' and 'enhance business performance' priorities take into account our commitment to continue to improve our safety and operational performance. Under our 'enhance business performance' driver, we place equal emphasis on both cost optimisation and cash conservation, from a previous focus on only the former.

Against the backdrop of a volatile macroeconomic environment, we are now referring to 'maintain sustainable growth' rather than 'accelerate sustainable growth'. This recognises the fact that we are refocusing our project portfolio and reprioritising our key projects, in line with our Response Plan objectives.



Our strategic agenda, page 18  
 Performance highlights, page 2  
 Value creation scorecard, page 26  
 Our key performance indicators, page 22  
 Operating performance, pages 83 to 97

# Our key performance indicators

## Delivering against our strategy

Our key performance indicators (KPIs) set defined targets across financial and non-financial measures, which are aligned to our definition of victory – to grow shareholder value sustainably. The remuneration of our executives is linked to progress, and ultimately, achieve these targets. We continually monitor, and, when necessary, revise these targets to take into account refinements in the Group's strategy. In 2015, we added two new KPIs relating to our Business Performance Enhancement Programme and Response Plan.

### Overview of financial and non-financial KPIs

KPI	DESCRIPTION	TARGET	Actual	Actual	Actual
			2015	2014	2013
<b>BUSINESS PERFORMANCE ENHANCEMENT PROGRAMME</b>	▶ To achieve our Business Performance Enhancement Programme savings target	R4,3 billion annually by 2016	<b>R2,5bn</b>	R469m	N/A
<b>RESPONSE PLAN</b>	▶ Response Plan cash conservation target within the stipulated time frames	R30 billion to R50 billion over 30 months	<b>2015</b> <b>R8,9bn</b>	2014 N/A	2013 N/A
<b>EARNINGS GROWTH</b>	▶ US dollar earning growth of 10% per annum on a three-year moving average basis	10% earnings growth	<b>2015</b> <b>(1%)</b>	2014 14%	2013 24%
<b>GEARING</b>	▶ To achieve a gearing level (net debt to equity ratio) of 20% - 40%	Net debt to equity of 20% - 40%	<b>2015</b> <b>(2,8%)</b>	2014 (6,3%)	2013 (1,1%)
<b>RETURN ON INVESTED CAPITAL</b>	▶ To target returns for new investments of 1,3 times weighted average cost of capital (WACC)	Return on capital invested of 16,8% (in rand terms)	<b>2015</b> <b>17%</b>	2014 18%	2013 20,1%
<b>SAFETY</b>	▶ To achieve a recordable case rate (RCR) including illness of less than 0,40 and RCR excluding illness of less than 0,34 by 2015	0,40 (including illnesses) 0,34 (excluding illnesses)	<b>2015</b> <b>0,40</b> <b>0,32</b>	2014 0,42 0,36	2013 0,37 0,33
<b>PRODUCT TRANSPORT INCIDENTS</b>	▶ To achieve a 30% reduction over five years, based on the 2009 actual transport indicator	0,082	<b>2015</b> <b>0,062</b>	2014 0,092	2013 0,094
<b>ENERGY EFFICIENCY</b>	▶ To improve the utility energy efficiency of our South African operations by 15% by 2015 off a 2000 baseline, measured as energy intensity (energy used per unit of production)	Energy intensity of 0,85 by 2015	<b>2015</b> <b>0,898</b>	2014 0,906	2013 0,937
<b>GREENHOUSE GAS EMISSIONS INTENSITY</b>	▶ To reduce emissions intensity by 15% in all our operations	2,47 by 2020	<b>2015</b> <b>3,35</b>	2014 3,28*	2013 2,98
<b>VOLATILE ORGANIC COMPOUNDS</b>	▶ To achieve at least an 80% reduction in emissions to 9,4 kilotons (kt) of defined VOCs off the 2009 baseline, by the end of June 2020	9,4 kt by 2020	<b>2015</b> <b>46,5 kt</b>	2014 47,6 kt	2013 47,5 kt
<b>BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)</b>	▶ To achieve level 4 enterprise status in terms of the 2007 Codes of Good Practice	Level 4	<b>2015</b> <b>Level 4</b>	2014 Level 3	2013 Level 4

\* Our GHG emissions intensity has been restated due to improved data collection and reporting systems.

#### Performance measurement

■ Achieved ■ Work in progress

# FINANCIAL

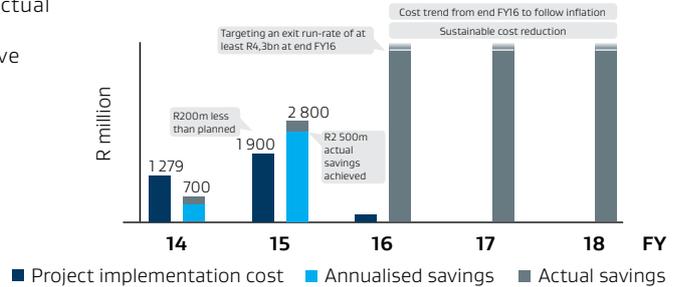
## BUSINESS PERFORMANCE ENHANCEMENT PROGRAMME

### Performance against the KPI

Our Business Performance Enhancement Programme, introduced in 2012, targeted at least R4 billion in sustainable annual cost savings by 2016. In March 2015, we increased the annual cost savings target under this programme to at least R4,3 billion by the end of the 2016 financial year. At the

end of the 2015 financial year, the programme realised actual sustainable benefits of R2,5 billion, R1 billion above the target.

### Business Performance Enhancement Programme



## RESPONSE PLAN

### Performance against the KPI

In response to the assumed lower-for-longer oil price environment, in December 2014, we started to formulate a comprehensive Response Plan to conserve cash. We set ourselves a cash conservation target range of R30 billion to R50 billion over 30 months from 31 December 2014.

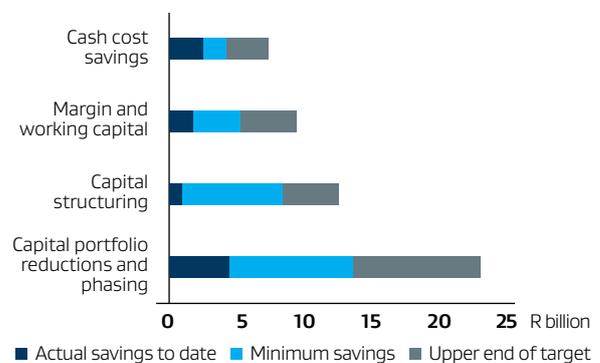
The focus areas of the Response Plan are capital portfolio phasing and reductions (R13 billion to R22 billion), capital structuring (R8 billion to R12 billion), margin and working capital improvements

(R5 billion to R9 billion) and further fixed cost reductions (R4 billion to R7 billion).

The Response Plan aims to deliver further cash cost sustainable savings of R1 billion annually as from the 2018 financial year.

These will be achieved through additional organisational structural refinements, a 30-month freezing of 500 to 1 000 vacancies and focused supply chain cost base reduction initiatives.

### Targeted 30-month range – savings achieved from 31 December 2014



## EARNINGS GROWTH

### Performance against the KPI

For each financial year between 2006 and 2014, earnings growth – measured as a three-year moving average and off the 2004 to 2006 base of US\$1 329 million – exceeded target.

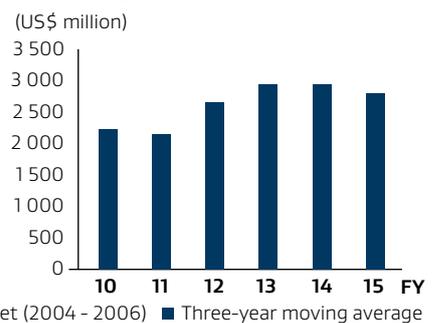
However, in 2015, the sharp drop in global oil prices negatively impacted on earnings.

The earnings decline was partially offset by our Business Performance Enhancement Programme and Response Plan initiatives. Our near-to-medium-term earnings will

remain under pressure in a low oil price environment.

We do however see the continuous contribution of our chemical business and new capital projects as catalysts to achieve our earnings growth target in future years.

### US\$ earnings



## GEARING

### Performance against the KPI

Our target gearing level takes cognisance of our substantial capital investment programme as well as our exposure to external market factors such as crude oil prices, commodity chemical prices and exchange rates.

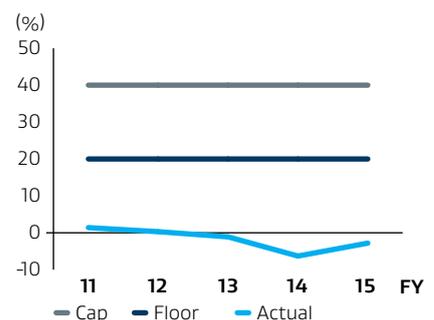
Our gearing level impacts on our credit rating and securing financing facilities to fund existing operations and new growth

projects including the US\$8,9 billion ethane cracker in the United States. To date, we have secured more than 80% of the funding requirements for the project.

In 2015, healthy cash flow generation, which reduced our debt after funding capital expenditure, resulted in a negative gearing.

We expect gearing to reach the targeted range in the near term.

### Gearing



## RETURN ON INVESTED CAPITAL (ROIC)

### Performance against the KPI

All new growth-related capital projects are required to provide a return of at least 1,3 times our WACC. In South African rand terms, our WACC is 12,95%. In US dollar terms, our WACC is 8,00%. This rate of return does not apply to sustenance capital expenditure on existing operations, in particular environmental projects where it is typically difficult to demonstrate economic viability.

In the year, we made our final investment decision on a US\$8,9 billion world-scale ethane cracker in the United States (US) and submitted our field development plans to the authorities in Mozambique. Both projects are key to delivering future sustainable value to shareholders.

As part of our cash conservation efforts, we reprioritised our capital investments, including delaying the US gas-to-liquids plant. Due to the low oil price environment,

we expect the return on invested capital ratio to remain under pressure in the short to medium term. We continue to maintain a diversified asset portfolio and expect that once the US ethane cracker starts up in 2018, our ROIC will exceed the target.

## NON-FINANCIAL

### SAFETY

#### Performance against the KPI

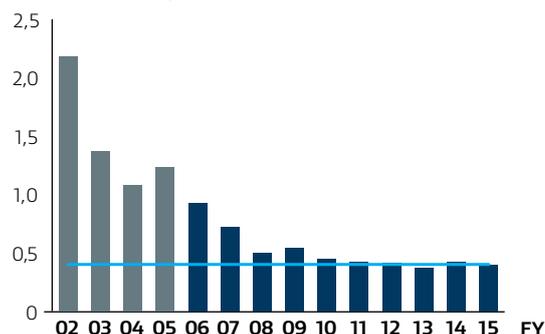
This year, we achieved our RCR (including illnesses) target of 0,40 and we achieved an RCR (excluding illnesses) of 0,32 which was better than both the target of 0,34 and the previous year's actual of 0,36. This 11% RCR (excluding illnesses) year-on-year reduction included 351 recordable cases, comprising one fatality, 113 lost workday cases, 174 medical treatment cases and 63 own illnesses\*\*.

This performance is in line with our 2020 target of consistently achieving an RCR lower than 0,30 with no fatalities.

In order to clearly distinguish between occupational injuries and illnesses, we will be reporting separate incident rates for safety in the form of an injury RCR, and occupational-related irreversible illnesses in the form of an occupational disease incident case rate (ODIR) from financial year 2016 onwards.

#### \*Recordable case rate (RCR)

(recordable cases per 200 000 hours)



■ Until 2005, service providers were not included  
■ From 2006 onwards, all service providers were included  
— 2015 Target

\* The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workdays, restricted work cases, medical treatments beyond first-aid cases and accepted illnesses for every 200 000 employee hours worked.

\*\* In addition, there were seven service provider illnesses recorded.

### PRODUCT TRANSPORT INCIDENTS

#### Performance against the KPI

There were 20 significant transport-related incidents globally. These resulted in eight third party fatalities, eight injuries, two fires, 13 spillages and two extended road closures. One of the incidents, a collision caused by a third-party vehicle, led to six fatalities. A further two third-party fatalities involving drivers of third-party vehicles also occurred. Our transport indicator of

performance improved to 0,062 – our best ever performance – from 0,092 in the 2014 financial year.

In the 2016 financial year, we will introduce a new product transport indicator of performance for product transported by road – our highest-risk mode of transport. We will also develop KPIs for rail and marine transport.

#### Product transportation incident rate

(incidents per 100 kt product transported)



■ Number of incidents  
— Target rate  
— Actual rate

## ENERGY EFFICIENCY

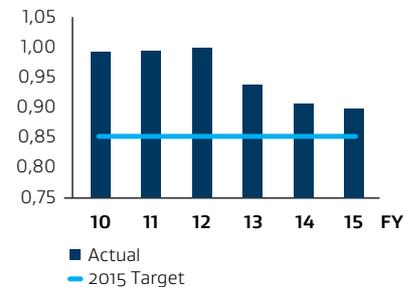
### Performance against the KPI

Continued work to identify and implement energy efficiency improvements delivered results. In 2015, the utility Energy Intensity Index (EII) for our operations in South Africa improved by a cumulative 10,2% (off a 2000 baseline) to 0,898. When adjusted to account for growth in self-generating capacity and structural

changes, our cumulative improvement exceeds 15%. These improvements enabled Sasol South Africa's overall energy cost increases to be curbed below the energy inflation rate. We continue to pursue greater optimisation in all operating units and additional improvements are possible if we maintain the current plant stability and reliability.

### Sasol energy efficiency accord measurement

(Energy Intensity Index)



## GREENHOUSE GAS (GHG) EMISSIONS INTENSITY

### Performance against the KPI

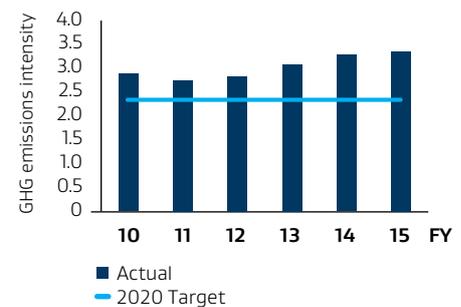
Our total GHG emissions globally (measured in CO<sub>2</sub> equivalent) decreased from 72,3 million tons (Mt) restated for 2014 to 69,7 Mt in 2015. This figure includes the direct emissions associated with our processes and our own tanker fleets (Scope 1 emissions), as well as the indirect emissions associated with our electricity purchases (Scope 2).

In 2015, our GHG emissions intensity (tons CO<sub>2</sub> per ton of production) has increased to 3,35 from 3,28 (restated) in 2014. This is largely due to the sale of the Solvents Germany facility and exclusion of the ORYX GTL data, which negatively impacted our total production levels, resulting in a higher GHG intensity for the Group.

As of 2015, all joint venture data where Sasol does not have operational control has been excluded.

### Greenhouse gas (GHG) emissions intensity

(tons CO<sub>2</sub> equivalent per ton production)



## VOLATILE ORGANIC COMPOUNDS (VOCs)

### Performance against the KPI

VOCs reduced from 47,6 kt in financial year 2014 to 46,5 kt in 2015.

One of our priority focus areas is to further reduce the release of VOC emissions into the atmosphere.

In 2014, we took delivery of regenerative thermal oxidisers at Secunda. The project is progressing and the closure of identified open drains is underway.

Sasol is actively working with the South African government and other stakeholders to achieve a sustainable

long-term atmospheric emissions compliance dispensation aligned with the ambient air quality improvement objectives of the South African Air Quality Act.

## BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

### Performance against the KPI

We view broad-based black economic empowerment (BBBEE) in South Africa as a business imperative.

Over many years, our commitment to transformation has seen us record

strong BBBEE contributor status ratings. In 2015, we reported a level 4 BBBEE contributor status. However, like many other companies, we expect this to decline under the Department of Trade and Industry's

revised Codes of Good Practice. We have embarked on a project to assess our BBBEE strategies.

# Our value creation scorecard

## Investing responsibly to grow shareholder value sustainably

Sasol seeks to operate and grow inclusively, responsibly and sustainably. The strategic decisions we make in allocating resources to run our business and advance our growth projects are based on integrated criteria (the six capitals). These criteria take cognisance of the resources and the relationships we depend on to create sustainable value for our shareholders and, in turn, all of our stakeholders.

The resources and relationships that are critical to our ability to create value are all interdependent, which, at times, necessitates certain trade-offs between them. In managing these trade-offs, we aim to limit any negative impacts on the capital inputs and optimise positive outputs and outcomes, in the interests of all stakeholders.

**AIR** For details of how we approached potential trade-offs in the year, see page 34.

Our long-term strategic objective centres on monetising natural resources in both developed and emerging countries. Inputs from each of the six capitals are crucial for the conversion of reserves into value-added product streams. These primary outputs include the liquid fuels needed to move people and goods, the chemicals widely used in industrial and consumer products, and the low-carbon electricity that increasingly powers our facilities and contributes to the South African power-generation capacity. The effective production and delivery of our goods and services generate value for all our stakeholders.







## MANAGING NATURAL RESOURCES

### Context

As an integrated monetiser of natural resources, we apply our technology and resources to convert natural capital into value across all the other capitals. Our value proposition requires that we secure sufficient natural gas, shale gas, coal and crude oil, as well as water, land and energy. Natural resources are critical inputs to our ability to operate. We assess the cost and security of supply of these inputs when allocating capital and investigating potential investment opportunities.

We recognise that in generating value across the six capitals we impact negatively on natural capital, through our use of renewable and non-renewable resources, and our emissions and wastes. In some instances, these impacts may also impact human and social resources, for example, through increased competition for resources such as water. Our commitment to eliminating the negative environmental impacts of our operations is reflected in our strategic decision not to pursue coal-to-liquids growth, but to focus on gas as a bridge to a low-carbon economy. We also invest significantly in reducing our environmental footprint and enhancing the positive environmental and social contribution of our products and processes.

### Key inputs

	2015	2014	2013
Coal (kilotons)	17 674	17 555	17 896
Crude oil (mm bbl)	33	30	25
Natural gas (bscf)***	134	190	174
Water (thousand cubic metres)***	135 458	149 552	147 001
Total energy usage (thousand GJ)*/**	413 838	425 257	427 802
Oxygen (kilotons)**	12 711	14 907	15 017
Nitrogen (kilotons)**	718	1 356	3 527
Other (eg chemicals) (kilotons)***	5 136	6 358	6 892
Land area used (hectares)	6 629**	5 245**	4 518

\* Includes electricity usage, of which 70% is self generated.

\*\* The increase in area affected by operations is due to the inclusion of two new mine projects: Impumelelo and Shondoni.

\*\*\* Decrease due to the sale of Solvents Germany and exclusion of the ORYX GTL data.

### Our activities

- Investing more than R20 billion in the last 10 years on capital projects to minimise our environmental footprint.
- Setting environmental performance targets for greenhouse gas mitigation, water and energy efficiency, and air quality improvement (reducing emissions of volatile organic compounds).
- Investing in pioneering research and development, and partnering with industry leaders, to find innovative environmental solutions associated with our processes, products and by-products.
- Progressing in 2015 with our R2,5 billion volatile organic compound abatement programme and R2,9 billion coal tar filtration project to meet our ambitious target to reduce volatile organic compound emissions.
- Partnering with municipalities and communities to promote water stewardship and minimise air pollution.
- Implementing a product stewardship strategy to minimise the impact of our products through their lifecycle, and identifying opportunities for innovation to enhance the environmental contribution of our products.

### Key outputs

	2015	2014	2013
GHG emissions (kilotons) <sup>1</sup>	69 772	72 275	73 053
GHG intensity (CO <sub>2</sub> equivalent/ton product) <sup>1</sup>	3,35	3,28	2,98
Nitrogen oxides (NOx) (kilotons)	157	159	158
Sulphur oxides (SOx) (kilotons)	208	223	215
Particulates (fly ash) (kilotons) <sup>2</sup>	12	19	18
Liquid effluent (thousand cubic metres) <sup>1</sup>	28 573	35 833	33 307
Total waste (kilotons)	482	571	1 032

<sup>1</sup> Movement due to the sale of Solvents Germany and exclusion of the Oryx GTL data.

<sup>2</sup> Reduction due to shutdowns, operating philosophy modifications and abatement technology maintenance.



## DEVELOPING PEOPLE

### Context

**The skills, experience, diversity and productivity of our people are what enable us to operate our facilities safely, reliably and efficiently. They allow us to deliver our projects on time and within budget. In making investment decisions, we assess whether we have access to the required technical and leadership skills and experience. We also ensure the right workplace conditions are in place to safeguard employee health and safety.**

We invest significantly in developing, empowering and retaining high-performing, values-driven employees with the right skills, experience and diversity, to ensure our success in increasingly competitive and volatile markets. Given the nature of our business and the environments in which we operate, we focus on best practice safety and wellness interventions in line with our commitment to achieve zero harm.

In 2015, we implemented our new operating model and cash conservation programme and continued to advance our cost containment initiative which began in 2012. As a result, we focused our training activities on critical areas only.

### Key inputs

- A safe, healthy and productive workforce of about 31 000 employees with relevant skills, knowledge and experience.
- A strong leadership team demonstrating values-driven behaviour.
- Service providers provide expert inputs, and deliver against agreed terms and conditions.

### Our activities

- Maintaining a strong commitment to ensuring a world-class safety performance, driven through the risk-based One Sasol SHE Excellence approach that has demonstrated clear results after its first full year of implementation.
- Optimising talent sourcing and recruitment, by investing in skills development and developing the required leadership competencies needed to drive a high-performance culture ensures global relevance and competitiveness.
- Implementing a group-wide wellness programme that seeks to provide a working environment where employees can operate in a healthy and engaged manner, contributing to personal development.
- Rolling out the Sasol LEAP (learning, experiencing, accelerating, potential) programme to give high-potential individuals exposure to different roles across business units and geographies, supported by mentorship.
- Providing ongoing education and skills development initiatives, ranging from basic literacy, science and mathematics education through to professional development.
- Driving new ways of working through the construction of a state-of-the-art global headquarters.
- Implementing our Diversity 10 Point Plan on the recruitment, development and retention of candidates from under-represented groups. This includes gender equity.

### Key outputs

	2015	2014	2013
Number of employment opportunities provided	<b>30 919</b>	33 400	33 746
Amount paid in wages and benefits	<b>R24,4bn<sup>†</sup></b>	R30,7bn <sup>†</sup>	R24bn
No of work-related fatalities (employees and service providers)	<b>1</b>	5	5
Employee recordable case rate (RCR) <sup>**</sup> (excluding illnesses)	<b>0,32</b>	0,36	0,33
Investment in employee learning	<b>R692m</b>	R901m	R898m
Number of employees receiving artisan training and external technical skills development	<b>542</b>	1 006	901
Number of employees receiving leadership training	<b>2 872</b>	9 191	5 732
Number of employees and contractors receiving HIV screening, counselling and testing	<b>7 739</b>	8 114	6 478

<sup>†</sup> Includes severance packages.

<sup>\*\*</sup> The recordable case rate (RCR) is a standard international measure for reporting work-related injuries and illnesses and other safety incidents resulting in injury. The RCR is the number of fatalities, lost workday cases, restricted work injuries, medical treatment cases and occupational illnesses for every 200 000 employee hours worked.



## ENHANCING RELATIONSHIPS WITH STAKEHOLDERS

### Context

**Understanding and being responsive to our stakeholders' interests, as well as developing and enhancing markets for our products, are fundamental to creating and sustaining an enabling environment for investment. When evaluating new investment opportunities, we assess the strength of these markets, and consider the implications in terms of the quality of our key relationships in society.**

We continually seek opportunities to strengthen relationships with those stakeholders who are fundamental to ensuring effective operations, sustainably delivering on our growth projects, and maintaining our licence to operate. We have strategies, systems and processes in place to understand and respond to stakeholders' interests, form collaborative partnerships to find solutions to collective challenges, and drive needs-based development in neighbouring communities. As we grow internationally, we are transforming our business to be more representative of the areas in which we operate, as this underpins our ability to work effectively in different countries and to service diverse markets.

### Key inputs

- Positive relationships between management and employees (unionised and non-unionised).
- Inclusive relationships with organised workers through partnership forums.
- Maintaining sustained confidence of investors in our business.
- Constructive engagement with government representatives and regulators.
- An evident 'social licence to operate' in the regions in which we do business.
- Collaborative relationships with customers and suppliers, based on mutually agreed terms of engagement, and a shared commitment to innovate and excel.
- Open channels of communication and positive relationships with neighbouring communities, non-governmental organisations and the media.
- Effective partnerships with business peers, sector organisations and research bodies.

### Our activities

- Maintaining our focus on developing a work environment that attracts and develops the best talent, promotes a high-performance values-based culture, encourages diversity and transformation, and fosters positive employee relations, underpinned by trust and respect.
- Recognising and upholding the right to collective bargaining in the countries in which we operate, and maintaining constructive relations with employee representatives.
- Prioritising social investment in education, economic development, and the environment through the Sasol Global Foundation.
- Partnering with business peers, government, customers and suppliers, to identify and realise opportunities for innovation in addressing societal challenges.
- Approving our revised code of ethics, with a strong focus on corruption, bribery and human rights, supported by an independent whistleblowing facility.
- Supporting independent small and medium enterprises and bolstering our supply chain through our dedicated Enterprise and Supplier Development activities.

### Key outputs

	2015	2014	2013
Economic value added	<b>R82,4bn</b>	R85,9bn	R73,9bn
Amount paid in government tax globally	<b>R10,1bn</b>	R12,9bn	R11,3bn
Investment in socioeconomic development and external skills development initiatives	<b>R1,2bn</b>	R1,4bn	R1,4bn
Broad-based black economic empowerment status*	<b>Level 4</b>	Level 3	Level 4
Person-days of production lost to strike action	<b>0</b>	13 950	3 045

\* We expect this to decline in line with South Africa's revised Codes of Good Practice. We are, however, busy with a project to restore our rating and will communicate details of our plan in due course.



# ADVANCING INTELLECTUAL PROPERTY

## Context

**Our unique value proposition is based on our technology advantage, upon which Sasol's growth has been based since inception. This includes, in particular, the proprietary and licensed technologies we use to convert natural gas and coal into high quality fuels and chemicals, as well as low-carbon electricity. Key organisational intellectual property also includes our internal knowledge in effectively managing complex and integrated sites, and our management systems, all of which are critical to nurturing and growing our business.**

As a key competitive advantage underpinning our international growth ambitions, we assess the extent to which our proprietary, licensed or acquired technologies, in combination with our expertise, provide sufficient advantage to generate our targeted returns on investment. We also ensure that appropriate measures are in place to protect our intellectual property.

In 2015, we implemented our new operating model and cash conservation programme and continued to advance our cost containment initiative which began in 2012. As a result, we focused our education, training and skills development programmes on critical skills only.

## Key inputs

- Our patented technologies.
- Skilled, experienced and technically qualified employees, industry thought leaders and experts.
- Our values-driven, high-performance culture.
- Our business processes and management systems.
- Intangible assets worth R1,7 billion.

## Our activities

- Progressing ramp up of our first-of-its-kind tetramerisation plant which uses proprietary Sasol technology.
- Commencing commercial production of our cobalt Fischer-Tropsch catalyst, based on improved materials.
- Completing our 10 year collaboration with 11 South African universities, with R250 million invested.
- Continuing to drive initiatives to embed our values-driven, high-performance culture, promote performance management and accountability, stimulate innovation and foster diversity and inclusion.
- Furthering our research and development at our state-of-the-art Fuels Research facilities in Sasolburg and Cape Town.
- Maintaining partnerships with academic institutions, research bodies, and industry peers to develop, pilot and implement new technologies.
- Providing training and technical skills development for Sasol artisans, accountants and engineers, and driving excellence in science, technology, engineering and maths education at all levels in previously disadvantaged sectors of society.
- Driving sales of the recently launched Sasol turbodiesel™ ULS 10ppm, the lowest sulphur content diesel available in Africa, further extending our lead in product innovation.

## Key outputs

	2015	2014	2013
Number of new patents added	30	65	135
Investment in research and development	R1 645m	R1 550m	R1 433m
Investment in bursary scheme	R40,3m	R47,0m	R54,7m
Undergraduate and postgraduate bursars	440	577	719
Investment in South African universities	R16m	R15m	R25m
Number of workplace/leadership coaches mentored	122	393	257
Intangible assets	R1,7bn	R1,9bn	R1,4bn



## DRIVING MANUFACTURING EXCELLENCE

### Context

**As an international integrated energy and chemicals business, we rely on our current investment base (property, plants and equipment), and our continuing capital investment in maintaining and improving these assets, to deliver our goods and services safely, efficiently and reliably. These investments also serve to reduce the environmental footprint of our facilities and enable compliance with changing regulatory requirements.**

We have made a strategic decision to extend the useful life of our South African assets to 2050 and beyond, in addition to maintaining our focused global growth plans. In October 2014, we announced the go-ahead of our US\$8,9 billion ethane cracker and downstream derivatives complex in Lake Charles, Louisiana. However the impact of the sharply lower oil price necessitated a delay in a decision on the proposed gas-to-liquids (GTL) plant in the United States. We continue to make significant capital investments in our gas-based value chain in Mozambique.

### Key inputs

- Property, plant and equipment of R135,8 billion (net asset value).
- Assets under construction of R62,0 billion.
- Exploration, development, production, marketing and sales operations in 37 countries.
- Our own core assets, supported by joint venture assets in our flagship GTL plant in Qatar (49% interest) and the EGTL plant in Nigeria (10% interest).
- Access to extensive and reliable infrastructure networks – such as road, rail, pipelines, storage facilities and utilities – in the regions in which we operate.

### Our activities

- Taking an investment decision in favour of our US\$8,9 billion ethane cracker and downstream derivatives complex (including infrastructure) in Lake Charles, Louisiana, United States.
- Successful commissioning in May 2015 of the first phase of the R13,6 billion Fischer-Tropsch Wax Expansion Project in Sasolburg, South Africa – the project involved more than 450 engineers and resulted in the installation of more than 900 pieces of mechanical equipment and erection of 7 200 tons of steel.
- Progressing well with the next two phases of our R14 billion mine-replacement project in Secunda, South Africa, to ensure sustainable coal reserves and extend the lifespan of our Southern Africa integrated value chain to 2050.
- Investing in a wide portfolio of gas monetisation options and technologies, and a more focused chemicals growth portfolio. This year we completed a US\$246 million, 175 megawatt gas-fired power generation plant in Mozambique, and continued to explore options for a proposed GTL plant in Uzbekistan.
- Completing the R1,6 billion Loopline I on our joint venture Mozambique-to-South Africa gas pipeline, on schedule and well within budget; the project involved installing 128 km of pipeline in parallel to our existing 865 km pipeline.
- Continuing to invest in our planned maintenance programme to extend the lifespan of our assets, enhance operational improvements, and ensure safe, reliable and efficient operations.

### Key outputs

	2015	2014	2013
Capital expenditure	<b>R45,1bn</b>	R38,8bn	R30,4bn
Capital expenditure in South Africa	<b>44%</b>	57%	62%
Sustenance capital expenditure	<b>R25,0bn</b>	R19,9bn	R16,1bn
Depreciation and amortisation	<b>R13,6bn</b>	R13,5bn	R11,1bn
Net impairment of assets	<b>R817m</b>	R6,3bn	R2,5bn



## OPTIMISING FINANCIAL CAPITAL

### Context

**Our financial capital management inputs are used to run our business and fund our growth projects. Sources of financial capital include debt and equity financing, as well as cash generated by our operations and investments. The extent to which we can efficiently leverage our financial strength, or are able to raise the necessary capital at the best possible rates, is one of the key considerations in making investments to sustain and grow our business. When making investment decisions, we also consider the targeted return on capital.**

In December 2014, in response to the low oil price environment, we agreed a Response Plan targeted at conserving cash of R30 billion to R50 billion over a 30-month period to end June 2017. The Response Plan comprises four key components: capital portfolio phasing and reductions; capital structuring; working capital and margin enhancement; and further cash cost reductions, supplementing the Group's target of at least R4,3 billion annual costs savings driven through the company-wide Business Performance Enhancement Programme launched in 2012.

### Key inputs

- Market capitalisation of R293 billion.
- Debt raised mainly to execute growth projects of R14,6 billion.
- Secured 80% of Lake Charles Chemical Project (LCCP) funding through offshore cash resources and other term facilities and revolving credit facilities.
- Interest earned from investments (including income from equity-accounted joint ventures and associates) of R1,2 billion.

### Our activities

- Demonstrating our strategic agility in our response to the oil price volatility, including our Response Plan savings and cash conservation targets.
- As a result of the tough macroeconomic conditions, a special meeting of the Sasol Board approved a change in our dividend policy; the revised policy is based on a dividend cover range similar to the rates applied from 2008 to 2014. We believe that this revised policy, together with the Response Plan, will provide sufficient flexibility for the company to manage its balance sheet and preserve financial capital.
- Maintaining our strong and transparent governance structures, with thorough screening processes to ensure optimal capital allocation and continuing to deliver returns on invested capital consistently above our weighted average cost of capital and internal capital allocation growth rate targets.
- Continuing to assess various funding alternatives – including internal funding options, specific project financing, corporate and project bonds – to cater for the scale of our capital requirements for our planned growth initiatives.
- Using project financing to mitigate political risks where projects are executed through partnerships and in foreign jurisdictions where such risk may exist.
- Following the successful issuance of our US dollar bond in 2013, flexibility has been introduced into our funding plan, providing an opportunity to approach international bond markets on a regular basis to fund our growth projects in North America as evidenced by our ability to have secured 80% of the required funding for the LCCP.

### Key outputs

	2015	2014	2013
Profit from operations	<b>R46,5bn</b>	R45,8bn	R40,8bn
Cash generated by operating activities	<b>R61,8bn</b>	R65,5bn	R51,9bn
Free cash flow	<b>R13,7bn</b>	R19,9bn	R16,8bn
Net borrowings to shareholders' equity (gearing)	<b>(2,8%)</b> <b>ungeared</b>	(6,3%) ungeared	(1,1%) ungeared
Headline earnings per share	<b>R49,76</b>	R60,16	R52,62
Earnings attributable to shareholders	<b>R29 716m</b>	R29 580m	R26 274m
Return on invested capital	<b>17%</b>	18%	20%
Dividends paid to shareholders	<b>R12,7bn</b>	R13,2bn	R10,7bn
Savings through Business Performance Enhancement Programme	<b>R2,5bn</b>	R469m	N/A
Response Plan cash conserved	<b>R8,9bn</b>	N/A	N/A

# Balancing our capital trade-offs

## How key developments informed our thinking on capital allocation in the year

The sharp fall in the oil price had numerous implications for Sasol. It prompted us to design and implement our Business Performance Enhancement Programme and Response Plan to improve the effectiveness of the organisation, conserve cash and costs, and fine-tune our near-to-medium-term strategy. These and other key developments in the year led to the careful balancing of resources in a way that enables us to deliver maximum sustainable value to our shareholders and, ultimately to our stakeholders.

Key development	Balancing our resources
<p>Conserving cash through our Business Performance Enhancement Programme and Response Plan</p>	<p>In order to mitigate the impact of low oil prices and reduce our costs sustainably, we focused on preserving our financial capital through the following:</p> <ul style="list-style-type: none"> <li>■ approved nearly 2 500 voluntary separations and early retirement applications by end June 2015;</li> <li>■ implemented a partial salary freeze globally;</li> <li>■ reduced external spending with suppliers; and</li> <li>■ changed our dividend policy</li> </ul> <p>These actions impacted on our people as well as our stakeholders and communities, but had a positive effect on financial capital as we were able to conserve cash to make Sasol more sustainable in delivering shareholder value in a lower oil price environment.</p> <p>In line with our Response Plan, certain key projects were delayed, including the gas-to-liquids (GTL) plant in the United States. We conserved financial capital to the detriment of manufactured capital.</p> <p>Fine-tuning our near-to-medium-term strategy will enable us to take a focused approach on capital investments which will address the short-term impact on our people and manufactured capital.</p>
<p>Refining our near-to-medium-term strategic agenda</p>	<p>To retain our agility, we recently reviewed and refined our strategic agenda for the next five-year period to ensure that our strategy remains both relevant and achievable in the lower oil price environment. We intend to deliver selective growth opportunities and grow low-carbon power generation. The focus over the next two years will be on the funding and construction of the LCCP, during which we expect our capital expenditure to reach its peak. This will result in limited spend for projects and therefore there is a trade-off between financial capital and manufactured capital, as we will not be investing in large capital intensive projects in the near-to-medium term other than projects which have already been approved by the Board.</p> <p>In line with the Response Plan, we have delayed the US GTL project. While we remain optimistic about the longer-term prospects for GTL, in a low oil price environment, we need to narrow our focus on selective growth opportunities, rather than accelerate GTL investments. This enhances our financial capital, while our intellectual advancement and manufactured capital remains stagnant.</p> <p>Following the recent successful completion of two gas-to-power plants, in Sasolburg in South Africa and Ressano Garcia in Mozambique, we continue to evaluate other gas-to-power opportunities. Greater use of lower-carbon gas could reduce Southern Africa's dependence on coal-based electricity, mitigating the negative impacts on natural capital, and in the longer term could benefit Sasol's financial capital. Several focused growth opportunities are being considered which will positively impact on our people, stakeholders and communities and manufactured capital.</p> <p>The lower oil price environment presents the opportunity to diversify our asset portfolio in the Chemicals Business to maintain resilient margins and maintain financial capital. Growth in our chemicals portfolio will therefore be selective, and based on clear benefits in feedstock, markets and technologies. In the near to medium term, our final investment decision for the US\$8,9 billion LCCP will have a negative impact on financial capital, but once up and running, should ultimately boost this capital. It will have a positive effect on manufactured capital, people as well as stakeholders and communities.</p>
<p>Responding to a rapidly evolving environmental policy and regulatory framework in South Africa</p>	<p>In moving towards compliance with limits on various environmental emissions, we always consider the balancing of trade-offs between the different environmental issues affecting natural resources. Due to the highly integrated nature of our plant processes, implementing emission abatement equipment could have technical implications and negatively impact manufactured capital.</p> <p>Addressing air emissions from community sources may contribute toward addressing air quality challenges. This results in a trade-off between interventions to abate emissions at our plants, and implement offsets to address non-industrial emissions. The latter presents opportunities to achieve desired environmental outcomes more cost effectively, and with potentially greater socio-economic outcomes. This could enhance stakeholders and communities.</p> <p>Regarding the longer-term challenges posed by some Minimum Emission Standards applicable from April 2020 in sustainably balancing the impacts on the various capitals, in the year we instituted a legal review. This negatively impacted our social and relationship capital. Following constructive discussions with the authorities, we later withdrew the legal review. We continue to investigate solutions (benefiting intellectual capital) that may enable us to comply over the longer term.</p>

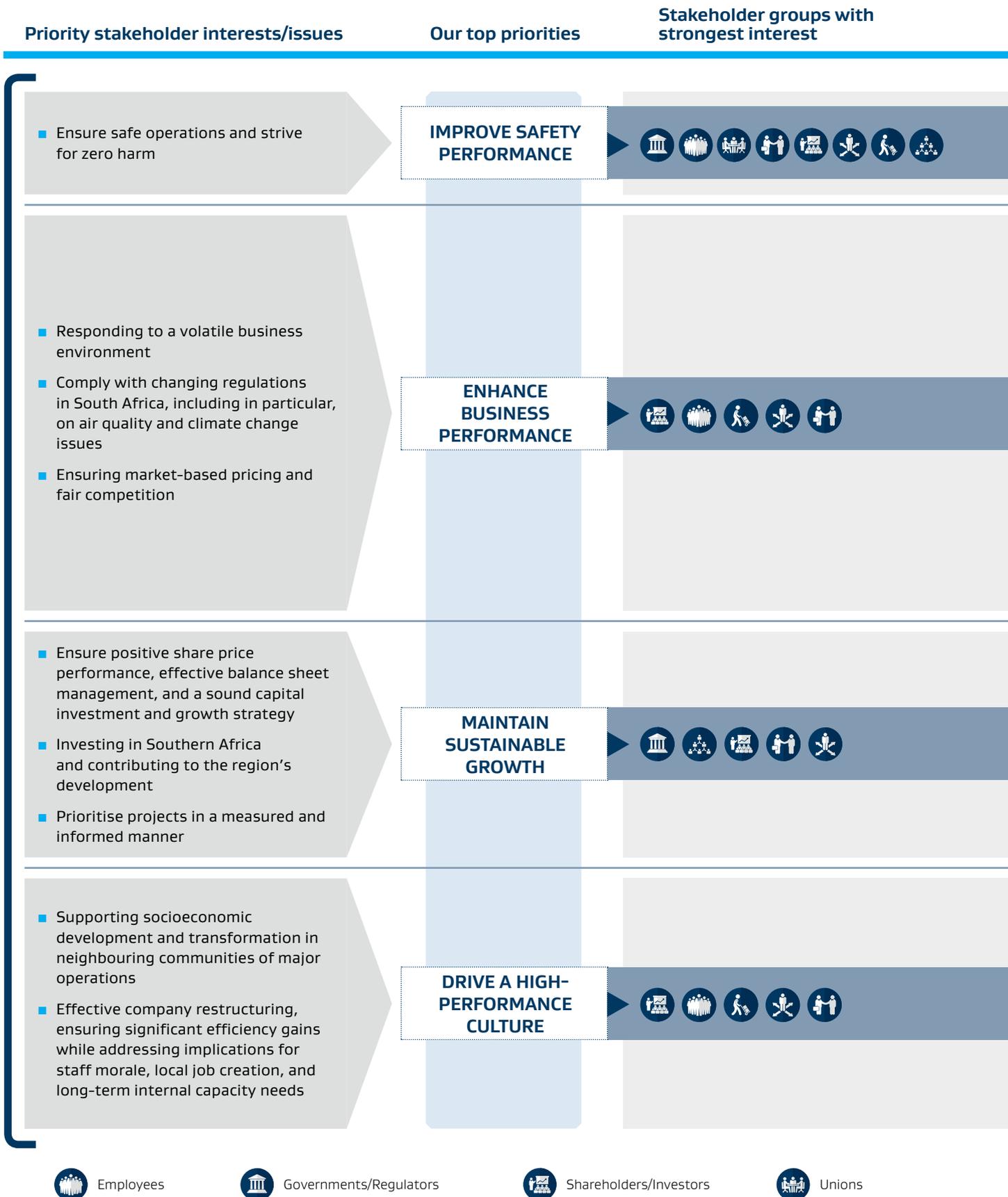
# Engaging our stakeholders

## Stakeholder focus continues to be one of Sasol's core values

It is a business imperative that we understand and are responsive to the needs and interests of our key stakeholder groups which include: employees and their representatives; government and regulators; shareholders; the communities around our operations; suppliers and customers; investors; the media and business partners and the public at large. The individual stakeholders within these groups are highly diverse, with sometimes competing interests. Sasol is therefore constantly seeking to improve the way in which we engage with our stakeholders to respond effectively.



\* Non-governmental organisations



Employees



Governments/Regulators



Shareholders/Investors



Unions

## Our 2015 response measures

- Response on safety
  - Implemented the One Sasol SHE Excellence Programme
  - Heightened focus on safety in operations
  - Introduced safety performance as short-term incentive measure for all levels

- Rapid implementation of our Response Plan with demonstrated efficiencies achieved
- Communication on the changing external environment and our response measures across business units
- Approved changes in dividend policy
- Continuing substantial contribution to tax base and employment opportunities
- Ongoing direct engagements with national and local government, parliamentary portfolio committee, investors and the media to contextualise Sasol's position within the South African economy
- Finalised and approved our enterprise and supplier development approach, recapitalised the Siyakha Fund, completed our small business incubator, and maintained strong focus on local procurement initiatives
- Significant investments in environmental improvements within our operations and broader community
- Open engagements with government, political bodies, non-governmental organisations (NGOs), civil society organisations, business peers and the media on our current and planned response measures
- Implementation of environmental pilot offset projects, with stakeholder input, to identify potential for beneficial environmental and social outcomes
- Active engagement with national and international policy makers and business associations to inform development of effective policy
- Investment in research and development initiatives and sharing findings with government and universities
- Significant efficiency gains achieved through Business Performance Enhancement Programme
- Renewed emphasis on internal compliance mechanisms
- Continued engagement with regulatory authorities

- Revisions to proposed capital investments, including delay in US GTL project and focus on ethane cracker with associated geographic and market diversification
- Implemented our Project 2050 programme to extend the lifespan of our Southern African operations in an environmentally responsible manner
- Significant capital investments in new projects in South Africa and Mozambique

- Strong focus on infrastructure development, education and skills development, bursary programmes, local procurement opportunities and municipal government partnerships
- Proactively identifying pressure points impacting neighbouring communities through effective engagement processes
- Continued delivery against the requirements of the BBBEE Codes of Good Practice
- Ikusasa public/private partnership to support local municipalities in the provision of infrastructure and services
- Refocus of global group corporate social responsibility (CSR) spend on education and skills development, local community development, environmental issues and employee volunteerism
- Collaborative relationship with key stakeholders in Mozambique and South Africa during recent xenophobia unrest
- Launched a supplier development programme to upskill and develop 15 suppliers in Mozambique
- Focus on employee engagement and counselling through the internal change process
- Heightened focus and engagement with local communities affected by reduced employment opportunities

Strategic performance

Governance and remuneration

Financial performance

Operating performance

Additional information



Communities/NGOs



Suppliers



Customers



Business/joint venture partners

# Our material sustainability focus areas

## Identified through a structured process

### Our approach

We aim to provide a balanced, accurate and accessible assessment of our strategy, performance and prospects in relation to those financial, economic, social, environmental and governance issues and risks that have a material impact on the long-term success of the business and that are important to key stakeholders.

Each year, Sasol follows a structured process to identify, understand and prioritise our most material sustainability issues. In determining these issues, we consider the following:

- issues that are critical in relation to achieving our strategic objectives and the sustainability of our operating model and integrated value chain;
- matters covered in reports submitted to the Board of Directors for discussion or approval;
- the outcomes of our internal risk assessment process; and
- the priority interests of our key stakeholders.

The Group Executive Committee (GEC) and the Risk and SHE Committee review the outcomes of this process, with integrated oversight provided by the Sustainability and Stakeholder Relations Committee.

We regularly review our material issues in the context of the rapidly changing business and societal context, the repositioned Sasol Group, as well as stakeholder feedback and emerging trends. We seek to collaborate to address challenges within our industry. We also seek to ensure that our reporting continues to reflect our response to the critical issues raised by our stakeholders.

Our key stakeholders are those who are impacted by our business and who play a role in our ability to deliver on our strategic objectives over the short, medium or long term. We identify their sustainability interests through regular engagements. The priority issues for the Group are managed through a clear stakeholder engagement approach with set objectives and an engagement plan. In 2015, we maintained healthy and effective external stakeholder relationships with a particular focus on government and community relations in the key operating regions of South Africa, Mozambique and the United States. Informed by this analysis, we identified opportunities to leverage our relationships through a more integrated approach to stakeholder engagement.

### Categorisation of our focus areas

We have identified our most material sustainability issues, aligned with our top risks and the views and interests of our stakeholders. These issues have been categorised into four material focus areas, shown in the diagram below.



**AIR** **SD** Refer to the value creation scorecard in this report (page 26) to understand the relationships between our material sustainability focus areas and the six capitals, as well as our online Sustainable Development Report.

**Material sustainability focus area**

**Promoting the safety, health and wellbeing of our people and ensuring responsible product stewardship**

**Investing in our people**

**Responding to environmental challenges**

**Delivering social value**

**Managing key risk mitigation objectives**

- Promoting employee and service provider safety
  - Enhancing process safety management
  - Focusing on occupational health and employee wellbeing
  - Aligning our product stewardship approach with international commitments
  - Integrating climate change mitigation in our product chain
- 
- Developing diverse, high-performing employees
  - Promoting diversity and inclusion
- 
- Embedding environmental responsibility into our activities
  - Engaging with the South African government on air quality legislation
  - Responding to the climate change challenge
  - Promoting water stewardship
- 
- Creating value through social investment
  - Promoting broad-based black economic empowerment
  - Being responsive to social issues in our neighbouring communities
  - Ensuring ethical behaviour, fair competition and anti-corruption
  - Respecting human rights
  - Stimulating economic growth through enterprise and supplier development
  - Supporting economic transformation through preferential procurement



# Risk management

## Enhancing our management of risk and opportunity

We are committed to effective risk management in pursuit of our strategic objectives, with the ultimate aim of growing shareholder value sustainably. In the last four years, we have significantly enhanced our capability to anticipate risks and respond with agility and confidence in managing them. As we expand our business globally, we recognise that proactive risk management is both an essential element of sound corporate governance and a crucial enabler in realising opportunities.

### Our approach to risk management

In the year, we continued to evolve our risk management approach, to ensure flexibility and relevance to Sasol's business needs in a changing operating environment, while facilitating appropriate standardisation. We also continued to align our processes and standards to international best practices, where applicable. We further embedded consultation with and consideration of the expectations of key stakeholder groups in our risk management approach.

We assess, manage and report on all significant risks and related controls and key responses consistently, in accordance with our defined risk reporting protocol. As part of our journey to become more proactive and responsive, we continuously monitor the external and internal environment to identify key developments related to our significant risks, implications for Sasol and key responses. We are enhancing our process to track and report on emerging risks.

In the year ahead, we will further strengthen the link between risk and strategy and drive risk management standardisation efforts across the Group that will allow for even more effective risk management in Sasol.

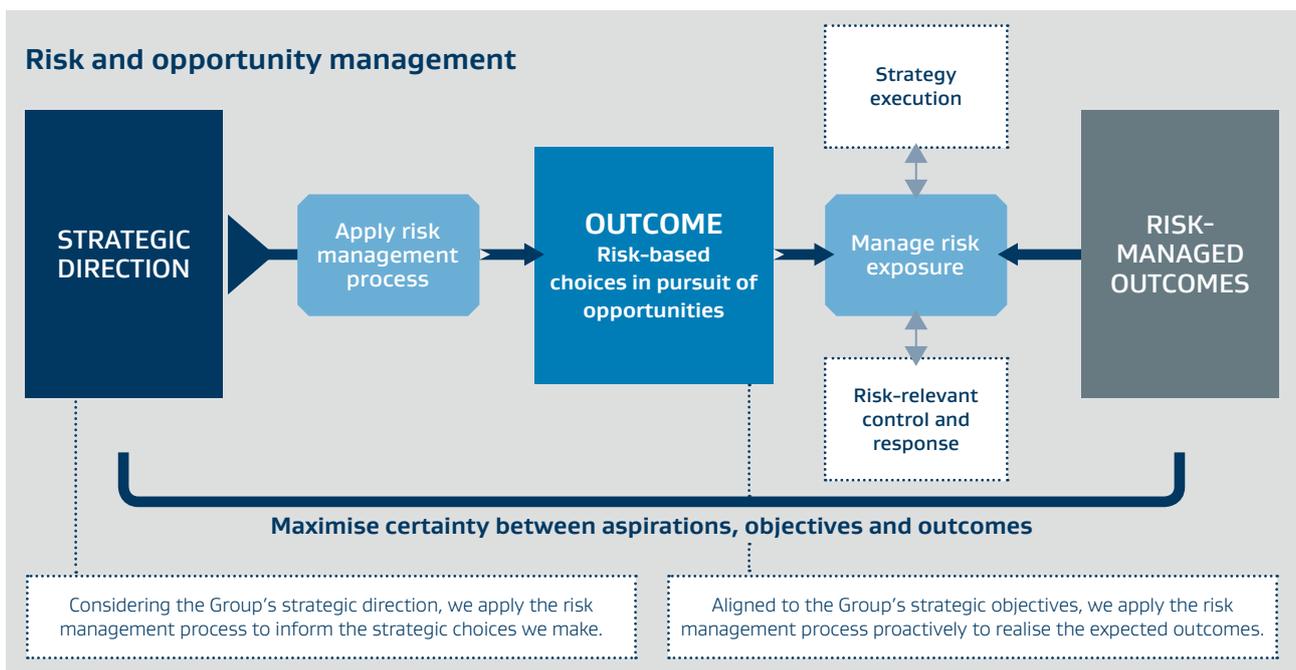
### Governance of risk management

Our Board of Directors oversees the risk management process at Sasol. The Risk and SHE Committee and Audit Committee work closely to make sure that the risk management process complies with the relevant standards and governance requirements and works effectively.

The leaders of each Operating Business Unit, Strategic Business Unit, Regional Operating Hub and Group Function are responsible and accountable for the management of risks in their area and may delegate specific responsibilities appropriately. Oversight of risk management at each organisational level takes place through the relevant executive committees. The Combined Assurance and Disclosure Committee, a subcommittee of our Group Executive Committee, provides independent oversight, assurance and alignment on group-wide significant risks.

We continue to integrate the risk management approach with the combined assurance model, to drive improved levels of assurance related to our significant risks.

Responsibility and accountability for Sasol's global risk management process resides with the Senior Vice President: Risk and Safety, Health and Environment (SHE).

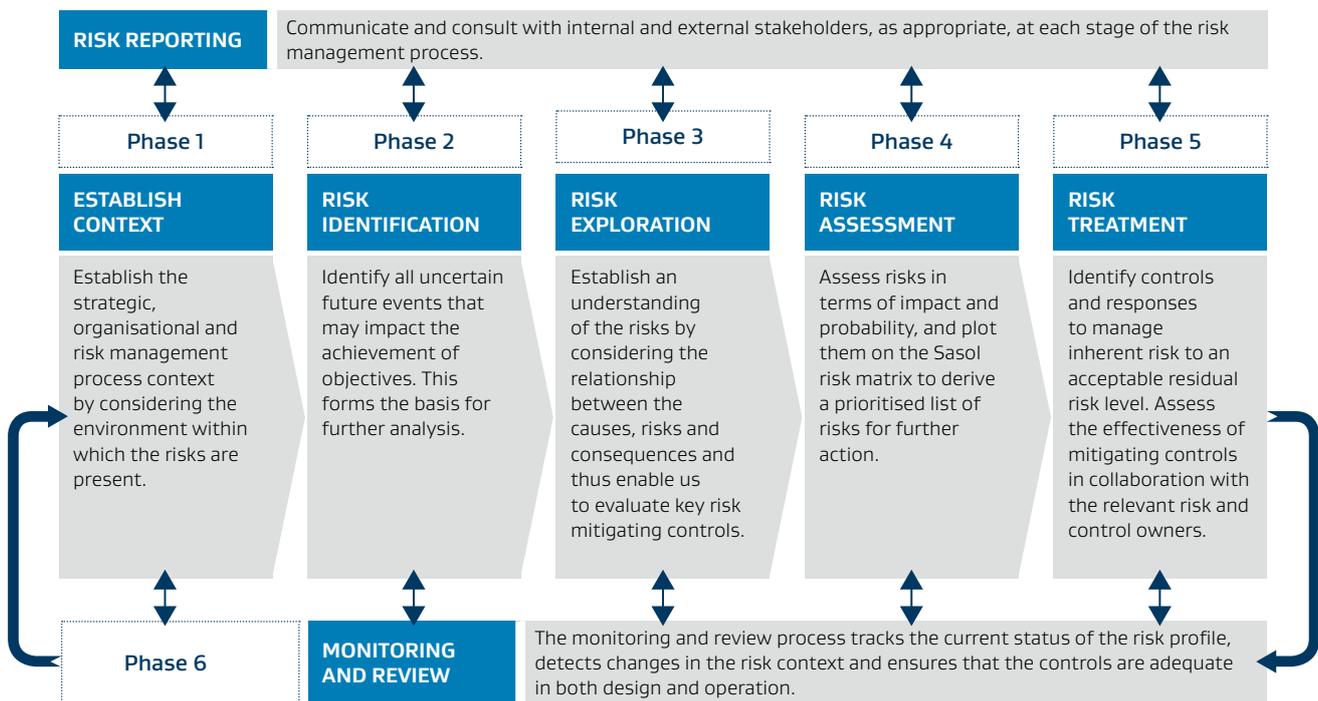


## Risk tolerance and risk appetite

We are reviewing the set of risk tolerance and risk appetite measures and targets for the Group. As risk management is an integral part of strategy development, risk tolerance and risk appetite inform management’s judgement and aid in strategic decision-making at Sasol.

## Our risk management process

Our structured risk management process, which is aligned to industry standards and rolled out across the Group, is set out below.



## Risk reporting and escalation

We report risks at different levels within the organisation (including the Sasol Board) in accordance with a defined reporting protocol. We classify risks, with level 1 being the most critical risk and level 6 being the lowest risk. We report risks to internal stakeholders in accordance with this diagram.

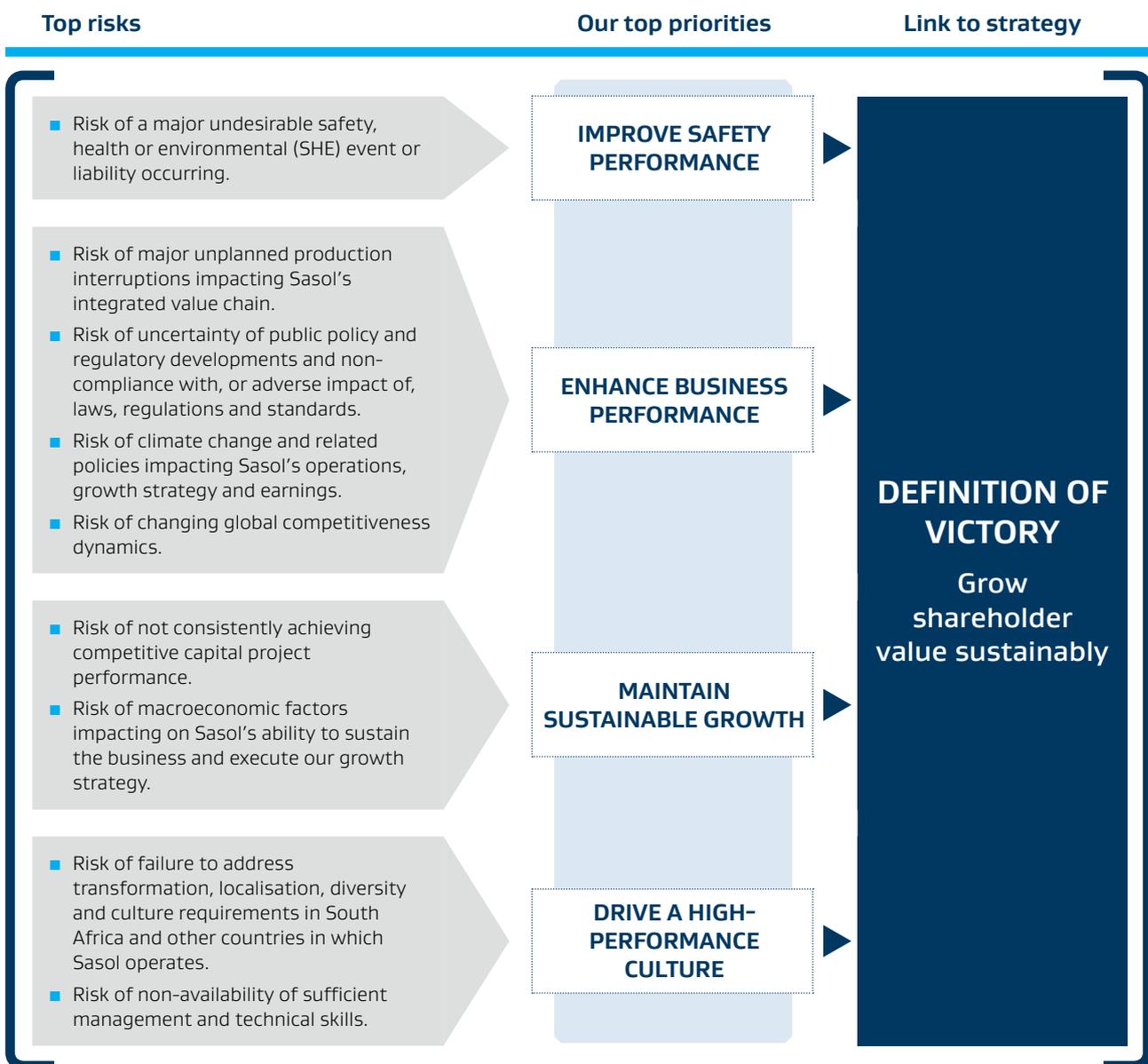


# Mitigating our top risks

## Enabling the achievement of the Group's objectives

We determine our top risks through a review process that analyses the risks facing Operating Business Units, Strategic Business Units, Regional Operating Hubs, and Group Functions in relation to Sasol's near-to-medium-term strategy, longer-term aspirations and top priorities, in the context of the external risk landscape.

Top risks are those risks which could result in a breach of risk appetite measures, negatively impact our integrated value chain, cause a deviation from expected strategic outcomes or negatively influence Sasol's reputation, including our licence to operate.



For a comprehensive disclosure of our material risks, refer to Sasol's Form 20-F filed with the SEC.

Top risk	Context	Mitigation	Link to top priorities
<p><b>Risk of a major undesirable safety, health or environmental (SHE) event or liability occurring</b></p>	<p>Safety improvement is a strategic imperative for sustainable and competitive operations. To this end, we remain committed to achieving our goal of zero harm to people and the environment, and being a responsible and accountable corporate citizen.</p> <p>Our facilities and operations are subject to various risks, including the occurrence of a major process safety incident.</p>	<ul style="list-style-type: none"> <li>■ Our zero harm philosophy underpins all our activities.</li> <li>■ Our One Sasol SHE Excellence approach directs initiatives to enhance safety performance across the organisation.</li> <li>■ We have identified safety, health and environment risk scenarios and have applied specific strategies to address these risks.</li> <li>■ We have strict performance targets on safety and health, process safety management, greenhouse gas (GHG) emissions, water management, energy efficiency and volatile organic compounds.</li> <li>■ We regularly update and train our staff on key SHE requirements and carry out internal and external audits to monitor compliance.</li> </ul>	<p><b>IMPROVE SAFETY PERFORMANCE</b></p>
<p><b>Risk of major unplanned production interruptions impacting Sasol's integrated value chain</b></p>	<p>Sasol's growth ambitions rely on the ability of current production assets to generate cash for new projects. If the existing operations cannot produce as planned, this may impact our ability to maintain the assets or execute new projects.</p> <p>Key threats in this regard are strikes and related labour or civil unrest, supply chain interruptions, constrained supply of feedstocks, extreme weather events, electricity supply disruptions and an insufficient supply of raw water resources required to meet our production requirements.</p>	<ul style="list-style-type: none"> <li>■ We continuously improve the necessary attitudes, skills, processes and systems to mitigate the risk of SHE incidents and production interruptions.</li> <li>■ We continue to implement and embed the Sasol operations' standard framework for planned maintenance and routine inspections of critical areas in the business.</li> <li>■ We are implementing set renewal and utilities expansion programmes to support our plants' stability and predictability as well as prepare a solid platform for sustainable operations.</li> <li>■ We continue to maintain good relations with trade unions and other employee representative bodies, and interact regularly with them.</li> <li>■ We engage and invest significantly in the communities in which we operate.</li> <li>■ In response to the constraints on the supply of electricity and water in South Africa, we have increased our own power generation capacity, and continue to focus on achieving compulsory Energy Conservation Scheme targets and to implement site water use efficiency measures.</li> <li>■ As a major consumer of utilities, we enter into public-private partnerships to find workable solutions for sustainable supply.</li> <li>■ We continue to roll out severe weather readiness toolkits across our operations to ensure our readiness and resilience in dealing with extreme weather events.</li> <li>■ We procure property damage, business interruption and liability insurance at acceptable levels.</li> </ul>	<p><b>ENHANCE BUSINESS PERFORMANCE</b></p>

**Mitigating our top risks**  
(continued)

Top risk	Context	Mitigation	Link to top priorities
<p><b>Risk of uncertainty of public policy and regulatory developments and non-compliance with, or adverse impact of laws, regulations and standards</b></p>	<p>Sasol is committed to comply with all applicable laws and regulations. Many countries in which Sasol operates have over recent years increased the level of new or revised policies and regulations. In addition to more complex legal and regulatory frameworks, authorities have enforced laws more vigorously.</p>	<ul style="list-style-type: none"> <li>■ We have multi-disciplinary compliance programmes in place to address compliance requirements.</li> <li>■ Sasol is focused on identifying changes in the regulatory landscape that have implications for the Group and ensuring that we are prepared to respond to these changes.</li> <li>■ We have systems and processes in place to ensure compliance with applicable laws and regulations by all employees, and annual training and certification takes place.</li> </ul>	<p><b>ENHANCE BUSINESS PERFORMANCE</b></p>
<p><b>Risk of climate change and related policies impacting Sasol's operations, growth strategy and earnings</b></p>	<p>Sasol's efforts to reduce GHG emissions are aimed at addressing the climate change challenge, even as we seek to grow our portfolio of hydrocarbon monetisation options.</p> <p>Global efforts to reduce GHG emissions are continuing and the costs and challenges associated with GHG emissions are rising.</p> <p>The potential introduction of regulatory regimes governing carbon pricing/taxes, emissions trading schemes, product carbon labelling, carbon budgets and carbon-related border tax adjustments could have a significant impact on our business.</p>	<ul style="list-style-type: none"> <li>■ The Group's approach to mitigating these risks is based on: actions to ensure alignment in communication, stakeholder engagement and regulatory responses; co-ordinated intervention in the regulatory development process; and business unit level interventions including specific energy efficiency and other GHG mitigation projects.</li> <li>■ The Group's approach to mitigating GHG emissions is focused on: <ul style="list-style-type: none"> <li>■ improving the carbon and energy efficiency of our processes;</li> <li>■ increasing the use of natural gas for power generation;</li> <li>■ researching the potential for offsetting in Southern Africa; and</li> <li>■ monitoring and influencing carbon capture and storage as a long-term solution.</li> </ul> </li> </ul>	<p><b>ENHANCE BUSINESS PERFORMANCE</b></p>
<p><b>Risk of changing global competitiveness dynamics</b></p>	<p>Sasol's main manufacturing facilities are located in South Africa, the United States and Europe, but we supply our products into global markets and are therefore subject to competitive threats from other global companies.</p> <p>Energy, labour, logistics and feedstock costs influence product cost competitiveness and the ability to compete in global markets.</p>	<ul style="list-style-type: none"> <li>■ A key objective of the Group's Business Performance Enhancement Programme is to ensure that the organisation is able to respond more effectively, efficiently and competitively to the changing dynamics of our global marketplace.</li> </ul>	<p><b>ENHANCE BUSINESS PERFORMANCE</b></p>
<p><b>Risk of not consistently achieving competitive capital project performance</b></p>	<p>Sasol's success depends on long-term, capital-intensive projects which also comprise larger and more complex projects. In general, across many industries, execution of capital projects is inherently high risk and organisations should implement robust mitigation measures to reduce risk.</p> <p>Unexpected or unanticipated changes in the external environment may result in escalating project costs and schedule delays.</p>	<ul style="list-style-type: none"> <li>■ Robust integrated project management teams manage our major projects. These teams combine Sasol expertise with that of partner companies with project management and deep local experience.</li> <li>■ We are improving our capital project management capabilities and discipline. We review our project management performance against international benchmarks and implement relevant learnings from previous projects.</li> <li>■ To mitigate increases in project costs, we continue to broaden our supply base, building relationships with new equipment manufacturers and industry specialists.</li> <li>■ Every major project has a manpower development plan and resource plan to ensure appropriately skilled staff are sourced for the project.</li> </ul>	<p><b>MAINTAIN SUSTAINABLE GROWTH</b></p>

Top risk	Context	Mitigation	Link to top priorities
<p><b>Risk of macro-economic factors impacting on Sasol's ability to sustain the business and execute our growth strategy</b></p>	<p>Sasol's ability to sustain the business and execute on its growth strategy depends on key macroeconomic factors that drive near-to-medium-term and long-term strategic decisions.</p> <p>Unexpected, unanticipated changes or sustained periods of unfavourable macroeconomic conditions may impact earnings and growth.</p> <p>The macroeconomic factors we consider include oil and gas prices, exchange rates, financial market stability and sovereign credit ratings in countries where Sasol operates.</p>	<ul style="list-style-type: none"> <li>Our planning assumptions take account of important near-to-medium-term and long-term drivers related to key macroeconomic factors.</li> <li>We monitor the external environment continuously and adjust our planning assumptions accordingly.</li> <li>We implemented the Business Performance Enhancement Programme and the Response Plan to assist the organisation in responding to unfavourable macroeconomic conditions.</li> </ul>	<p><b>MAINTAIN SUSTAINABLE GROWTH</b></p>
<p><b>Risk of failure to address transformation, localisation, diversity and cultural requirements in South Africa and other countries in which Sasol operates</b></p>	<p>To sustain Sasol's business, we understand the importance of creating a high-performance, ethical, inclusive culture for all our employees. Cultural awareness and responsiveness is important as Sasol aims to become a key global player.</p> <p>Supporting the transformation agenda in South Africa is a key imperative for Sasol. There are also localisation laws and diversity requirements that we must meet in some jurisdictions where we operate.</p> <p>Failure to meet these could have material consequences for Sasol's reputation, access to resources, permits and our licence to operate, as well as our ability to attract and retain skills.</p>	<ul style="list-style-type: none"> <li>We meet our transformation requirements in South Africa through talent management and succession planning, employment equity, diversity management and driving compliance with the broad-based black economic empowerment (BBBEE) scorecard.</li> <li>We have formulated a plan, with supporting implementation and stakeholder engagement plans, to address the requirements of the revised Codes of Good Practice and BBBEE scorecard.</li> <li>Sasol complies with the broad-based Socioeconomic Empowerment Charter for the South African Mining and Minerals Industry, and the South African Liquid Fuels Charter.</li> <li>Wherever we operate, we are committed to complying with all country-specific localisation regulations and to managing the relationships with our employees, governments and communities openly and constructively.</li> </ul>	<p><b>DRIVE A HIGH-PERFORMANCE CULTURE</b></p>
<p><b>Risk of non-availability of sufficient management and technical skills</b></p>	<p>Sasol is reliant on sufficient management and technical skills, including qualified scientists, engineers, artisans and operators as well as seasoned managers, to improve and optimise our existing businesses and advance our growth projects.</p> <p>Sasol and the energy industry face numerous challenges, including: shortage of suitably skilled engineers; an ageing workforce; high demand for skills in North America; competition from other developed countries for scarce skills in the target areas of growth; increased competition for talent from "more attractive" industries; and the increasing number of mega-projects globally.</p>	<ul style="list-style-type: none"> <li>We have a strategic talent management framework in place that spans the key talent management drivers of attraction, development and retention.</li> <li>We focus on developing levels of competence through our significant investments in our bursary programme, as well as in a wide range of skills development and learnership programmes aimed at the skillsets we require.</li> <li>Succession management and development is crucial for our growth and the development of critical skills in our businesses.</li> <li>We have refocused our critical skills programmes to address our skills gaps.</li> <li>Sasol also participates in various skills development initiatives.</li> </ul>	<p><b>DRIVE A HIGH-PERFORMANCE CULTURE</b></p>

## Chairman's statement



Dr Mandla SV Gantsho, *Chairman*

Amid a turbulent geopolitical and global economic environment, the foresight to fundamentally reposition Sasol over a four-year period has laid solid foundations to respond decisively, and with considerable pragmatism, to a lower-for-longer global oil price reality.

# MAINTAINING MOMENTUM THROUGH CHALLENGING TIMES

## Dear stakeholder,

The theme, ‘maintaining momentum through challenging times’ aptly captures the decisive measures Sasol has taken to keep pace with, and even stay a step ahead of, a profoundly different energy landscape, underpinned by a steep decline in the global price of oil.

Commodity price movements – both the lows and highs – have significant implications for the Board’s strategic oversight role and the longer-term decisions we are entrusted to make to preserve and enhance the value of Sasol and, in so doing, protect the interests of all our stakeholders.

To this end, the Board provides effective leadership in the best interests of Sasol and is responsible for the strategic direction and control of the company. We exercise this control by way of a governance framework, which includes setting corporate strategy, approving major investment decisions, adapting our remuneration policies, detailed reporting to the Board, effective delegation, risk management and a system of assurances on internal control.

In exercising our fiduciary and statutory obligations, as early as December 2014, the Board approved management’s proposed Response Plan to proactively identify measures to conserve cash in what was, and is expected to remain, a lower-for-longer oil price reality.

With a cash conservation target range set at R30 billion to R50 billion up to the end of financial year 2017, decisive actions have been implemented as part of Sasol’s Response Plan. These are in addition to the measures implemented under Sasol’s Business Performance Enhancement Programme, a multi-year, large-scale, change initiative.

The programme, initiated in 2012, has already made significant headway towards sustainably reducing Sasol’s cost base, while addressing widespread business complexity to systematically reposition the company for consistent performance and success over the long term.

The management team’s foresight to launch this programme, at a time when record profits were being delivered, was both prudent and, indeed, fortuitous as it placed Sasol in the strongest possible position to respond decisively, and with considerable pragmatism, to a more volatile macroeconomic environment.

The Board is equally cognisant of the fact that this large-scale restructuring programme was undertaken without a single day’s industrial action, a testimony to the robust change management and responsive engagement undertaken with both internal and external stakeholders, in particular Sasol’s representative trade unions.

Looking at the Group’s strategy, an important reserved responsibility, the Board reaffirmed Sasol’s longer-term strategic direction as a monetiser of natural resources. Taking cognisance of the current volatile macroeconomic environment, and to support our low oil price Response Plan, the Board reviewed and approved refinements to our near-to-medium-term strategic agenda.

The refined corporate strategic agenda is supportive of the new operating model and places greater emphasis on selective gas-based growth. It is against this backdrop that the Board supported management’s drive to advance Sasol’s growth programmes concentrated, in the immediate term, largely in Southern Africa and North America.

As announced previously, our revised dividend policy is a dividend cover range based on headline earnings per share. The dividend cover was 2,7 times at 30 June 2015, compared to 2,8 times the previous year. Taking into account the current volatile macroeconomic environment, capital investment plans, the cash conservation initiative, the current strength of our financial position, and the dividend cover range, the Board has declared a final dividend of R11,50 per share, which is just 15% lower compared to the prior year.

During the reporting period, we welcomed Ms Nomgando Matyumza, a chartered accountant and highly experienced corporate executive, as an independent non-executive director to the Sasol Limited Board. We were equally fortunate to find an Executive Director and Chief Financial Officer of the calibre of Mr Bongani Nqwababa, who joined the organisation from Anglo American Platinum Limited, on 1 March 2015.

Under the stewardship of Mr David Constable, the President and CEO, Sasol has undergone profound changes that will continue to benefit the organisation long into the future. While we would have preferred that David extend his contract beyond June 2016, we respect his decision to be closer to his family in North America.

The Board is in the process of finding his successor and will make further announcements in this regard in due course.

In closing, I express my sincere appreciation to my fellow board members for their dedication in steering Sasol during this turbulent geopolitical and global economic period.

I also thank Sasol’s Group Executive Committee, the management and committed staff members for a job well done in financial year 2015. Collectively, our foresight, wisdom and energy have ensured that we maintain momentum through challenging times.

Finally, I wish to acknowledge our stakeholders for entrusting the Board to lead this great organisation. We serve Sasol at your behest and thus hold our fiduciary and statutory obligations in the highest regard.



**Dr Mandla SV Gantsho**  
Chairman

# Corporate governance

## Creating value through sound corporate governance

Sound corporate governance is the foundation of a sustainable business and pivotal in making Sasol a great company that delivers long-term value to our shareholders and employees; a company that has a positive association with all its stakeholders. As a values-based organisation, Sasol is committed to high standards of business integrity and ethics in all our activities.

 For the full corporate governance report, visit our website on [www.sasol.com](http://www.sasol.com).

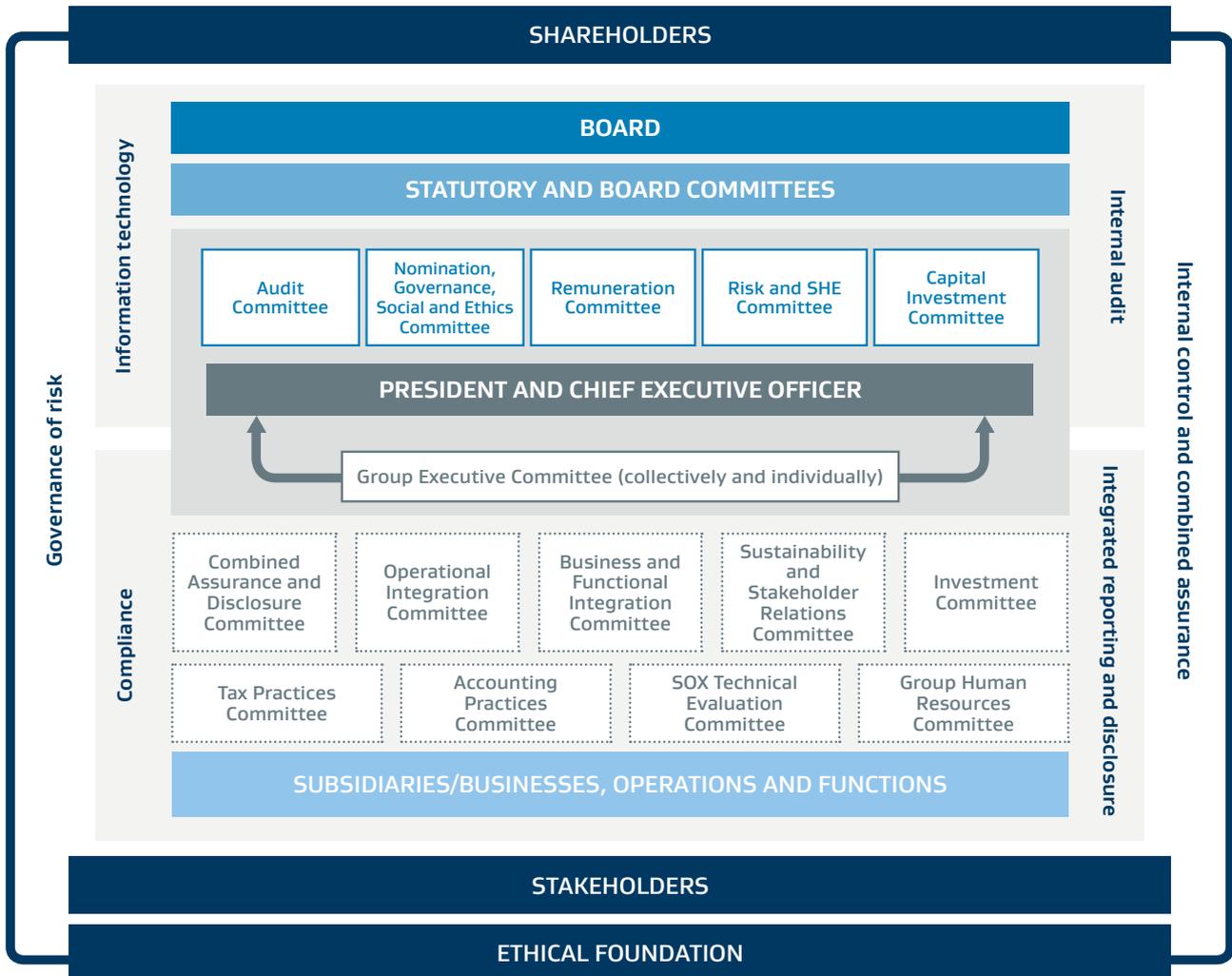
### Our governance framework

The Board of Directors of Sasol Limited (the Board), supported by the Nomination, Governance, Social and Ethics Committee reviews and benchmarks the group’s governance structures and processes to ensure they support effective and ethical leadership, good corporate citizenship and sustainability and are applied in the best interests of Sasol and its stakeholders.

As a listed company on the Johannesburg Stock Exchange operated by the JSE Limited (JSE), as well as the New York Stock Exchange (NYSE), Sasol is subject to and has implemented controls to provide reasonable assurance of its compliance with all relevant requirements in respect of its listings. The Board confirms that Sasol complies in most significant respects with the governance standards imposed on domestic US companies listed on the NYSE and that we apply all the principles of the King Code of Governance Principles for South Africa (King III Code).

 A statement on Sasol’s application of the principles of the King III Code is available on [www.sasol.com](http://www.sasol.com).

The Board provides effective leadership in the best interest of Sasol and is responsible for the strategic direction and control of the company. The Board exercises this control by way of a governance framework, which includes detailed reporting to the Board and its Committees, effective delegation, risk management and a system of assurances regarding financial reporting and internal controls.



## Providing effective leadership

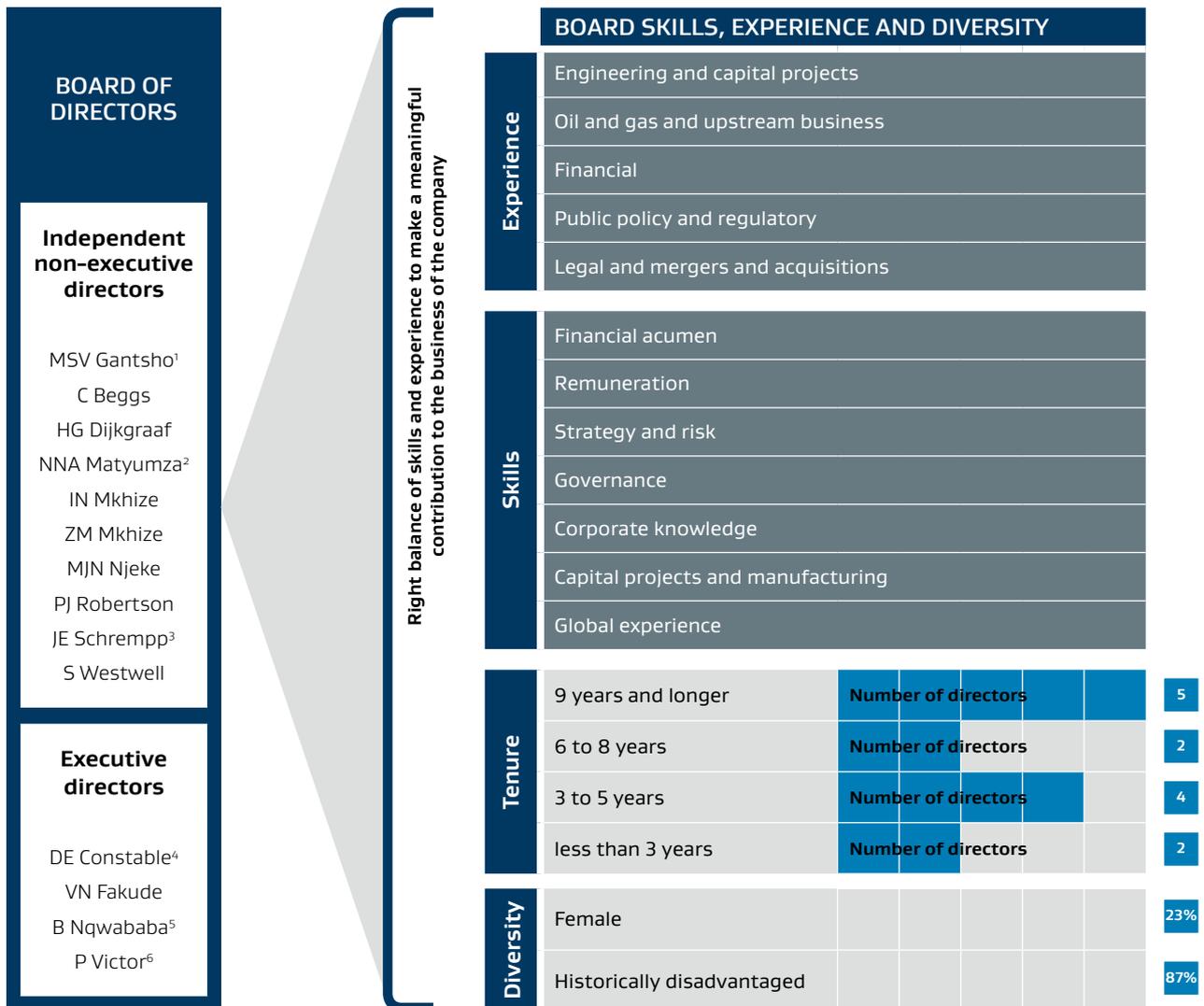
### Our directors and composition of the Board

The Board remains focused on enhancing the diversity of directors' perspectives. Directors are chosen for their corporate leadership skills, experience and expertise. Diversity in gender and race, as well as in business, geographic and academic backgrounds and experience are considered. The right blend of skills and experience is crucial in ensuring the attainment of long-term value for Sasol's shareholders.

New directors are inducted. They are apprised of Sasol's business, their duties and responsibilities as directors and are also given the opportunity to visit Sasol's plants and operations. The development of industry and Sasol group knowledge is a continuous process and directors are briefed on legal developments and changes in the risk and general business environment on an ongoing basis. The effectiveness and performance of the Board, its committees and the individual directors are also annually assessed. No major concerns were raised.

In terms of our memorandum of incorporation, the Board shall consist of a maximum of 16 directors. Up to five may be executive directors. One-third of directors must retire at every annual general meeting and are eligible for re-election.

 The roles and functions of the Chairman, the Lead Independent Director and the President and Chief Executive Officer are described in the Board charter available on our website at [www.sasol.com/investor-centre/corporate-governance/board-charter](http://www.sasol.com/investor-centre/corporate-governance/board-charter).



<sup>1</sup>Chairman   <sup>2</sup>Appointed 8 September 2014   <sup>3</sup>Lead Independent Director   <sup>4</sup>President and CEO

<sup>5</sup>Independent non-executive until 26 September 2014 – appointed as CFO on 1 March 2015

<sup>6</sup>Resigned as executive director and acting CFO on 28 February 2015

## Our group executive team

The Group Executive Committee members support the President and Chief Executive Officer, as individuals and as a group, in executing the Board's mandate for the management of the business of Sasol and derive their authority from the President and Chief Executive Officer.

Group executive subcommittees have been established with specific focus areas to support the Group Executive Committee in managing the business of Sasol.

**The Company Secretary** is appointed by the Board in accordance with the South African Companies Act. Mr VD Kahla, the Executive Vice President: Advisory and Assurance, is our Company Secretary. He is not a director but is a member of the Group Executive Committee.

He is considered competent and has the appropriate qualifications and experience to serve as the Company Secretary. The Board is satisfied that there is an arms-length relationship between the Board and the Company Secretary.



The role and responsibilities of the Company Secretary are described in the Board charter available on our website at [www.sasol.com/investor-centre/corporate-governance/board-charter](http://www.sasol.com/investor-centre/corporate-governance/board-charter).

## Subsidiaries

The necessary framework, systems, policies and processes are in place to ensure all entities in the Sasol group adhere to essential group requirements and minimum governance standards. In line with our goal to achieve focused accountability under the new governance framework and to ensure effective decision-making, the wholly-owned subsidiary boards have delegated authority to the Group Executive Committee, its subcommittees and individuals within Sasol, with the exception of decisions which cannot by law be delegated and those matters reserved for decision-making by the Sasol Limited Board.

## Ensuring effective governance and good corporate citizenship

The Board has determined its main function and responsibility to be to add significant value to the company and to ensure long-term shareholder value within the powers the memorandum of incorporation confers on it. The Board is satisfied that it fulfilled all its duties and obligations during the past financial year.

The Board charter sets out the policies, practices and processes to enable the Board to discharge its responsibilities and ensure effective governance.



The Board charter is available on our website, [www.sasol.com/investor-centre/corporate-governance/board-charter](http://www.sasol.com/investor-centre/corporate-governance/board-charter), together with the company's memorandum of incorporation at [www.sasol.com/investor-centre/corporate-governance/memorandum-incorporation](http://www.sasol.com/investor-centre/corporate-governance/memorandum-incorporation).

The Board regularly reviews those matters reserved for Board decision-making and brings independent, informed and effective judgement and leadership to bear on material decisions reserved for the Board.

The strategic objectives of the company and ensuring that strategy, risk, performance and sustainability considerations are effectively integrated and appropriately balanced remain the main focus of the Board. The governance framework ensures that the Board monitors the implementation of the strategies, decisions, values and policies by the Board Committees, executive management and group entities.

Whilst Sasol's Business Performance Enhancement Programme is delivering sustainable cost savings, the Board had to consider and approve the implementation of the Response Plan during the financial year. The Response Plan was implemented to mitigate the challenges of the low oil price.

Although focused on cash conservation, the Board also remains considerate of Sasol's growth projects in Southern Africa and the United States, ensuring the execution of these projects without compromising on the safety, reliability and the sustainability of Sasol's operations.

The Board is ultimately responsible for Sasol's system of internal control and governs the disclosure control processes of the company. The Board is also responsible for satisfying itself that Sasol is governed effectively in accordance with good corporate governance practice, including risk and legal compliance management, appropriate and relevant non-binding industry rules, codes and standards, and internal control systems.

It is the Board's view that risk is dealt with comprehensively within the Sasol group. Assurance is obtained through internal control, compliance and governance processes.



For a more comprehensive report on Sasol's enterprise risk management processes and material risks identified, refer to page 40 and Sasol's 2015 annual report on Form 20-F filed with the SEC.

## Board committees

The Audit Committee, Remuneration Committee, Risk and Safety, Health and Environment (SHE) Committee, Nomination, Governance, Social and Ethics Committee and the Capital Investment Committee established by the Board, play an important role in enhancing standards of governance and effectiveness within the Group.

 Committee membership is reflected in the full corporate governance report available on Sasol's website, [www.sasol.com](http://www.sasol.com).

The terms of reference of the Board and statutory committees form part of the Board charter and are reviewed annually.

 The complete terms of reference of the committees are available on Sasol's website, [www.sasol.com/investor-centre/corporate-governance/board-charter](http://www.sasol.com/investor-centre/corporate-governance/board-charter)

 The duties of the Audit Committee and the execution thereof, are fully set out in the Audit Committee report included in the Annual Financial Statements.

 The functions of the Remuneration Committee, as well as directors' remuneration and other relevant remuneration information are available in the remuneration report.

## Sustainability, social and ethics responsibilities

The Board determines Sasol's values, including principles of ethical business practice and the requirements of being a responsible corporate citizen and ensures communication throughout the Group. The Board, through the Nomination, Governance, Social and Ethics Committee, oversees the implementation of the ethics programme.

In executing its social and ethics responsibilities as required in terms of the South African Companies Act, the Nomination, Governance, Social and Ethics Committee considered and monitored Sasol's activities during the period under review, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:

- social and economic development, including Sasol's compliance with the goals and purposes of the Organisation for Economic Co-operation and Development recommendations regarding corruption as well as the 10 principles set out in the United Nations Global Compact;
- Sasol's progress in terms of the South African Employment Equity Act, No 55 of 1998 and standing in terms of the South African Broad-Based Black Economic Empowerment (BBBEE) Act, No 53 of 2003, including Sasol's proposed response to the revised BBBEE Codes;
- stakeholder relationships and the governance of the Group's stakeholder engagement activities;
- good corporate citizenship with an emphasis on Sasol's corporate social responsibility and global programmes embarked on within the focus areas of education, skills development, environment, community development and employee volunteerism;
- consumer relationships, including Sasol's advertising, public relations and compliance with consumer protection laws; and
- labour and employment activities, taking into consideration employment relationships, the International Labour Organization Protocol on decent work and working conditions, Sasol's contribution toward the educational development of its employees, gender diversity, women empowerment and organised labour.

The Nomination, Governance, Social and Ethics Committee approved Sasol's revised code of ethics in June 2015, emphasising that ethical behaviour in everything Sasol does is an essential building block to embed a values-driven organisation and high performance culture.

Our revised code consists of the same four fundamental ethical principles – responsibility, honesty, fairness and respect – contained in the initial code. The revised code includes a commitment to conduct our business with due regard to the interests of all our stakeholders and the environment. It embodies a requirement of compliance with all applicable laws and regulations as a minimum standard and guides Sasol's interaction with all government representatives. The code prohibits contributions to political parties or government officials.

 The code is available on our website at <http://www.sasol.com/sustainability/ethics>.

**Ensuring effective engagement with our stakeholders** forms part of the Board's responsibilities. Assisted by the Nomination, Governance, Social and Ethics Committee, the Board is responsible for monitoring the relationship between management and the stakeholders of the company and ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible.

Sasol's strategy and performance are regularly presented to analysts, institutional investors and the media. The company also communicates with its smaller shareholders and those stakeholders who lack access to electronic media. All shareholders are invited to attend the company's annual general meeting.

 More details of our social and sustainable development initiatives, our stakeholder management approach and on Sasol's ethics matters are provided in other sections in this report, our full corporate governance report and also on our website at [www.sasol.com](http://www.sasol.com).

# Our Board of Directors

Ensuring sustainable growth through ethical and responsible stewardship

The Board is responsible for the strategic direction and ultimate control of the company according to its memorandum of incorporation and board charter. Through its oversight and strategic steer, it ensures that Sasol capitalises on its opportunities as an ethical, decisive and responsible corporate citizen.



**From left to right:** David Constable, Nolitha Fakude, Henk Dijkgraaf, Bongani Nqwababa, Colin Beggs and Nomgando Matyumza

The careful selection of individual directors, to ensure the most appropriate combination of expertise and experience, underpins the effectiveness of the Board in fulfilling its role.



**From left to right:** Stephen Westwell, Moses Mkhize, JJ Njeke, Imogen Mkhize, Jürgen Schrempp, Peter Robertson and Mandla Gantsho

## Executive Directors



**David Constable**  
BSc Eng (Civil)

Canadian | born 1961

**PRESIDENT AND CHIEF  
EXECUTIVE OFFICER AND  
EXECUTIVE DIRECTOR\***

Appointed to the Board in 2011  
\* Will step down on 30 June 2016.

**Board Committee**

Member of Risk and Safety,  
Health and Environment Committee  
and Capital Investment Committee

**Expertise and experience**

Before joining Sasol, Mr Constable was the Group President, Operations of Fluor Corporation from March 2009 to end May 2011, responsible for project execution services, project management, global procurement and construction, risk management, information technology, and sustainability across all Fluor's core business groups. During his 29 years at Fluor, he also served in various international sales, operations and Group President positions in the oil, gas, petrochemicals, mining and power industries.

He attended the International Management Programme at Thunderbird University in 1997 and the Advanced Management Programme at Wharton Business School in 2000, both in the United States.

He is a non-executive director of ABB Limited and a member of its Compensation Committee. He is also a member of the World Economic Forum, International Business Council and The Business Council (United States).



**Bongani Nqwababa**  
BAcc (Hons), CA(Z), MBA

South African | born 1966

**CHIEF FINANCIAL OFFICER  
AND EXECUTIVE DIRECTOR**

Appointed to the Board in 2013

**Board Committee**

Member of Risk and Safety,  
Health and Environment Committee  
and Capital Investment Committee

**Expertise and experience**

Mr Nqwababa became our Executive Director and Chief Financial Officer with effect from 1 March 2015. He was initially appointed as a non-executive, independent director on 5 December 2013, but resigned on 26 September 2014, upon his appointment as an Executive Director and Chief Financial Officer designate. He was the Finance Director of Anglo American Platinum Limited from January 2009 until 18 February 2015. He is a former Finance Director of Eskom Holdings Limited. Prior to joining Eskom, he served as Treasurer and Chief Financial Officer of Shell Southern Africa. Mr Nqwababa was the Chairman of the South African Revenue Services Audit Committee until 24 July 2015. He previously served as a Non-Executive Director and member of the Nomination, Audit and Remuneration Committees of Old Mutual plc.



**Nolitha Fakude**  
BA (Hons)

South African | born 1964

**EXECUTIVE DIRECTOR**

Appointed to the Board in 2005

**Board Committee**

Member of Risk and Safety,  
Health and Environment Committee

**Expertise and experience**

Before joining Sasol, Ms Fakude was a member of the Group Executive Committee at Nedbank Group Limited. She was also a Director of Harmony Gold Mining Company Limited, BMF Investments (Pty) Ltd and Woolworths Holdings Limited.

She is the Chairman of Datacentrix Holdings Limited. She is also a council member and second Deputy Chairman of the Human Resources Development Council of South Africa.

She is a member of the advisory board of the University of Cape Town's Graduate School of Business.

She attended the Senior Executive Programme at Harvard Business School in the United States in 1999.

# Independent Non-Executive Directors



**Mandla Gantsho**  
**BCom (Hons), CA(SA), MSc, MPhil, PhD**  
 South African | born 1962

**INDEPENDENT NON-EXECUTIVE CHAIRMAN**

Appointed to the Board in 2003, appointed as Chairman in 2013

**Role at Sasol**

Chairman of Nomination, Governance, Social and Ethics Committee; member of Remuneration Committee and Risk and Safety, Health and Environment Committee.

**Expertise and experience**

Dr Gantsho is the non-executive Chairman of Africa Rising Capital (Pty) Ltd, a Director of Ithala Development Finance Corporation and Impala Platinum Holdings Limited. Dr Gantsho will become the Chairman of Impala Platinum Holdings Limited on 1 October 2015.

He was the Vice President Operations: Infrastructure, Private Sector and Regional Integration of the African Development Bank from 2006 to 2009, and before that, the Chief Executive Officer and Managing Director of the Development Bank of Southern Africa.

In 1997, he was appointed as a Commissioner of the Finance and Fiscal Commission, a body set up in terms of the South African Constitution to advise the South African parliament on intergovernmental fiscal transfers. In 2002, he was appointed as a member of the Myburgh Commission of Inquiry into the rapid depreciation of the rand during 2001.



**Jürgen Schrempp**  
**BSc Eng**  
 German | born 1944

**LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR\***

Appointed to the Board in 1997, appointed Lead Independent Director in 2008

\* Will step down as Director on 4 December 2015.

**Role at Sasol**

Member of Nomination, Governance, Social and Ethics Committee and Remuneration Committee.

**Expertise and experience**

Prof Schrempp is the former Chairman of Daimler AG and Mercedes-Benz South Africa (Pty) Ltd and a former member of the South African President's International Investment Council.

He is a Director of Compagnie Financière Richemont SA, and a former Director of Iron Mineral Beneficiation Services (Pty) Ltd. He is founding Chairman of the Southern Africa Initiative of German Business (SAFRI); a member of the President's Council of Togo; Chairman emeritus of the Global Business Coalition on HIV/Aids and former honorary Consul-General in Germany of the Republic of South Africa.

Prof Schrempp is also the Chief Executive Officer and sole shareholder of Katleho Capital GmbH and member of the Supervisory Board of Merkur Bank KGaA.



**Colin Beggs**  
**BCom (Hons), CA(SA)**  
 South African | born 1948

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2009

**Role at Sasol**

Chairman of Audit Committee and member of Risk and Safety, Health and Environment Committee.

**Expertise and experience**

Mr Beggs was the Chief Executive Officer of PricewaterhouseCoopers until the end of June 2009. He is a former Chairman of the board of the South African Institute of Chartered Accountants (SAICA). He served as Chairman of the Accounting Practices Committee and was a member of the Accounting Practices Board. He is a founder member and Director of the Ethics Institute of South Africa.

He is a Director of Absa Bank Limited and Barclays Africa Group Limited and a member of their audit committees.



**Henk Dijkgraaf**  
**MSc Eng (Mining)**  
 Dutch | born 1946

**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2006

**Role at Sasol**

Chairman of Remuneration Committee; member of Risk and Safety, Health and Environment Committee and Nomination, Governance, Social and Ethics Committee.

**Expertise and experience**

Mr Dijkgraaf is the former Chief Executive Officer of the Dutch natural gas companies, GasTerra, Gasunie and Nederlandse Aardolie Maatschappij. He held various positions in the Royal Dutch Shell group in a number of countries between 1972 and 2003 including the positions of President, Shell Nederland BV; Director, Shell Exploration and Production; and Chief Executive, Gas, Power and Coal.

He is a member of the board and Chairman of the Audit Committee of Eneco Holding NV, a major sustainable energy company in western Europe; a member of the board and of the Executive Committee of the Southern African-Netherlands Chamber of Commerce; and Deputy Chairman and Treasurer of the Netherlands Institute for the Near East.

He attended the Senior Executive Programme at the Massachusetts Institute of Technology in the United States in 1987.

**Our Board of Directors**  
(continued)



**Nomgando Matyumza**  
BCom, BCompt (Hons), CA(SA), LLB  
South African | born 1963

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2014

**Role at Sasol**

Member of Audit Committee and Capital Investment Committee.

**Expertise and experience**

Ms Matyumza is a Director of Cadiz Holdings Limited, Wilson Bayly Holmes-Ovcon Limited, Hulamin Limited and Ithala Development Finance Corporation Limited. She has held senior financial management and executive positions in various organisations, including South African Breweries, Transnet and Eskom. Ms Matyumza is an ordained minister of the African Methodist Episcopal Church.



**Imogen Mkhize**  
BSc (Information Systems), MBA  
South African | born 1963

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2005

**Role at Sasol**

Chairman of Risk and Safety, Health and Environment Committee; member of Audit Committee and Remuneration Committee.

**Expertise and experience**

Ms Mkhize is the former Chairman of The Richards Bay Coal Terminal Company (Pty) Ltd and a Director of Mondi plc, Mondi Limited, NPC-Cimphor and Imbewu Capital Partners. She was the Chief Executive Officer of the 18th World Petroleum Congress from 2003 to 2006, and before that, the Managing Director of Lucent Technologies South Africa. She is a former member of the Financial Markets Advisory Board and her previous directorships include MTN SA, Murray & Roberts, Illovo, Allan Gray, Datacentrix, Vodafone Investments SA and the Council for Scientific and Industrial Research.

She is the Chairman of the Rhodes Business School and an emeritus member of the Harvard Business School Global Alumni Board. She is also a member of the Accenture South Africa Advisory Board and the Ethics Institute of South Africa.



**Moses Mkhize**  
BCom (Hons), Higher Diploma (Electrical Engineering)  
South African | born 1961

**INDEPENDENT  
NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2011

**Role at Sasol**

Member of Nomination, Governance, Social and Ethics Committee.

**Expertise and experience**

Mr Mkhize is the Executive Director: Manufacturing, Rolled Products of Hulamin Limited and also serves as Director of a number of subsidiaries of Hulamin.



**JJ Njeke**  
**BCompt (Hons), CA(SA),**  
**HDip Tax law**  
 South African | born 1958

**INDEPENDENT**  
**NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2009

**Role at Sasol**

Member of Audit Committee.

**Expertise and experience**

Mr Njeke is a past Chairman of the South African Institute of Chartered Accountants. He was the Managing Director of Kagiso Trust Investments from 1994 to 2010. He previously served as a member of the Katz Commission of Inquiry into Taxation in South Africa; the General Committee of the JSE Securities Exchange; the Audit Commission – Supervisory Body of the Office of Auditor-General; and the Audit Committee of National Treasury.

He is the Chairman of Adcorp Holdings Limited and MMI Holdings Limited and a Director of Resilient Property Income Fund, MTN Group Limited, the Council of the University of Johannesburg and the South African Qualifications Authority.



**Peter Robertson**  
**BSc (Mech Eng), MBA**  
 American and British | born 1947

**INDEPENDENT**  
**NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2012

**Role at Sasol**

Chairman of the Capital Investment Committee and member of Remuneration Committee and Risk, Safety, Health and Environment Committee.

**Expertise and experience**

Mr Robertson is an independent financial and oil and gas advisor. He held various positions ranging from management to executive leadership for Chevron Corporation in the United Kingdom and United States between 1973 and 2009. These executive positions include Vice-President: Finance, Chevron USA; President: Exploration and Production Company; and President: ChevronTexaco Overseas Petroleum. He served as Vice-Chairman of the Chevron Corporation board of directors from 2002 to 2009. He has served as the Chairman of the US Energy Association and as a Non-Executive Director of Sasol Chevron Holdings Limited.

Mr Robertson also serves on the board of Jacobs Engineering Group Inc.



**Stephen Westwell**  
**BSc (Mech Eng), MSc**  
**(Management), MBA**  
 British | born 1958

**INDEPENDENT**  
**NON-EXECUTIVE DIRECTOR**

Appointed to the Board in 2012

**Role at Sasol**

Member of Audit Committee; Capital Investment Committee; and Risk and Safety, Health and Environment Committee.

**Expertise and experience**

Mr Westwell is Chief Executive Officer of EFR Group BV. Before that, he was the Chief Executive Officer of Silver Ridge Power Inc from 2013 to 2014. He held various management and executive positions for BP in South Africa, United States, and the United Kingdom between 1988 and 2007. These executive positions include Head of BP's retail business in South Africa; board member of BP Southern Africa; Chief Executive Officer for BP Solar; and Chief Executive Officer for BP Alternative Energy. He served as group Chief of Staff and member of BP Plc's executive management team in the United Kingdom from 2008 to 2011. He has also worked for Eskom Holdings Limited in several operational capacities.

He was a member of the advisory board of the Stanford University's Graduate School of Business, from 2007 to 2013.

# Our Group Executive Committee

Providing decisive, strategic leadership to enhance delivery-focused growth, and to proactively respond to an evolving energy landscape



## STANDING

### **David Constable**

BSc Eng (Civil)

Canadian | born 1961

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#### **PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Appointed to the GEC in 2011

### **Maurice Radebe**

BSc, MBA

South African | born 1960

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#### **EXECUTIVE VICE PRESIDENT ENERGY BUSINESS**

Appointed to the GEC in 2010

### **Fleetwood Grobler**

BEng (Mech)

South African | born 1961

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#### **EXECUTIVE VICE PRESIDENT CHEMICALS BUSINESS**

Appointed to the GEC in 2013

## SEATED

### **Vuyo Kahla**

BA, LLB

South African | born 1970

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#### **EXECUTIVE VICE PRESIDENT ADVISORY AND ASSURANCE AND COMPANY SECRETARY**

Appointed to the GEC in 2011

### **Riaan Rademan**

BEng (Mech), MBL

South African | born 1957

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#### **EXECUTIVE VICE PRESIDENT UPSTREAM AND BUSINESS ENABLEMENT**

Appointed to the GEC in 2009



STANDING

**Bongani Nqwababa**  
BAcc (Hons), CA(Z), MBA  
South African | born 1966

**CHIEF FINANCIAL OFFICER**  
Appointed to the GEC in 2015

**Bernard Klingenberg**  
MSc Eng (Mech)  
South African | born 1962

**EXECUTIVE VICE PRESIDENT  
SOUTH AFRICAN OPERATIONS**  
Appointed to the GEC in 2009

**Stephan Schoeman**  
BEng (Chem Eng)  
South African | born 1964

**EXECUTIVE VICE PRESIDENT  
TECHNOLOGY**  
Appointed to the GEC in 2014

SEATED

**Steve Cornell**  
BSc Chem Eng  
American | born 1956

**EXECUTIVE VICE PRESIDENT  
INTERNATIONAL OPERATIONS**  
Appointed to the GEC in 2014

**Nolitha Fakude**  
BA (Hons)  
South African | born 1964

**EXECUTIVE VICE PRESIDENT  
STRATEGY AND SUSTAINABILITY**  
Appointed to the GEC in 2005

# Remuneration overview

The Remuneration Committee ("the committee")'s key objectives are to ensure that remuneration is competitive, globally applicable and sustainable. It has to stimulate a performance-driven culture over both the short term and long term yet align with shareholders' interests. The policy should furthermore not be overly complex and should be transparent and easy to maintain.

The committee again consulted with various stakeholders on the features of Sasol's remuneration policy. This input has been taken into account in designing a number of changes to our policy of which some will take effect from financial year 2016 (FY16).

This report is a summarised version of the detailed annual remuneration report which forms part of the Annual Financial Statements.

The terms of reference of the committee is reviewed annually by the Board and is available on the company's website at [www.sasol.com](http://www.sasol.com).

The members of the Committee for the year under review were:

- Mr HG Dijkgraaf (Chairman)
- Dr MSV Gantsho
- Ms IN Mkhize
- Mr PJ Robertson
- Prof JE Schrempp

The committee annually reviews the remuneration policy to ensure that:

- it remains effective in supporting the achievement of the Group's business objectives;
- it is competitive and in line with best practices globally;
- it results in fair and equitable rewards for employees in relation to their contribution to the business, and
- it carries the support of our stakeholders.

The committee has discretion to alter rewards offered in terms of the policy but will only do so in exceptional cases and will disclose such changes or deviations from policy. Ongoing engagement with stakeholders providing feedback on our policy is taken into consideration by the committee when the policy is reviewed.

## Remuneration policy

Sasol's remuneration policy strives to reward corporate and individual performance through an appropriate balance of fixed pay, short and long-term variable pay components. The committee considers the targets set for the different elements of performance-related remuneration to ensure that these are both appropriate and demanding in the context of the business environment as well as complying with the provisions of appropriate governance codes and statutes.

The table below provides the important policy changes as applied during FY15 together with enhancements for FY16:

Remuneration component	FY15	FY16
<b>Comparator group used for executive remuneration benchmarking purposes</b>	Combination of South African and global companies:  1. Anglo American 2. AngloGold Ashanti 3. BHP Billiton 4. BP 5. Chevron 6. ConocoPhillips 7. ExxonMobil 8. Gold Fields 9. SAB Miller 10. Sappi 11. Shell 12. Total	Combination of South African and global companies more suited in terms of market capitalisation and business models:  1. Anglo American 2. AngloGold Ashanti 3. BASF 4. BG Group* 5. BHP Billiton 6. BP 7. Dow Chemical 8. ENI 9. Gold Fields 10. Hess 11. Imperial Oil 12. Lyondellbasell Industries 13. Marathon Petroleum 14. Mondri 15. MTN Group 16. Occidental Petroleum 17. Phillips 66 18. SAB Miller *To be replaced
<b>Base pay</b>	Introduction of broad pay bands for greatly reduced number of job levels.	The introduction of a new comparator group in terms of sector and the company's market capitalisation.
<b>Short-Term Incentive (STI) Plan</b>	<ul style="list-style-type: none"> <li>■ Targets linked to individual performance more broadly implemented throughout the Group.</li> <li>■ Changed from EBITDA to headline earnings.</li> <li>■ Reduced weighting linked to earnings targets; yet retained these to ensure that there are still financial targets that will fund the incentive pay out.</li> </ul>	<ul style="list-style-type: none"> <li>■ Revised Group Performance Targets to align with business plan and Business Performance Enhancement Programme targets.</li> <li>■ Further reduced weighting on growth in headline earnings.</li> </ul>

Remuneration component	FY15	FY16
<b>Long-Term Incentive (LTI) Plan</b>	<ul style="list-style-type: none"> <li>100% of units granted to GEC members carry Corporate Performance Targets (CPTs).</li> <li>Greater stretch in the targets.</li> <li>Introduction of dividend equivalents with respect to vested units.</li> </ul>	<ul style="list-style-type: none"> <li>TSR comparators to include the MSCI Chemicals Index and exclude JSE RESI10.</li> <li>Further stretch built into the Corporate Performance Targets.</li> <li>Introduction of a two-year holding period after the vesting period for executives.</li> <li>Termination of accelerated vesting principles for executives leaving Sasol for reasons of retrenchment or retirement.</li> </ul>
<b>Share ownership guideline</b>	<ul style="list-style-type: none"> <li>Introduced for Executive Directors</li> </ul>	

The key components and drivers of Sasol's executive remuneration structure are set out in the table below:

Remuneration component	Strategic intent and drivers	Policy application
<b>Base salary</b>	<ul style="list-style-type: none"> <li>Attraction and retention of key employees.</li> <li>Internal and external equity.</li> <li>Rewarding individual performance.</li> </ul>	<ul style="list-style-type: none"> <li>In setting pay levels and increases, market practices, salary increases for the rest of the workforce, projected inflation and the cost of annual base salary increase are considered.</li> <li>Base salary reflects individuals' competence and role and is normally reviewed annually with individual performance differentiated salary adjustments effective from 1 October each year.</li> <li>Distribution is around the median as informed by benchmarks.</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>External market competitiveness.</li> <li>Integrated approach towards wellness driving employee effectiveness and engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Benefits include but are not limited to membership of a retirement plan, health insurance, disability and death cover to which contributions are made by both the company and the employee.</li> </ul>
<b>Allowances</b>	<ul style="list-style-type: none"> <li>Compliance with legislation.</li> <li>Negotiated and contractual commitments.</li> </ul>	<ul style="list-style-type: none"> <li>Offered in line with statutory requirements.</li> </ul>
<b>Short-Term Incentive (STI) Plan</b>	<p>Alignment with group and business unit or functional performance in terms of:</p> <ul style="list-style-type: none"> <li>Financial targets.</li> <li>Broad-based black economic empowerment (BBBEE) (for South African employees only).</li> <li>Safety and Sustainability performance.</li> <li>Reward performance against targets set at group, entity and individual levels including targets for major capital projects and compliance issues where relevant.</li> </ul>	<ul style="list-style-type: none"> <li>Subject to the achievement of performance criteria, the short-term incentive is paid following approval at the September committee meeting.</li> <li>A single structure is applicable to all employees globally, excluding certain employees who are aligned with Mining production or sales commission arrangements.</li> </ul>

Remuneration component	Strategic intent and drivers	Policy application
<b>Long-Term Incentive (LTI) Plan</b>	<p>Alignment with both group performance and retention objectives in terms of:</p> <ul style="list-style-type: none"> <li>■ Attraction and retention of senior employees.</li> <li>■ Alignment with shareholders' interests by linking the vesting of awards to the achievement of Corporate Performance Targets (CPTs) where units can be forfeited or enhanced if targets are not met or exceeded, in terms of:                             <ul style="list-style-type: none"> <li>■ Efficient operations</li> <li>■ Compound growth in earnings</li> <li>■ Relative Total Shareholders' Return (TSR)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ The long-term incentive arrangements are reviewed annually to ensure that they are appropriately aligned to strategic goals and provide an incentive for longer-term performance aligned with shareholder value creation.</li> <li>■ Awards are directly linked to the role and individual performance, and vesting depends on performance against group targets.</li> <li>■ Awards are made upon appointment, promotion or in terms of the annual supplementary process and discretionary awards for retention purposes.</li> <li>■ Of the total award, the following portion was linked to CPTs in FY15:                             <ul style="list-style-type: none"> <li>■ GEC: 100%</li> <li>■ Other participants: 60%</li> </ul> </li> </ul>

## Total remuneration

### Benchmarking

Executive remuneration is benchmarked against data provided in national executive remuneration surveys, as well as against information disclosed in the remuneration reports of organisations included in our benchmarking peer group. One of the committee's key tasks is to preserve the relevance, integrity and consistency of this benchmarking exercise. The peer group used for executive remuneration benchmarking purposes will change from FY16 and include companies with similar market capitalisation and business models. For positions below the GEC, survey reports from PwC Remchannel and Mercer Global Remuneration Solutions are used for benchmarking of South African remuneration levels; survey data from the Hay Group, ECA, Mercer and Towers Watson are used in different locations in the international environment.

The ratios within the remuneration mix are structured for different structural layers within the organisation and geographic locations. The relative proportion of the remuneration components of the Group Executive Committee (GEC) within the approved remuneration mix is set out in the following charts:

Executive pay mix (%):

**President and CEO target awards pay mix (%)**



■ TGP 27%  
■ STI Target 32%  
■ LTI Target 41%

**President and CEO pay mix at maximum (%)**



■ TGP 15%  
■ STI Max 39%  
■ LTI Max 46%

**Executive Directors' target pay mix (%)**



■ TGP 31%  
■ STI Target 28%  
■ LTI Target 41%

**Executive Directors' pay mix at maximum (%)**



■ TGP 18%  
■ STI Max 35%  
■ LTI Max 47%

**Remuneration overview**  
(continued)

**GEC pay mix at target**  
(%)



■ TGP 35%  
■ STI Target 26%  
■ LTI Target 39%

**GEC pay mix at maximum**  
(%)



■ TGP 20%  
■ STI Max 35%  
■ LTI Max 45%

Total guaranteed package (TGP) is used in South African and equates to total cost of base salary and fixed allowances plus employer contributions to benefit funds.

The charts indicate a balanced portfolio of rewards allocated in terms of base salary/TGP, short-term and long-term incentives, tied to the achievement of group and individual targets set over the short term and long term to ensure a sustainable focus on the Group's strategic objectives. The pay mix remains unchanged for FY16.

**Total guaranteed package/base salary and benefits**

South African employees who are not covered by collective bargaining agreements, receive a total guaranteed package (TGP) which includes employer contributions towards retirement, risk, death and healthcare benefits. The concept of TGP was introduced in 2008 for supervisory levels and above and in terms of this model, all changes to benefit contribution levels are cost neutral to the employer. All increases in the benefit pricing of employee and employer contributions reduce the net cash salary of employees.

Annual increases for all employees outside of the collective bargaining councils take effect from 1 October. An overall annual increase of 6,3% was approved by the committee effective 1 October 2014, for all employees outside the respective collective bargaining councils in South Africa. South African employees included in collective agreements received increases varying between 7,25% and 8,5%, for the period 1 July 2014 to 30 June 2015. This is the 6th consecutive year that increases awarded to management are lower than what was agreed through collective bargaining forums for unionised employees. Employees outside of South Africa are remunerated on a base salary plus benefits approach and similar benefits are offered as for the South African employees. In FY15, increases awarded were in line with anticipated movements in remuneration in the international jurisdictions and in accordance with individual performance.

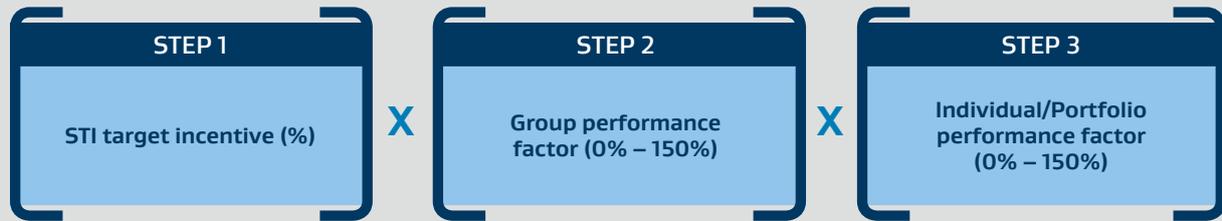
For FY16, due to the Business Enhancement Performance Programme (BPEP), a partial salary freeze has been introduced; employees in specialist, supervisory, management and executive roles will not receive annual TGP or base salary increases.

**Short-term incentives**

The Short-Term Incentive (STI) Plan is designed to recognise the achievement of a combination of group and business entity or group functional performance objectives in addition to individual performance. The configuration and weightings attached to the different parts of the STI formula differs to the extent that employees can influence the achievement of performance objectives either directly or indirectly.

### Short-term incentive – members of the GEC

The following formula is used to calculate the short-term incentive (STI) amounts payable to the GEC:



STI target incentives are derived from benchmarking against positions of similar impact and complexity in an identified peer group

Performance measured against a set of group financial and non-financial drivers

Assessment of individual performance against project milestones, portfolio targets and individual targets

The STI group performance targets were reviewed and a larger focus was placed on cash fixed costs aligned with the broader organisational drive towards reducing costs. The Earnings target changed from growth in EBITDA to Headline Earnings growth. The lagging and leading safety measures have been re-weighted to 5% each.

The Group targets applicable to the GEC, their weights and the resultant outcome of the Group performance factor multiplier for FY15 are indicated in the following table:

Measure	Weighting	Threshold (0%)	Target (100%)	Stretch target (150%)	Achievement	Weighted achievement
<b>Year-on-year growth in headline earnings</b>	35%	FY14 headline earnings	FY14 headline earnings + CPI	FY14 headline earnings + CPI + 8%	Below FY14 headline earnings	0%
<b>Year-on-year growth in volumes</b>	20%	FY14 volume	FY14 + 1%	FY14 + 2%	FY14 + 1,88%	28,8%
<b>Year-on-year growth in cash fixed costs</b>	15%	FY14 CFC + PPI + 2%	FY14 CFC + PPI	FY14 CFC + PPI – 2%	FY14 CFC + PPI – 5,4%	22,5%
<b>Measurable savings</b>	10%	BPEP measurable income statement savings of R1,1 billion	BPEP measurable income statement savings of R1,3 billion	BPEP measurable income statement savings of R1,4 billion	R2,5 billion savings	15%
<b>Employment equity</b>	10%	30% of all opportunities used to employ employee from targeted groups	60% of all opportunities used to employ from targeted groups	75% of all opportunities used to employ from targeted groups	On average, 49% of senior opportunities utilised to employ African and Coloured people	6,4%

**Remuneration overview**  
(continued)

Measure	Weighting	Threshold (0%)	Target (100%)	Stretch target (150%)	Achievement	Weighted achievement
<b>Safety</b>	10%	a) RCR excl illnesses: 0,38	RCR excl illnesses: 0,34	RCR excl illnesses: 0,32	RCR excl illnesses: 0,32 less penalty for fatality	9,5%
		b) Weighted average of leading indicators for all BUs to be 70%	Weighted average of leading indicators for all BUs to be 90%	Weighted average of leading indicators for all BUs to be 100%	Leading indicators: 84,07%	
<b>Overall weighted average</b>					<b>(FY14: 134,66%)</b>	<b>82,20%</b>

The President and CEO's performance is determined by the Board, on recommendation of the committee and the chairman of the Board. His performance is assessed against a predetermined set of objectives that include, *inter alia*, strategic leadership, execution of strategy through business results and stakeholder relationships.

The portfolios of the GEC members cover a number of business units or group functions, and large scale projects, therefore a weighted combination of the relevant scores is included in a combined individual/portfolio score for each GEC member. Measures assessed for the individual performance factors of members of the GEC include a combination of portfolio specific targets e.g. progress against milestones in the Lake Charles Chemical Project in the United States, sustainable and safe operations, strategic oversight of design and implementation of large enterprise-wide systems etc.

The table below provides details of the appropriate factors considered in the final determination of annual short-term incentive award for FY15.

	TGP/ Base salary as at 30 June 2015 A	STI target % B	Group performance factor % C	Individual performance factor range (0% – 150%) D	FY15 short- term incentive value E = AxBxCxD
DE Constable <sup>1</sup>	US\$935 618	115%	82,2%	115 – 120%	US\$1 034 794
VN Fakude	R8 049 146	90%	82,2%	105 – 110%	R6 431 139
B Nqwababa <sup>2</sup>	R6 700 000	90%	82,2%	100 – 105%	R1 652 055
P Victor <sup>3</sup>	R4 000 000	90%	82,2%	110 – 115%	R2 268 883
SR Cornell	US\$669 500	75%	82,2%	110 – 115%	US\$474 659
FR Grobler	R4 631 949	75%	82,2%	105 – 110%	R3 141 156
VD Kahla	R5 469 952	75%	82,2%	105 – 110%	R3 642 003
BE Klingenberg	R6 316 568	75%	82,2%	110 – 115%	R4 361 464
E Oberholster <sup>4</sup>	R4 697 441	75%	82,2%	95 – 100%	R2 063 380
M Radebe	R4 868 500	75%	82,2%	100 – 105%	R3 001 430
CF Rademan	R5 938 600	75%	82,2%	110 – 115%	R4 210 354
SJ Schoeman	R4 579 500	75%	82,2%	105 – 110%	R3 049 123

<sup>1</sup> Net US dollar salary used to calculate net US dollar short-term incentive.

<sup>2</sup> Mr B Nqwababa was appointed as Chief Financial Officer with effect from 1 March 2015 replacing Mr P Victor as Acting CFO; both are eligible for a *pro rata* STI.

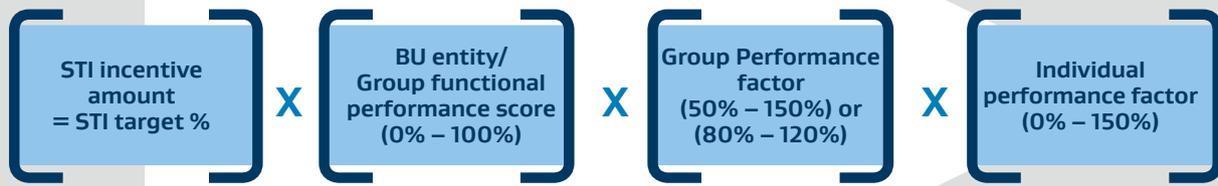
<sup>3</sup> 90% target STI for 1 July 2014 to 28 February 2015 during period serving as acting Chief Financial Officer.

<sup>4</sup> Mr E Oberholster retired from the Group effective 31 March 2015 and is eligible for a *pro rata* STI payable in September 2015.

The committee has the discretion to determine the individual amounts that are paid out under the Group short-term incentive plan considering all aspects of performance versus predetermined targets. No changes were made to formulaic incentive calculations.

### Short-term incentive – four levels below GEC

The following formula is used to calculate these STI amounts:



The Group performance targets for the four levels below the GEC are growth in volume, cash fixed costs and headline earnings respectively. Safety, employment equity, project deliverables and specific business entity or group functional targets make up the BU entity/Group Functional STI scorecard. Each business unit and group functional score is verified by internal audit. For FY15, BU/group functional scores varied between 65% and 98%.

The individual performance factor (IPF) (0% – 150%) and the Group performance factor (50% – 150% or 80% – 120%; depending on role) are applied down to four levels below the GEC. Application of the IPF is conducted using a normal distribution to ensure that its implementation does not increase the total incentive pool made available for payment.

The Group performance factors for these layers were 125,20% (FY14: 144,71%) and 110,08% respectively.

### Long-term incentive plan

Governance over the long-term incentive (LTI) plan is provided by the committee. The committee approves grants under the following circumstances:

- upon promotion of an employee to a qualifying role;
- upon appointment to the Group in a qualifying role;
- an annual award to eligible employees; and
- discretionary awards for purposes of retention.

LTI awards give participating employees the opportunity, subject to the vesting conditions, to receive a future cash incentive payment calculated with reference to the market value of a Sasol ordinary share (or ADR for international employees). The plan does not confer any right to acquire shares in Sasol Limited and for awards made up to August 2014, employees are not entitled to dividends or dividend equivalents. Awards made from September 2014 onwards will receive the benefit of dividend equivalents on vested units only.

Termination conditions include:

- for reasons of death, disability, retirement or retrenchment accelerated vesting is subject to the probability assessment of achieving the corporate performance targets as well as the period in service over the vesting period; and
- for all other reasons, unvested rights are forfeited.

The accelerated vesting principles stated above, will no longer apply to executives receiving awards from 1 July 2015 onwards as normal vesting periods and conditions will remain intact even after service termination for reasons under “good leaver” status. A service penalty will be applied.

The following table sets out the fair value of annual LTI awards made to prescribed officers in FY15 as a multiple of actual base salary/TGP. Actual awards may vary in terms of performance or other relevant factors.

Role	Multiple
<b>President and Chief Executive Officer</b>	150%
<b>Executive Directors</b>	135%
<b>Executive Vice Presidents</b>	110%

The share ownership guideline effective 1 July 2014 requires executive directors to hold Sasol shares or ADRs with a value of 200% of annual base salary for the President and Chief Executive Officer and 100% of annual pensionable remuneration for executive directors. The requirement must be fully achieved within five years from 1 July 2014, or from the date of appointment.

**Remuneration overview**  
(continued)

The table below summarises the weightings and corporate performance targets under which the LTI awards were granted during FY15.

2015 Measures <sup>1</sup>	Weight (of the portion linked to the CPTs)	Threshold (below which 0% of the awards vest)	Target (at which 100% of the awards vest)	Stretch (over-performance) (at which 200% of the awards vest)
<b>Increase in tons produced per head</b>	25%	0% pa improvement on FY14 base target over three years	1% pa improvement on FY14 base target over three years	2% pa improvement on FY14 base target over three years
<b>Growth in attributable earnings</b>	25%	80% average compound CPI for the three financial years	100% average compound CPI for the three financial years	>120% of average compound CPI for the three financial years
<b>TSR<sup>2</sup> – JSE Resources 10 Index (excl Sasol)</b>	15%	7th in peer group	5th in the peer group	3rd in peer group
<b>TSR<sup>2</sup> – MSCI World Energy Index</b>	35%	Below the 30th percentile of the index	Median of the index	80th percentile of the index

<sup>1</sup> Vesting on a ranked relative basis between threshold and target and between target and maximum.

<sup>2</sup> TSR = Total shareholders' return.

The following changes will be made to the TSR measure for FY16:

2016 Measures	Weight (of the portion linked to the CPTs)	Threshold (below which 0% of the awards vest)	Target (at which 100% of the awards vest)	Stretch (at which 200% of the awards vest)
<b>TSR – MSCI World Energy Index</b>	25%	40th percentile	60th percentile	75th percentile
<b>TSR – MSCI World Chemicals Index</b>	25%	40th percentile	60th percentile	75th percentile

A summary of outstanding LTI awards and vesting percentages is presented in the following table:

Financial year of allocation	Vesting year (FY)	Vesting range	Weighting of performance targets							Vesting results
			Attributable earnings growth	Production volume growth	Production volume/headcount growth	Share price vs ALSI 40	TSR vs JSE RESI 10	TSR vs MSCI Energy Index		
2011	2014	50% to 150%	25%	25%	–	50%	–	–	125%	
2012	2015	50% to 150%	25%	25%	–	50%	–	–	100%	
2013	2016	40% to 160%	25%	–	25%	–	25%	25%	156%	
2014	2017	30% to 170% <sup>1</sup> 40% to 160% <sup>2</sup>	25%	–	25%	–	25%	25%	unvested	
<b>2015</b>	<b>2018</b>	<b>0% to 200%<sup>1</sup> 40% to 160%<sup>2</sup></b>	<b>25%</b>	<b>–</b>	<b>25%</b>	<b>–</b>	<b>15%</b>	<b>35%</b>	<b>unvested</b>	

<sup>1</sup> GEC.

<sup>2</sup> All other participants.

### Share Appreciation Right Awards (SARs)

SARs were issued to participants until FY14; to members of the GEC up to FY13. No awards have been made under this plan since then when it was replaced by the LTI plan.

A summary of outstanding SAR awards' vesting percentages is presented in the table below:

Financial year of allocation	Vesting year (FY)	Vesting range	Weighting of performance targets						Vesting results
			Attributable earnings growth	Production volume growth	Production volume/headcount growth	Share price vs ALSI 40	TSR vs JSE RESI 10	TSR vs MSCI Energy Index	
2010	2012, 2014 & 2016	75% to 125%	25%	25%	–	50%	–	–	2012 = 106,25% 2014 = 112,50% 2016 = 100%
2011	2013, 2015 & 2017	75% to 125%	25%	25%	–	50%	–	–	2013 = 112,50% 2015 = 100% 2017 = unvested
2012	2014, 2016 & 2018	75% to 125%	25%	25%	–	50%	–	–	2014 = 112,50% 2016 = 100% 2018 = unvested
2013	2016, 2017 & 2018	40% to 160%	25%	–	25%	–	25%	25%	2016 = 156% 2017 = unvested 2018 = unvested
2014	2017, 2018 & 2019	40% to 160%	25%	–	25%	–	25%	25%	unvested

Information about previously awarded share appreciation rights and share options, as well as the salient features of all variable pay plans, are provided in the full remuneration report included in the Annual Financial Statements.

No changes were made to the formulaic vesting results.

### Retention and sign-on payments

The sign-on payment and retention policy may be used in the external recruitment of candidates in highly specialised or scarce skills positions mostly in senior management levels, or to retain critical skills. These payments are linked to retention periods of at least two years.

### Clawback policy

Clawbacks may be implemented by the Board for:

- any material misstatement of financial statements or where performance-related to non-financial targets has been misrepresented and such misstatement has led to the overpayment of incentives to executives;
- errors made in the calculation of any performance condition whether financial or non-financial and which resulted in an overpayment; and
- gross misconduct on the part of the employee leading to dismissal (where, had the gross misconduct been known prior to the incentive/incentive gains being paid, it would have resulted in the payment not being made).

## Remuneration in 2015

The President and Chief Executive Officer's salary and short-term incentive is paid on a net of tax basis in US dollars. The required rand-based disclosure is impacted by the rand/US dollar exchange rate. In the past financial year the exchange rate has fluctuated between R10,51 and R12,58 which distorts the actual remuneration received and causes misalignment between what has been disclosed vs what has been received. Therefore, to facilitate comprehensive remuneration disclosure, the table below provides the actual year-on-year increase in net base salary and STI since 2012.

DE Constable	2012 US\$	2013 US\$	2014 US\$	2015 US\$	% change (FY14/15)
Net base salary	827 782	865 032	899 633	935 618	4
Net STI	839 803	1 320 231	1 717 770	1 034 794	(40)

Remuneration and benefits paid and short-term incentives approved (disclosed in rands) in respect of 2015 for executive directors were as follows:

Executive directors	Salary R'000	Retirement funding R'000	Other benefits <sup>1</sup> R'000	Annual incentives <sup>2</sup> R'000	Total 2015 <sup>3</sup> R'000	Total 2014 <sup>4</sup> R'000
DE Constable <sup>5</sup>	17 722	234	5 477	23 578	47 011	51 962
B Nqwababa <sup>6</sup>	1 960	249	582	1 652	4 443	–
VN Fakude	6 067	1 732	652	6 431	14 882	17 959
P Victor <sup>7</sup>	1 999	300	279	2 269	4 847	8 231
KC Ramon <sup>8</sup>	–	–	–	–	–	9 635
<b>Total</b>	<b>27 748</b>	<b>2 515</b>	<b>6 990</b>	<b>33 930</b>	<b>71 183</b>	<b>87 787</b>

<sup>1</sup> Benefits and payments made in 2015 disclosed in the table above as "other benefits" are detailed in the Annual Financial Statements.

<sup>2</sup> Incentive approved on the Group results for the 2015 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package/net base salary as at 30 June 2015. The difference between the amount approved as at 4 September 2015 and the total amount accrued as at 30 June 2015 represents an over provision of R14,2 million. The under provision for 2014 of R12,1 million was reversed in 2015.

<sup>3</sup> Total remuneration for the financial year excludes gains derived from the long-term incentive schemes, which are disclosed separately.

<sup>4</sup> Includes incentives approved on the Group results for the 2014 financial year and paid in 2015.

<sup>5</sup> Salary and short-term incentive paid in US dollars, reflected at the exchange rate of the month of payment for the salaries, and on 4 September 2015, for the incentive being the date of approval of the consolidated Annual Financial Statements.

<sup>6</sup> Mr B Nqwababa was appointed as Chief Financial Officer with effect from 1 March 2015 and is entitled to a *pro rata* incentive.

<sup>7</sup> Mr P Victor was acting Chief Financial Officer until 28 February 2015 and *pro rata* amounts in respect of this period, are disclosed.

<sup>8</sup> Ms KC Ramon resigned as Chief Financial Officer with effect from 9 September 2013, and resigned from the Group on 30 November 2013.

## Prescribed officers

Remuneration and benefits paid and short-term incentives approved (and disclosed in rands) in respect of 2015 for prescribed officers were as follows:

Prescribed officers	Salary R'000	Retirement funding R'000	Other benefits <sup>1</sup> R'000	Annual incentive <sup>2</sup> R'000	Total 2015 <sup>3</sup> R'000	Total 2014 <sup>4</sup> R'000
SR Cornell <sup>5</sup>	7 753	208	4 621	6 489	19 071	7 588
AM de Ruyter <sup>6</sup>	–	–	–	–	–	2 676
FR Grobler	3 012	1 316	279	3 141	7 748	8 393
VD Kahla	4 690	618	441	3 642	9 391	10 904
BE Klingenberg	4 514	1 421	406	4 362	10 703	11 822
E Oberholster <sup>7</sup>	2 355	1 051	63	2 063	5 532	6 515
M Radebe	3 771	682	365	3 002	7 820	8 742
CF Rademan	3 674	1 772	423	4 210	10 079	11 802
SJ Schoeman	3 821	417	280	3 049	7 567	1 407
GJ Strauss <sup>8</sup>	–	–	–	–	–	2 805
<b>Total</b>	<b>33 590</b>	<b>7 485</b>	<b>6 878</b>	<b>29 958</b>	<b>77 911</b>	<b>72 654</b>

<sup>1</sup> Benefits and payments made in 2015 disclosed in the table above as "other benefits" are detailed in the Annual Financial Statements.

<sup>2</sup> Incentives approved on the Group results for the 2015 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package or base salary as at 30 June 2015. The difference between the amount approved as at 4 September 2015 and the total amount accrued as at 30 June 2015 represents an over provision of R6 million.

<sup>3</sup> Total remuneration in the financial year excludes gains derived from the long-term incentive plans which are disclosed separately.

<sup>4</sup> Includes incentives on the Group results for the 2014 financial year.

<sup>5</sup> Mr SR Cornell, under his US employment contract, is paid in USD and the amount reflected, for purposes of disclosure only, had been converted to ZAR using the average exchange rate over the period.

<sup>6</sup> Mr AM de Ruyter resigned from the Group with effect from 30 November 2013.

<sup>7</sup> Mr E Oberholster retired from the Group with effect from 31 March 2015 and is eligible for a *pro rata* STI.

<sup>8</sup> Mr GJ Strauss retired from the Group with effect from 30 September 2013.

## Non-executive directors

Non-executive directors are appointed to the Sasol Limited Board based on their ability to contribute competence, insight and experience appropriate to assisting the Group to set and achieve its objectives. Consequently, fees are set at levels to attract and retain the calibre of director necessary to contribute to a highly effective board. No arrangement exists for emoluments in respect of loss of office.

As an exception to the recommended remuneration practice of the King III Code and as in previous years, the fee structure for non-executive directors is not split between a base fee and an attendance fee. Board members are paid a fixed annual fee in respect of their board membership as well as supplementary fees for committee membership. Non-executive directors do not receive short-term incentives, nor do they participate in long-term incentive schemes of the company. The Board recommends the fees payable to the chairman and non-executive directors for approval by the shareholders. Following the recent review, it was clear that the board fees for the resident directors are significantly behind the new peer group. As a result it is intended that these fees be increased over a number of years to bring them more in line with the benchmarks.

### Non-executive directors' remuneration for the year was as follows:

	Board meeting fees R'000	Lead Director fees R'000	Committee fees R'000	Share incentive trust fees R'000	Ad hoc or special board meeting R'000	Total 2015 R'000	Total 2014 R'000
<b>Non-executive directors</b>							
MSV Gantsho <sup>1</sup> (Chairman)	4 900	–	–	–	–	<b>4 900</b>	3 132
JE Schrempp (Lead Independent Director) <sup>2</sup>	1 736	603	461	67	42	<b>2 909</b>	2 489
C Beggs	530	–	515	–	84	<b>1 129</b>	1 011
HG Dijkgraaf <sup>2</sup>	1 736	–	922	67	63	<b>2 788</b>	2 383
NNA Matyumza <sup>3</sup>	398	–	149	–	63	<b>610</b>	–
IN Mkhize	530	–	569	134	84	<b>1 317</b>	1 193
ZM Mkhize	530	–	117	–	42	<b>689</b>	603
MJN Njeke	530	–	199	–	63	<b>792</b>	704
B Nqwababa <sup>4</sup>	123	–	48	–	–	<b>171</b>	419
TH Nyasulu <sup>5</sup>	–	–	–	–	–	–	2 000
PJ Robertson <sup>2</sup>	1 736	–	410	67	63	<b>2 276</b>	1 796
S Westwell <sup>2</sup>	1 736	–	537	–	84	<b>2 357</b>	1 985
<b>Total</b>	<b>14 485</b>	<b>603</b>	<b>3 927</b>	<b>335</b>	<b>588</b>	<b>19 938</b>	17 715

<sup>1</sup> Appointed as Chairman effective 22 November 2013. *Pro rata* fees disclosed for FY14.

<sup>2</sup> Board and committee fees paid in US dollars.

<sup>3</sup> Appointed as non-executive director effective 8 September 2014.

<sup>4</sup> Resigned as non-executive director effective 26 September 2014.

<sup>5</sup> Resigned as Chairman and non-executive director effective 22 November 2013.

## Summarised Chief Financial Officer's review



**Bongani Nqwababa**, *Chief Financial Officer*

Our strong results for the 2015 financial year are testament to the resilience of our company, the diversity of our asset portfolio and our ability to respond decisively to the volatile and uncertain global economic environment.



# MAINTAINING MOMENTUM THROUGH A LOW AND VOLATILE OIL PRICE ENVIRONMENT

## Overview of financial year 2015

Financial year 2015 was a pivotal and challenging year for Sasol, marked by sluggish global economic growth and increased volatility in oil prices and exchange rates. Despite the challenging macroeconomic environment, the Group delivered strong results with profit from operations 2% higher at R46,5 billion. This was underpinned by a strong operational performance across most of our global businesses, with increased sales volumes, resilient margins despite low oil prices and a continued focus on cost containment and cash conservation.

Our Business Performance Enhancement Programme (BPEP), introduced in 2012, helped prepare us for the dramatic fall in crude oil prices: they fell from US\$110 per barrel in July 2014 to a low of US\$45 per barrel in January 2015. They then steadied at around US\$50 to US\$65 per barrel for the rest of the financial year, before again falling below US\$50 per barrel after the financial year-end on 30 June 2015.

We expect lower and more volatile oil prices to continue in the short to medium term and will take appropriate measures, such as those taken through our Response Plan, to respond to a sustained even lower price. Our focus will remain on cash conservation and executing the Lake Charles Chemical Project (LCCP) in the United States, without compromising on the safety, reliability and the sustainability of our operations.

To mitigate the challenges of a lower-for-longer oil price environment, in January 2015 we implemented our Response Plan to conserve between R30 billion and R50 billion in cash over a 30-month period. Simultaneously, we reshaped our capital portfolio, changed our dividend policy and further reduced our cost base to ensure that we have the flexibility to respond decisively to the challenging global environment.

On 1 July 2014 we implemented our new simplified operating model, which led to improvements in our operational performance exceeding expectations, better safety results across most businesses as well as more effective decision-making. Our Secunda Synfuels Operations (SSO) increased production volumes by 2%, to record the highest throughput levels since 2004. Production volumes at our Natref Operations increased by 6% on the back of enhanced operational stability. We reported similar volume improvements in our chemicals business: both Performance and Base Chemicals recorded a 2% volume increase on a normalised basis. These results, as well as the benefit that our diverse asset base provides, is testament to the progress we have made in building a solid platform for improved operational performance ahead.

Following decisive management actions introduced to ensure sustainable cost reductions, our normalised cash fixed costs remained flat in nominal terms compared to the prior year. The BPEP and Response Plan reduced our cash fixed costs, net of the implementation cost of the BPEP, by 5%. The cost reduction however, was offset by the increase in the South African producers' price index (SA PPI). This was achieved despite a challenging South African cost environment in respect of labour, maintenance and electricity costs. Through our Response Plan, we managed to conserve cash of R8,9 billion for the 2015 financial year. This will enable us to manage our balance sheet effectively as we gear up the company for future growth.

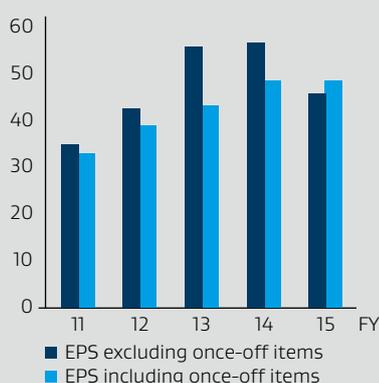
In the year, as these changes took effect, we reassessed and refocused the Group's medium-to-long-term strategic aspirations. These refinements were made within the context of delivering on our definition of victory, which is to grow shareholder value sustainably. We took a final investment decision for a US\$8,9 billion world-scale ethane cracker in the United States and submitted a field development plan to the regulatory authorities in Mozambique for the Production Sharing Agreement licence area. Both these projects are key to delivering sustainable value to our shareholders in the future.

**Summarised Chief Financial Officer's review**  
(continued)

## Financial performance

Earnings attributable to shareholders for the year ended 30 June 2015 increased by 0,5% to R29,7 billion from R29,6 billion in the prior year. Headline earnings per share decreased by 17% to R49,76 and earnings per share increased by 0,3% to R48,71.

### Earnings per share (EPS) including and excluding once-off items (Rand per share)



Profit from operations increased by 2% to R46,5 billion. This was achieved due to a strong operational performance from most of our global businesses, with increased sales volumes, resilient margins despite the significant decline in oil prices and costs managed to below inflation. The Group's profitability was adversely impacted by a 33% decline in average Brent crude oil prices (average dated Brent was US\$73,46 per barrel (/bbl) for the year ended 30 June 2015 compared with US\$109,40/bbl in the prior year). This decrease was partly offset by a 10% weaker average rand/US dollar exchange rate (R11,45/US\$ for the year ended 30 June 2015 compared with R10,39/US\$ in the prior year).

## Key drivers impacting profit from operations

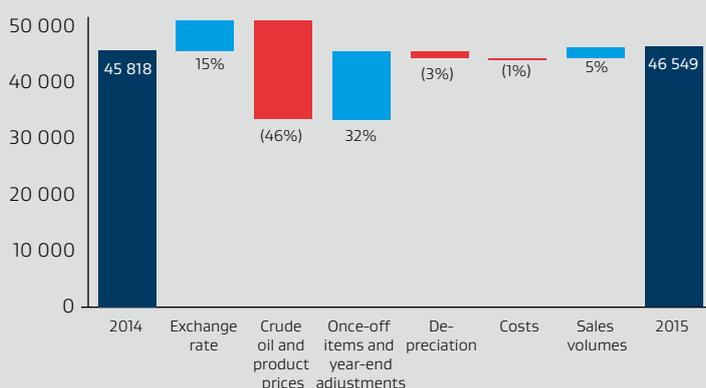
The key indicators of our operating performance during the year were as follows:

	2015 Rm	% change	2014 Rm	% change	2013 Rm
Turnover	185 266	(9)	202 683	19	169 891
Variable gross margin	101 428	(7)	108 983	22	89 400
Non-cash costs	(548)		14 354		4 061
Operating profit after remeasurement items	44 492	7	41 674	7	38 779
Operating profit margin	24		21		23
Operating profit margin before remeasurement items	25		24		25
Profit from operations	46 549	2	45 818	12	40 845
Earnings attributable to shareholders	29 716	-	29 580	13	26 274
Earnings per share	Rand 48,71	-	48,57	12	43,38
Headline earnings per share	Rand 49,76	(17)	60,16	14	52,62

Profit from operations increased by 2% (R731 million) in 2015 compared to a 12% increase (R4 973 million) in 2014.

The movement in the reported operating profit is due to the following primary drivers:

### Profit from operations – price volume variance analysis (R million)



Sasol's profitability for the 2015 financial year was positively impacted by the following notable once-off and significant items:

- a cash-settled share-based payment credit to the income statement of R1,4 billion compared to an expense of R5,4 billion in the prior year, largely due to a 29% lower share price (closing share price of R450,00 compared to R632,36 in the prior year), partially negated by the increase in the number of share options exercised during the year;
- the extension of the useful life of our operating assets in South Africa amounting to a decrease in depreciation of R1,4 billion and environmental rehabilitation provisions of R1,8 billion; and
- net remeasurement items expense of R0,8 billion in the current year compared to a R7,6 billion expense in the prior year. These items relate mainly to the full reversal of the R2,0 billion impairment of the Fischer-Tropsch Wax Expansion Project, the partial impairment of our Canadian shale gas assets of R1,3 billion and the partial impairment of our Etame assets in Gabon of R1,3 billion.

Excluding the impact of these remeasurement items, net once-off charges and movements in our share-based payment expense, normalised earnings attributable to shareholders decreased by 30% from the prior year.

The reduction in the effective corporate tax rate from 32,6% to 31,7% was impacted by the R1,3 billion partial impairment of our Canadian shale gas assets.

Cash flow generated from operating activities decreased by 5,6% to R61,8 billion compared with R65,5 billion in the prior year. Our net cash position improved by 39% from R38,0 billion in June 2014 to R53,0 billion as at 30 June 2015, driven largely by the stronger-than-expected business performance.

### Focusing on operational performance

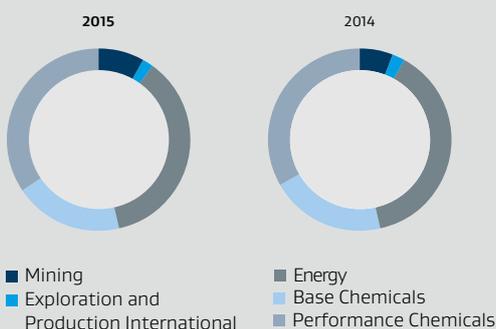
Notwithstanding a tough macroeconomic environment, we maintained a strong operational performance across our global integrated value chain over the year. Our Energy business in Southern Africa increased its liquid fuels sales volumes by 5% to 61,5 million barrels.

Our Chemicals business delivered an exceptional performance, after having consistently reported increased sales volumes over the past two years. Normalising for the impact of the sale of our Solvents Germany and Sasol Polymer Middle East (SPME) businesses and through focused marketing and sales initiatives, sales volumes for Performance Chemicals and Base Chemicals each increased by 2%.

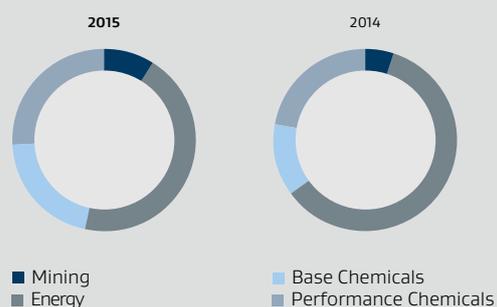
Internationally, our ORYX GTL facility sustained a solid performance in line with the market guidance provided, with an average utilisation rate of 90% for the year, despite an earlier-than-planned shutdown during December 2014 and January 2015.

The composition of turnover and profit from operations by segment is set out below:

Contribution to group turnover (%)



Contribution to group profit from operations (%)



## Segment report for the year ended 30 June

Turnover R million			Segment analysis	Profit/(loss) from operations R million		
2013	2014	2015		2015	2014	2013
15 958	19 342	<b>20 859</b>	<b>Operating Business Units</b>	<b>1 173</b>	(3 527)	328
12 324	14 134	<b>15 687</b>	■ Mining	<b>4 343</b>	2 453	2 214
3 634	5 208	<b>5 172</b>	■ Exploration and Production International	<b>(3 170)</b>	(5 980)	(1 886)
171 004	204 666	<b>187 312</b>	<b>Strategic Business Units</b>	<b>45 448</b>	50 013	38 074
71 952	86 052	<b>75 800</b>	■ Energy	<b>22 526</b>	31 423	26 973
43 637	45 040	<b>39 728</b>	■ Base Chemicals	<b>10 208</b>	6 742	4 146
55 415	73 574	<b>71 784</b>	■ Performance Chemicals	<b>12 714</b>	11 848	6 955
13	53	<b>221</b>	■ Group Functions	<b>(72)</b>	(668)	2 443
186 975	224 061	<b>208 392</b>		<b>46 549</b>	45 818	40 845
(17 084)	(21 378)	<b>(23 126)</b>	Intercompany turnover			
169 891	202 683	<b>185 266</b>				

### Operating Business Units

**Mining's** profit from operations of R4 343 million was 77% higher than the prior year. This was mainly as a result of a 2% increase in productivity, optimal utilisation of production opportunities, benefits of the BPEP of R569 million and higher export coal volumes, which were partially negated by lower export coal prices. Normalised mining unit cost of production decreased by 2%. Production volumes remained solid, while Mining achieved an 18% improvement in its safety recordable case rate (RCR).

**Exploration and Production International (E&PI)** recorded a loss from operations of R3 170 million compared to a loss from operations of R5 980 million in the prior year.

Excluding the partial impairment of our Canadian shale gas operations of R1 296 million, the partial impairment of R1 331 million of our Etame assets in Gabon, and a loss of R569 million on exiting the Nigerian upstream licences, E&PI businesses generated a profit of R26 million.

The Mozambican operations recorded a profit of R1 847 million mainly due to favourable gas prices and a 13% increase in gas volumes, as well as the benefits of increased cost containment initiatives. In Gabon, due to lower oil prices, our operations recorded a loss of R1 124 million compared to a profit of R827 million in the prior year. Oil production in Gabon was slightly lower and averaged 16 284 barrels of oil per day (on a gross basis).

Our Canadian shale gas asset in Montney generated a loss from operations of R2 449 million compared to a loss of R7 003 million in the prior year, which included the partial impairment of the asset of R5 308 million (CAD540 million). Due to a further decline in gas prices in North America, we recognised an additional partial impairment of R1 296 million (CAD133 million) on our Canadian shale gas operations during the year. Excluding the effect of the impairment, the loss decreased to R1 153 million from R1 695 million in the prior year, mainly due to lower depreciation and operational costs. Our Canadian gas volumes were slightly higher than those in the 2014 financial year.

Despite the impact of lower gas prices and weaker oil prices affecting the profitability of the business, E&PI was able to contribute more than R3 billion to Sasol's cash conservation initiatives during the year, through reduced capital cash flow, exploration spend and cash fixed cost savings.

### Strategic Business Units

**Energy** recorded a 28% lower profit from operations of R22 526 million compared to the prior year with a solid operational performance. In the year, production volumes at Secunda Synfuels Operations and Natref Operations increased by 2% and 6%, respectively.

In South Africa, Energy's profitability was enhanced by a 5% increase in liquid fuels sales volumes compared to the prior year and higher refining margins on the back of strong product differentials. Despite the 33% decrease in oil prices, our gross margins in this business decreased by only 19% for the year. Through our BPEP, we managed to contain our normalised cash cost increase per unit for the full year to below SA PPI. Gas sales were 1% higher compared to the prior year and our Central Termica de Ressano Garcia (CTRG) joint operation delivered 206 452 megawatt-hours of electricity.

Energy's R1 941 million share of profit from equity accounted joint ventures decreased from R3 710 million in the prior year. This was mainly due to lower oil prices and an earlier-than-planned shutdown at our ORYX GTL facility. The plant achieved a utilisation rate of 90% and maintained a world-class safety RCR of 0. In Nigeria, the Escravos gas-to-liquids (EGTL) plant achieved beneficial operation (BO), with the first train achieving BO in June 2014, followed by the second train during November 2014. The EGTL plant continues to ramp up towards design capacity.

**Base Chemicals** delivered a strong performance, increasing profit from operations by 51% to R10 208 million. Sales volumes, normalised for the sale of our Solvents Germany and SPME operations in the 2014 financial year, increased by 2%. Normalised cash fixed costs were contained to below inflation. The negative impact on margins, as a result of a 13% decline in dollar-based sales prices, was partly negated by the weaker rand/US dollar exchange rate. Chemical sales prices displayed some resilience when compared to crude oil prices over the same period. Profit from operations further benefited from the reversal of the administrative penalty of R534 million which had been imposed by the Competition Tribunal in June 2014, and the lower depreciation charge amounting to R684 million which arose from the extension in the useful life of our operating assets in South Africa.

**Performance Chemicals** continued to deliver a solid performance, increasing profit from operations by 7% to R12 714 million compared to R11 848 million for the 2014 financial year. The financial performance was positively impacted by the R2 021 million impairment reversal of the Fischer-Tropsch Wax Expansion Project in Sasolburg and the weaker rand/US dollar exchange rate.

Normalising for the impairment reversal and the R2 449 million payment received from the European Commission in the prior year, profit from operations increased by 14% compared to the previous financial year. The positive operational performance is largely a result of a 2% increase in sales volumes mainly due to improved production output, higher demand, and resilient gross margins, supported by a weaker rand/US dollar exchange rate.

In base currency (Euro) terms, cash fixed costs were maintained within inflation.

Our US business realised favourable margins, despite a 33% decrease in oil prices, which negatively impacted the results of our ethylene value chain. Our European operations reported a 3% improvement in production volumes.

## Key financial risks and uncertainties affecting our performance

In order to appreciate the impact of the global economic environment on our business, it is important to understand those factors that affect the delivery of our results.

Definition of victory	Key performance indicator	Financial risk	Notes
Grow shareholder value sustainably	<b>Business Performance Enhancement Programme</b> Target – deliver sustainable cost savings of R4,3 billion by financial year 2017.	Our cost base	a
		Electricity costs above inflation	*
		Carbon tax risk	*
	<b>Earnings growth</b> Target – US dollar earnings growth of 10% per annum on a three-year moving average basis.	Current economic climate	*
		Crude oil prices	b
		Exchange rates	c
		Gas prices	d
		Chemical prices	e
		Our cost base	a
		Tax risks	*
<b>Gearing</b> Target – Achieve a gearing ratio of between 20% to 40%.	Regulatory changes	*	
	Impairments	*	
	Delivering on capital projects	*	
		Credit market risk and its impact on our debt profile	*
		Further decline in long-term oil and chemicals prices	*

\* While the impact of some of these factors on our results are covered throughout the report, more detailed information is provided in the full Chief Financial Officer's review in the Annual Financial Statements.

## Summarised Chief Financial Officer's review (continued)

### a. Our cost base

In order to ensure that Sasol is structured in the most efficient and effective manner, we implemented the BPEP with one of its objectives being the sustainable reduction of our cost base.

The BPEP's actual cost savings at 30 June 2015 were R2,5 billion, which was R1 billion higher than forecast benefits of R1,5 billion. The actual savings represent an annual run rate of R2,8 billion.

We expect sustainable cost savings of R4,0 billion by the end of the 2016 financial year (off a 2013 cost base) with an exit run rate of at least R4,3 billion. Cost trends are still forecast to track SA PPI from the 2017 financial year.

In addition to the benefits and our BPEP, the Response Plan aims to deliver a further sustainable cash cost savings of R1 billion annually by the 2018 financial year.

Cost reduction has been included as a specific target within our short-term incentive scheme with the objective of reducing costs to inflation, or 2% below inflation as a stretch target.

### b. Crude oil prices

We are exposed to the volatility associated with the selling price of fuel marketed by our Energy business. This selling price is governed by the basic fuel price (BFP), as regulated by the South African government. The key factors influencing the BFP include the crude oil price, the rand/US dollar exchange rate and refining margins.

For forecasting purposes, we estimate that for every US\$1/bbl increase in the annual average crude oil price, profit from operations will increase by approximately R811 million (US\$64 million) in 2016. It should be noted that in the currently volatile environment, these sensitivities could be materially different, depending on the crude oil price, exchange rates, product prices and volumes.

### c. Exchange rates

A large portion of our turnover and our capital investments are impacted significantly by the rand/US dollar exchange rate. Some of our fuel products are governed by the BFP, of which a significant variable is the rand/US dollar exchange rate. Our chemical products are mostly commodity products whose prices are based largely on global commodity and benchmark prices quoted in US dollars.

For forecasting purposes, we estimate that a 10 cent change in the annual average rand/US dollar exchange rate will impact our operating profit by approximately R650 million (US\$51 million) in 2016. It should be noted that in the currently volatile environment, these sensitivities could be materially different, depending on the crude oil price, exchange rates, product prices and volumes.

### d. Gas prices

Natural gas is an attractive fuel alternative in the industrial and electricity-generation sectors because of its lower carbon intensity compared to coal and oil.

Our investment in the Canadian shale gas assets, situated in the Montney Basin, supports our strategy to access low-cost feedstocks and deliver fuel alternatives in support of lowering our carbon dioxide (CO<sub>2</sub>) emissions. The strong growth outlook for natural gas, especially in the United States, Canada and China, as well as developments in technology are making shale gas economical worldwide. However, new gas ventures involve risks – while our Canadian shale gas assets are not producing as planned, we expect that production will improve once we see an increase in gas prices.

Current gas prices in North America remain depressed. The spot natural gas price for the US benchmark (Henry Hub) deteriorated to US\$2,80/million metric British thermal units (mmbtu) at 30 June 2015, compared to US\$4,39/mmbtu at 30 June 2014.

### e. Chemical prices

In South Africa, over the short term, chemicals prices have shown resilience when compared to the decline in average crude oil prices. Global and local demand/supply dynamics, as well as the competitive forces at play in markets within which we sell our Base Chemicals products, had a positive impact on the overall sales price levels achieved.

While in Europe, for most of the Performance Chemicals business, the fall in the oil price had a less significant impact on gross margins due to the specialty nature of our products as well as stronger global demand for these products.

In order to take full advantage of the benefit of low ethane prices in the United States, we are constructing a 470 kilotons per annum high density polyethylene (HDPE) plant in partnership with INEOS. The ethylene required for the production of HDPE will initially be supplied from our existing Lake Charles operations and supplemented with purchases from the open market. Once the new ethane cracker is operational, the ethylene from the existing Lake Charles operations will be supplemented by ethylene from the new ethane cracker.

## Our Business Performance Enhancement Programme

We are continuing to implement our company-wide BPEP aimed at bringing greater focus and increased simplicity to how Sasol is structured and managed.

The process of implementing redesigned organisational structures and resulting employee placements was largely concluded by 30 June 2015. By the end of the financial year, the company had approved nearly 2 500 voluntary separations and early retirement applications, and reduced the overall headcount from 33 400 to 30 919 employees, a net reduction of 7,4%. This movement included the conversion of temporary to permanent employment of approximately 300 employees, and an increase in employee numbers relating to growth projects of nearly 300 employees. We expect to complete this restructuring process early in the 2016 financial year.

The BPEP's actual cost savings at 30 June 2015 amounted to R2,5 billion, which is R1 billion higher than the forecast benefits of R1,5 billion. The actual savings represent an annual run rate of R2,8 billion.

We still expect sustainable cost savings of R4,0 billion by the end of the 2016 financial year (off a 2013 cost base) with an exit run rate of at least R4,3 billion. Cost trends are still forecast to track SA PPI from the 2017 financial year.

Implementation costs for the programme amounted to R1,9 billion for the full financial year, R200 million lower than planned. These costs included separation packages as well as the Enterprise Resource Planning implementation costs relating to our SAP project which was successfully implemented on 1 July 2015 for our South African Chemicals Business, supply chain, payroll, global human resources and safety, health and environment business processes.

## Our Response Plan to lower oil prices

In response to a lower-for-longer oil price environment, we announced our Response Plan on 28 January 2015. We have set a 30-month cash conservation target range of R30 billion to R50 billion, using 31 December 2014 as the baseline.

The Response Plan comprises the following key areas:

- capital portfolio phasing and reductions – target of R13 billion to R22 billion;
- capital structuring – target of R8 billion to R12 billion;
- further cash cost reductions – target of R4 billion to R7 billion; and
- working capital and margin improvements – target of R5 billion to R9 billion.

To date, these areas have delivered a cash conservation benefit amounting to R8,9 billion, which is at the higher end of our guidance range of R6 billion to R10 billion for the 2015 financial year. Some of the decisive measures and key decisions we took to conserve cash include the delay of our US gas-to-liquids (GTL) plant, the change to our dividend policy, as well as the further optimisation of our organisational structures.

As part of our Response Plan to a lower-for-longer oil price environment, we are working to deliver further sustainable cash cost savings of R1 billion annually by the 2018 financial year. These savings will be achieved through already-implemented organisational structure refinements, the freezing of at least 1 000 non-critical vacancies and focused supply chain cost reductions.

## Our value drivers

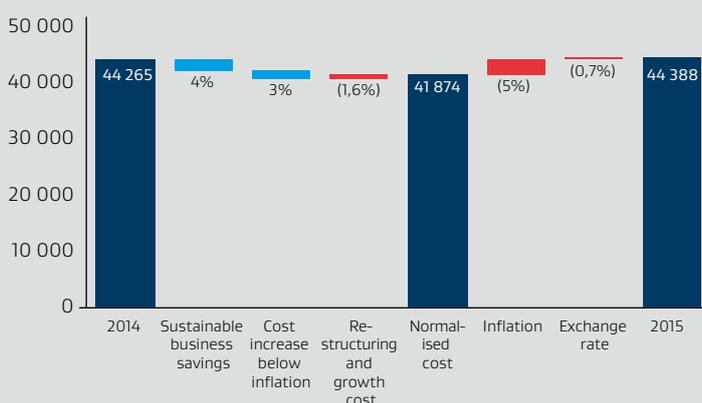
### Cash fixed costs

As a primarily commodity business, we aim to control and maintain our cash fixed costs within inflation on a year-on-year basis. For 2015, the indicative average SA PPI was 5,0% (2014 – 7,3%). Following decisive management actions introduced in the prior year, our normalised cash fixed costs remained flat, despite a very challenging South African cost environment.

The year-on-year increase in cash fixed costs can be graphically depicted as follows:

#### Cash fixed cost - price volume variance analysis

(R million)



## Summarised Chief Financial Officer's review (continued)

Going forward, our objective to keep costs in line with inflation may be negatively impacted by:

- expenditure to ensure continued plant stability and reliability;
- labour and electricity costs which escalate above inflation;
- costs incurred on growth initiatives and new projects; and
- currency effects.

To mitigate these risks, our BPEP has identified key drivers for cost optimisation. These are aimed at extracting efficiencies from the new operating model, improving operational productivity, establishing fit-for-purpose functions, and driving inbound supply chain cost reductions. We expect to deliver sustainable costs savings, compared to a 2013 cost base, of at least R4,0 billion by the end of the 2016 financial year, with an exit run rate of at least R4,3 billion. Cost trends are still forecast to track SA PPI from the 2017 financial year. As part of our Response Plan to a lower-for-longer oil price environment, we are currently working to deliver further sustainable cash cost savings of R1 billion annually by the 2018 financial year. In addition, group imperatives such as our Operations Excellence programme, business improvement plans and the increase in self-generated electricity, are all geared to reduce costs on a sustainable basis.

### Containing electricity costs

The cost of electricity is a significant cost driver, in particular at our South African operations. A sharp increase in electricity costs may have material adverse effects on our business, operating results, cash flows, financial condition and future growth.

South African industrial electricity tariffs increased by 12,69% on 1 April 2015 and may increase further in the 2016 financial year.

In order to contain the cost of electricity, we have continued to further our own electricity-generation initiatives. In South Africa, we have the capacity to generate about 70% of our own electricity requirements through the Sasolburg and Secunda coal and gas fired steam turbines and engines.

We have been able to mitigate this risk to some extent, in the short term, by entering into a power purchase agreement with Eskom following the construction of our power-generation facility in Secunda in August 2011. In addition, we have installed power generation facilities at our Italian operations and started up our 175 megawatt gas-fired power generation plant in Ressano Garcia, Mozambique, in which we own 49% in partnership with the country's state-owned power utility, Electricidade de Moçambique (EDM).

### Managing our employee costs

One of our most significant costs relates to our employees. Our total employee costs, including share-based payment expenses, were R22,1 billion for the 2015 financial year compared to R28,6 billion in the previous year. The decrease in labour costs is primarily due to a cash-settled share-based payment credit of R1,4 billion compared to an expense of R5,4 billion in the prior year, largely due to a 29% lower share price (closing price R450,00 compared to R632,36 in the prior year), partially negated by the increase in the number of share options exercised during the year.

Excluding the effect of the share-based payment, our employee costs increased by only R0,3 billion, approximately 1%. Our BPEP has assisted to manage our employee costs with nearly 2 500 voluntary separations and early retirement applications being approved by the company at 30 June 2015. The overall headcount reduced from 33 400 to 30 919 employees.

More than 60% of our employees globally are members of trade unions or works councils covered by collective agreements we have entered into with these parties. In South Africa, we have concluded wage negotiations for across-the-board increases in the different sectors, effective 1 July 2015, as follows:

- Mining sector: Four of the recognised trade unions agreed to an increase of 6,5% with an additional service increment of 0,5%, effective 1 January 2016;
- Chemicals sector: An increase of 6,5% and a further 0,5% effective 1 January 2016; and
- Petroleum sector: The second year of a two-year agreement was an increase of April consumer inflation (CPI) plus 1,5%, equating to 6%.

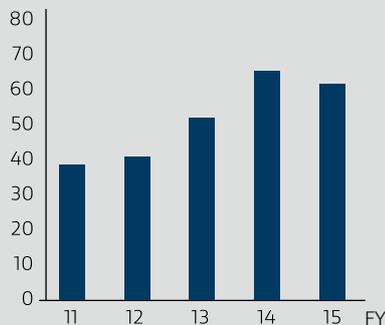
### Our cash flow generation and utilisation

We generated free cash flow of R13,7 billion in the year (2014 – R19,9 billion). Free cash flow generation is one of the most important drivers of sustaining and increasing shareholder value.

Cash generated from operating activities is used to repay our debt and tax commitments and then provide a return to our shareholders in the form of dividends. Remaining cash is used to fund our capital investment programme. Any shortfall in the funding of our capital investment programme will be funded from borrowings. As a result, this will impact our gearing ratio.

In 2015, the cash outflow of our capital investment programme exceeded the cash retained from operating activities by R4,2 billion.

**Cash generated by operating activities**  
(R billion)



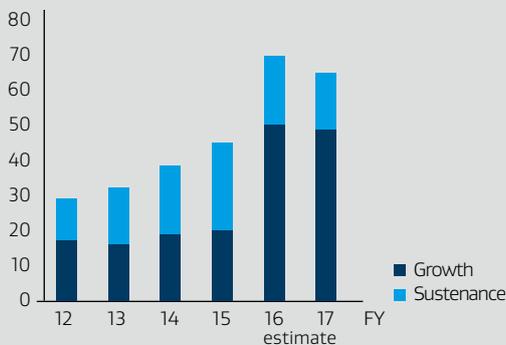
**Executing our growth projects**

All capital investment projects are rigorously screened by various governance structures, which support the investment committee, the Group Executive Committee and the Sasol Limited Board. We evaluate projects against prioritisation criteria and rank them with a focus on risks and returns. The prioritisation criteria include strategic alignment, competitive advantage, business robustness, financial returns, project risk and execution capability, project maturity and markets.

In line with our 30-month Response Plan targets to conserve cash of R13 billion to R22 billion through capital portfolio phasing and reductions, we reduced our forecast capital expenditure for the year from R50 billion to R45 billion. Actual capital expenditure (cash flow) during the year amounted to R45,1 billion. Due to the impact of the weakening of the rand/dollar exchange rate, we increased our capital expenditure forecast for 2016 to R70 billion, and for 2017 to R65 billion.

The trend analysis for capital investments is illustrated below:

**Additions to non-current assets**  
(R billion)



In general, approximately 80% of all new growth capital investment projects are required to provide a targeted return of at least 1,3 times our weighted average cost of capital (WACC) rate, which is currently 12,95% in South African rand terms and 8,00% in US dollar terms. This rate of return does not apply to sustenance capital expenditure on existing operations, in particular environmental projects that are typically difficult to demonstrate economic viability.

We actively consider all alternatives to fund our capital investments. We generally prefer internal funding options to more expensive debt and equity funding. However, these internal alternatives include an element of risk and associated costs.

Given the scale of the capital requirements for our growth initiatives and potential impact on the Group's gearing and credit rating, we consider various funding alternatives, including specific project financing, export credit agency funding and bank loans, as well as corporate and project bonds. Equity funding is expensive until projects are commissioned and is therefore not the preferred option to fund our capital projects. Where projects are executed in partnerships and in foreign jurisdictions, particularly those where an element of political risk exists, we use project finance as a development tool to mitigate such risk as well as geographic and concentration risk, and to some extent, liquidity risk.

We have prioritised our growth aspirations as we steadily advance our strategic agenda, particularly in Southern Africa and North America. Capital investments in these regions will constitute a significant portion of our total capital expenditure over the next 10 years. Our gearing remains low, and we have sufficient headroom in our balance sheet to fund our growth opportunities, grow dividends and provide a buffer against volatilities. Given that a large portion of our funding for our capital intensive growth plan will come from the offshore debt markets, we are acutely aware that we need to manage our gearing within our long-term targeted range. We expect that our gearing will reach our targeted range of 20% to 40% in the near term.

## Shareholding and equity

We return value to our shareholders in the form of both dividends and share price appreciation.

A shareholder who purchased a Sasol share on 30 June 2010 at R274,60 would have received R100,00 in cumulative dividends. Based on a closing share price of R450,00 on 30 June 2015, the share price has appreciated by R175,40 in capital over the same period. Expressed differently, Sasol's total shareholder return (TSR) for the five-year period ending 30 June 2015 was 101% expressed in rand terms and 26% in US dollar terms, which is in the mid-range of our peers.

In the year, Sasol revised its dividend policy from a progressive dividend to a dividend cover range based on headline earnings per share, which takes into consideration various factors, including overall market and economic conditions, Sasol's financial position, capital investment plans as well as earnings growth. The dividend policy provides flexibility for the Group to manage its balance sheet. This will also allow the Group to execute its growth programme while continuing to return value to shareholders through dividend payouts.

At 30 June 2015, the dividend cover was 2,7 times (30 June 2014: 2,8 times). The Sasol Limited Board of Directors declared a final gross dividend of R11,50 per share (15% lower than the prior year) bringing the total dividend for the 2015 financial year to R18,50 (2014: R21,50). The dividend demonstrates our commitment to return value to shareholders through dividend payouts.

## Outlook for 2016

Despite predictions of continuing global economic uncertainty and geopolitical tensions, the underlying fundamentals of our business remain attractive over the long term.

We remain focused on factors within our control: volume growth, margin improvement and cost containment.

Global economic growth is expected to continue at a moderate and uneven pace over the near term. We expect oil prices to remain low until the end of the 2017 calendar year. The rand exchange rate is expected to be under pressure mainly as a result of potential US interest rate increases as well as concerns with regards to the South African economy and its rate of growth.

We remain on track to deliver on our expectations for improved operational performance and resilient margins in the lower-for-longer oil price environment. On the back of our BPEP, we aim to progress cost optimisation initiatives and to contain normalised cash fixed costs within South African PPI inflation. We will continue to progress our attractive growth projects, underpinned by our focus on improving operational efficiencies and working capital.

We expect an overall strong production performance for the 2016 financial year, with:

- Liquid fuels product volumes for the Energy SBU in Southern Africa to be above 60 million barrels;
- The average utilisation rate of ORYX GTL in Qatar to be above 87% of nameplate capacity, taking a statutory shutdown into account;
- Chemicals sales volumes to be slightly higher than the prior year, with margins in Base Chemicals under pressure and those in Performance Chemicals to be varied for our different product streams;
- Average Brent crude oil prices to remain between US\$50 and US\$60 a barrel during the next financial year;
- Cash fixed costs to be below SA PPI, taking into account the R4,0 billion cash cost savings, as a result of the BPEP, with an exit run rate of at least R4,3 billion by the end of financial year 2016;
- Capital expenditure of R70 billion for 2016 and R65 billion in 2017, as we progress with the execution of our growth plan and strategy\*;
- Our balance sheet gearing up to a level of between 15% and 30%; and
- The Response Plan cash flow contribution to range between R10 billion and R16 billion.

\* These estimates may be impacted by further exchange rate volatility or the rate of progress of our LCCP in the US.

Our balance sheet remains strong and is again testament to our commitment to deliver value. We will continue to manage each of our value drivers diligently and create value for our shareholders on a sustainable basis.



**Bongani Nqwababa**  
Chief Financial Officer

# Operating performance



# Mining

Mining is responsible for securing coal feedstocks for our Southern African value chain, mainly for gasification but also to generate electricity and steam.



We operate one of the world’s largest underground mining complexes with three coal-mining operations: the coal-to-liquids complex at Secunda, the Sigma mine near Sasolburg and the export facility consisting of the Twistdraai colliery in Secunda. Our investment in the Richards Bay Coal Terminal entitles us to export 3,6 million tons a year through Africa’s biggest coal export facility.

## MATERIAL DEVELOPMENTS

- ▶ **Progressed work to deliver two new collieries in line with Project 2050**
- ▶ **Continued focus on avoiding fatalities; improved the recordable case rate**
- ▶ **Lowered normalised unit cost of production by 2%**
- ▶ **Recorded savings of R569 million**

## Performance

		2015	2014
Profit from operations	Rm	4 343	2 453
Operating profit margin (%)		28	17
Saleable production (mm tons)		39,2	39,7
External purchases* (mm tons)		5,1	5,4
Sales to Sasol customers (mm tons)		41,7	41,6
External sales to export market (mm tons)		3,4	2,9
Lost work-day case rate		0,25	0,27
Employee numbers		7 908	8 435
Total water use (Mm <sup>3</sup> )		1,80	N/A <sup>1</sup>

<sup>1</sup> Due to the change in operating model, the data is not available.

\* We have an agreement in place to buy approximately 5,1 million tons a year from a third party until 2026 to supplement coal feedstock supply to the Secunda value chain.

## Ensuring the delivery of low-cost feedstocks to Secunda and Sasolburg

In 2015, Mining performed well, in line with the Group's strategic objective to deliver low-cost feedstocks in Southern Africa. We are committed to support and sustain the Group's liquid fuels, chemicals and power generation operations to at least 2050 by providing a reliable and uninterrupted supply of coal to our facilities in Secunda and Sasolburg.

We have already secured an extension of our Secunda mining right to 2040. Mining rights are generally issued for a period of up to 30 years at a time.

During the year, we maintained momentum on the R14 billion programme to replace 60% of our operating capacity in Secunda by 2020. In addition, we advanced our work to establish our second and third new replacement mines – Impumelelo and Shondoni.

These projects, underway since 2011 and 2012 respectively, at a total cost of R9,8 billion, are expected to be completed in the first and second half of the new financial year. Project delays resulted from slower than expected shaft sinking processes and a four-month labour dispute experienced by a mining contractor. Both projects are expected to be delivered within budget. The new Tweedraai shaft will also provide further access to reserves adjacent to our current Syferfontein operations and will be completed in the first half of the new financial year. In 2015, our Thubelisha mine produced from five sections and is expected to reach full production capacity by 2019.

In the year, we continued to investigate alternative coal sources, including the viability of supply from Limpopo West, where we have applied for mining rights. However, as part of the Group's Response Plan to the lower oil price environment, we delayed a pre-feasibility study on mining reserves in this coal-rich area until the end of 2017. This postponement does not jeopardise long-term coal supply to Sasol. From a technological perspective, we evaluated options to better exploit our existing reserves through higher extraction methods and alternative mining techniques without an additional impact on the environment.

## Improving productivity and safety

Through various efficiency initiatives which form part of our Business Performance Enhancement Programme, we improved productivity by 2% from 2014.

Improving our safety performance is a group top priority. In September 2014, tragically we experienced a fatality of a service provider, Mr LD Toli, at our Impumelelo project. While our safety performance as measured by the recordable case rate and lost work day case rate improved in the year, our goal is zero harm and we continue to focus on driving key safety initiatives. Through our collaborative partnerships over the years with organised labour, which includes all recognised trade unions, we have managed to maintain stable operations. We continue to work to strengthen this relationship going forward.

## Recording savings

Profit from operations increased 77% to R4 343 million, mainly as a result of higher productivity. This was due to the sustained improvement in underground infrastructure, higher export sales volumes and the benefit of the contribution of cost savings from the Business Performance Enhancement Programme. We recorded savings of R569 million and lowered our normalised unit costs of production by 2%. The removal of a management layer brought executive management closer to the operations, improving productivity and supporting our long-term competitiveness.

## Sustaining our business

South Africa has substantial reserves of coal which can be extracted at costs that compare very favourably with those of imported natural gas. Notwithstanding the real need for South Africa to increase the use of low-carbon energy sources such as natural gas, we believe that coal will continue to play an important role in the country's supply of both electricity and liquid fuels. The coal that Mining produces is sold for gasification and utility purposes to Secunda Synfuels and Sasolburg Operations and to the export market.

Legislative uncertainty remained a challenge, with the Mineral and Petroleum Resources Development Act Amendment Bill being referred back to parliament for further consultation. This amendment seeks to streamline the mining licence application process. The Mining Charter, which aims to facilitate transformation of the sector, provides targets only until 2014 and is set to be reviewed in due course.

We also expect to be impacted by changes to the Department of Trade and Industry's Codes of Good Practice on Broad-Based Black Economic Empowerment. We continue to partner with various industry bodies to find workable solutions to the challenges the industry faces.

We aim to establish stable, viable and sustainable communities close to our operations and are pleased to be part of various infrastructure development projects. These include upgrading roads, sewerage infrastructure, a fire station as well as a community health centre. We continue to ensure that we deliver value to all our stakeholders and we embrace transformation, beyond mere compliance. To advance the social and economic welfare of mine communities, we extended our work in the year to enable greater home ownership.

## Looking ahead

In the near term, our focus is on enhancing safe operations, improving the behaviour-based safety programme and implementing what we refer to as the critical controls on all major hazards. In parallel, we continue to drive the safety improvement plan for all our service providers. Our long-term goal is to provide coal feedstocks to run our operations to 2050 and beyond, and to ensure the seamless integration of our new mines into existing operations.

We will advance our cost reduction and cash-conservation initiatives, sustainably improving business performance, as well as embedding the new business structure, particularly with regards to the transitioning of employees to new roles.

## Exploration and Production International

Exploration and Production International (E&PI) develops and manages the Group's upstream interests in oil and gas exploration and production in Mozambique, Canada, Gabon, South Africa and Australia.



We produce natural gas and condensate from Mozambique's Pande and Temane fields, shale gas and condensate from our share in the Farrell Creek and Cypress A assets in Canada, and oil in Gabon through our share in the offshore Etame Marin Permit (EMP). E&PI sells oil under annual contracts, Mozambican gas under long-term contracts to both Sasol and external customers, condensate on short-term commercial contracts, while selling Canadian gas and condensate into the market at spot prices.

### MATERIAL DEVELOPMENTS

- ▶ Progressed sustainment and growth projects in Mozambique
- ▶ Maintained steady gas volumes in both Mozambique and Canada
- ▶ Recorded exceptional safety performance
- ▶ Partially impaired EMP asset in Gabon
- ▶ Partially impaired Canadian shale gas asset, due to lower gas prices
- ▶ Submitted field development plan for Production Sharing Agreement licence area in Mozambique

### Performance

	2015	2014
Production (Sasol's equity share)		
– Natural gas – Canada (bscf)	21,8	21,3
– Condensate – Canada (m bbl)	199,5	69,2
– Natural gas – Mozambique (bscf)	109,2	105,1
– Condensate – Mozambique (m bbl)	332	245
– Crude oil – Gabon (m bbl)	1 564	1 587
(Loss)/profit from operations Rm	(3 170)	(5 980)
– Gabon Rm	(1 124)	888
– Mozambique Rm	1 847	1 586
– Canada Rm	(2 449)	(7 003)
– Other Rm	(1 444)	(1 451)
Safety (RCR)	0,11	0,15
Employee numbers	494	527
Direct greenhouse gas emissions (Mt)	0,31	N/A <sup>1</sup>
Total water use (Mm <sup>3</sup> )	0,07	N/A <sup>1</sup>

<sup>1</sup> Due to the change in operating model, the data is not available.

## Enabling Sasol's Southern African natural gas value chain and contributing to growth

E&PI made good progress in the year with our efforts to meet the Group's strategic objective to grow our Southern Africa upstream resources. We recorded a strong safety performance in all our assets and were able to contribute more than R3 billion to our cash-saving initiative. This was despite lower gas prices in North America putting pressure on our Canadian assets and weaker oil prices affecting the profitability of our share in the EMP offshore Gabon.

We benefited from the adoption of our new operating model, which reduced complexity in terms of governance, decision-making requirements and structures, enabling faster implementation of strategic and tactical decisions. As part of the Business Performance Enhancement Programme, our work to implement the organisational structures and employee placements required to align with the operating model is well underway and will be concluded by the end of October 2015.

## Growing Sasol's upstream resources in Southern Africa

In Mozambique, in order to sustain our operations and to continue meeting growing demand in that country and in South Africa, we received approval to expand the annual capacity of the Central Processing Facility (CPF) from 167 bscf to 180 bscf. In addition, the Republic of Mozambique Pipeline Investments Company, in which Sasol holds 50%, successfully completed the US\$200 million Loopline I project which connects the CPF to gas markets in Mozambique and South Africa. This project increased the average capacity of the existing gas pipeline from 153 bscf to 169 bscf.

As part of our efforts to grow our interest in Mozambique, in February 2015, we submitted a field development plan (FDP) for the Production Sharing Agreement (PSA) licence area to the Mozambican regulatory authorities. The PSA FDP proposes an integrated oil, liquefied petroleum gas (LPG) and gas project adjacent to the Petroleum Production Agreement (PPA) area. We also submitted a proposal to enable the development of a fifth train at the CPF to process gas from the PSA licence area, should the FDP be approved.

In addition, following aerogravity, magnetic and 2D seismic data acquisition in the Exploration and Production Concession Area A onshore Mozambique, we are preparing for the drilling of the first exploration well. Furthermore, with our partners, we submitted a bid application under Mozambique's fifth hydrocarbon exploration licensing bid round on 30 July 2015.

To support the region's future economic growth, we also plan to explore for hydrocarbons in South Africa. In 2015, Sasol and PetroSA (as the operator) were awarded an Exploration Right permit for Block 3A/4A, in the offshore Orange Basin on the west coast of South Africa. We also hold an Exploration Right permit (ER236) to explore for hydrocarbons on the east coast (Durban and Zululand Basins), offshore KwaZulu-Natal province, with our partner and operator Eni, who have a 40% interest.

## Reducing our expenditure and maximising value from our licences

Industry wide, oil and gas prices are currently too low to actively sustain pre-existing drilling programmes or to provide incentives for new upstream investments. Companies in the sector are reducing their capital commitments and exploration budgets. Against this backdrop, and in line with our efforts to reprioritise capital expenditure, we significantly reduced our spend in Canada by reducing the number of wells drilled and by optimising costs. This demonstrates our agility to operate in a volatile global context.

The R1,3 billion partial impairment of our Canadian assets at 30 June 2015 was mainly due to a further decline in gas prices in North America.

In Gabon, the EMP has contributed considerably to E&PI's profit for many years. Due to the significant decrease in the oil price and the souring of some wells, we partially impaired our investment in the EMP by R1,3 billion. We continue to explore various opportunities with the operator, VAALCO, to enhance production and operating efficiencies while also reviewing divestment opportunities as they arise.

In July 2015, together with Origin Energy Limited, the operating partner of our Beetaloo joint venture in Australia, we started drilling the Kalala S-1 well in EP98 in Northern Territory.

## Driving shared and sustainable value

Our socioeconomic initiatives take place primarily in Mozambique and are focused on developing local capabilities through education, training and skills development. To this end, we have partnered with the National Institute for Employment and Vocational Training to establish a vocational training centre in Inhassoro, Inhambane province.

We are underpinning our focus on skills development by advancing local content through the support for procurement of Mozambican goods and services. We are achieving this by identifying, developing, growing and sustaining Mozambican suppliers, particularly small and medium enterprises, which can support our in-country activities and participate meaningfully in the value chain of the growing hydrocarbon industry.

## Looking ahead

In the year ahead, we aim to maintain our operational and safety standards across all our operations. We will also focus on enhancing production and profitability.

Should the PSA FDP receive regulatory approval, we expect to achieve first production by 2018. We will continue to review the benefit of each asset in our portfolio and will also continue to identify and evaluate opportunities to improve Sasol's overall portfolio position and profitability.

Based on the 'lower-for-longer' oil price assumptions and the reduced exploration activity, our reserves replacement ratio in 2015 fell below the 100% target we had set for ourselves. Drilling and exploration activities will increase once we see an improvement in oil and gas prices.

# Southern Africa Operations

Southern Africa Operations incorporates Secunda Synfuels, Secunda Chemicals, Sasolburg, Satellite and Natref Operations.



Southern Africa Operations represents our core petroleum and chemical product manufacturing assets and capability in South Africa. The value proposition of the regional operating hubs lies in our ability to integrate and operate complex technologies at scale, with world-class product quality and cost advantages.

## MATERIAL DEVELOPMENTS

- ▶ Improved process safety performance
- ▶ Reported strong increase in total output, with record Secunda Synfuels production
- ▶ Contained costs to below inflation
- ▶ Moved R14,2 billion Secunda growth programme closer to completion
- ▶ Obtained postponements to implement committed air quality improvement roadmaps

## Performance

	2015	2014
Production		
– Synfuels refined product (mm bbl)	32,9	32,4
– Crude oil processed (mm bbl)	20,9	19,8
– Natref white product yield (%)	91	91
– Natref total yield (%)	98	98
External purchases		
– White product (mm bbl)	5,9	6,3
– Natural gas (bscf)	21,4	20,1
Safety (RCR)	0,32	0,31
Employee numbers*	12 595	12 963
Fire, explosions, releases severity index	22	27

\* Includes 100% of our interests in joint ventures.

## Benefiting from the new operating model

The Southern Africa Operations exemplified the initial benefits of the new operating model in 2015. By integrating a large number of separately managed operations into regional hubs, we were able to standardise, exploit economies of scale and capability, reduce complexity and duplication, and accelerate productivity enhancement initiatives. This resulted in significant improvements in our efficiency and effectiveness.

The fundamental repositioning of the Group represents the most significant change ever tackled by Sasol. In this context, it is encouraging to report a stable safety performance for the year. We are committed to achieving zero harm in the year ahead.

## Structuring our regional operating hubs

Our Southern African regional operating hubs produce a wide range of petroleum products, including diesel, petrol and jet fuel, and chemical products which include Sasol's Fischer-Tropsch ethylene, propylene and ammonia value chains. The regional operating hubs consist of the following assets:

**Secunda Synfuels Operations** is a large-scale coal- and gas-based synthetic fuels manufacturing facility, applying the unique Fischer-Tropsch technology. The hub also produces the utilities, such as oxygen and steam for the Secunda site, required in the production process and generates about half of its own electricity requirements.

**Secunda Chemicals Operations** and **Sasolburg Operations** are large-scale integrated chemical product manufacturing facilities that produce and add further value to the Sasol chemicals value chains and supply products to Base Chemicals and Performance Chemicals who take these products to market. **Sasolburg Operations** also provides utilities and site services to our Sasolburg facilities. **Secunda Chemicals Operations** provides site services to our Secunda operations.

**Natref Operations** is an inland crude oil refinery located in Sasolburg. Sasol owns 63,64% of the refinery, which produces a wide range of diesel, petroleum and jet fuel products.

**Satellite Operations** operates Sasol's wax blending plant in Durban; the gas, fuels and chemicals pipelines between Mozambique, Secunda, Sasolburg and KwaZulu-Natal and the explosives accessories assets in Ekandustria.

## Delivering on our strategic objectives

The Southern Africa Operations reported a strong operational performance, with the highest Secunda Synfuels production volumes since 2004. In addition, we exceeded the Business Performance Enhancement Programme's cost-reduction objectives for the year nearly threefold. We implemented the first of seven productivity improvement levers, with the rest scheduled to be in place in the new financial year. The programme positioned Southern Africa Operations well to initiate an early response to the oil price fall, and we launched several sustainable cost conservation actions relatively quickly. We will make a significant contribution to Sasol's cash conservation objectives without harming sustainable operations.

In delivering on our strategic objective to continuously improve our existing asset base and maintain our technological lead, we implemented our plan to extend the life of our South African value chain assets to 2050. This has resulted in a review of our approach to asset management. The updating and refinement of the current 10-year renewal plan and long-term renewal roadmap towards 2050 will be ongoing priorities.

In 2015, Southern African Operations maintained the momentum recorded in 2014 to ensure world-class operations and lift production volumes by 2%, while containing costs to below inflation. These achievements demonstrate the considerable long-term value that our existing asset base continues to hold.

During the year, we signed a gas supply agreement whereby Air Liquide will construct and operate a 5 000 tons per day 17th oxygen train in Secunda, to supply gaseous oxygen to Secunda Synfuels Operations from December 2017.

While a significant generator of its own electricity, Sasol, as a large power user, is dependent on secure electricity supply from Eskom. Since the country's electricity crisis began in 2008, we have added more than 400 megawatts of gas-fired power generation, taking our installed generation capacity to around 70% of our current demand. This is assisting in alleviating the supply shortfalls in the country. We renewed our short-term power purchase agreements with Eskom for some of this additional capacity. This will allow us to manage our energy cost inflation in an environment where we foresee significant above-inflation price increases.

We progressed implementation of the new requirements of the National Environmental Management: Air Quality Act (NEMAQA). Among these are new minimum emission standards (MES) which came into effect in April 2015. While many of our processes already comply with the MES, there are some activities where we require more time to achieve compliance. For these cases, we successfully applied to extend the compliance timeframes through postponement applications including roadmaps for committed air quality improvements. We now operate under atmospheric emission licences reflecting this dispensation.

A few of the standards applicable from April 2020 continue to present challenges, particularly in terms of the technical implications for some of our existing operations. In these instances, we continue to investigate solutions that may enable us to comply over the longer term. We continue to have constructive engagement with the regulators and other stakeholders to find further solutions to address our remaining challenges. Such solutions could include community-based offsets to sustainably improve ambient air quality where we operate.

Over the past 10 years, we have spent some R20 billion on projects delivering significant environmental improvements. We will continue to invest in a responsible and appropriate way in further such projects, informed by a risk-based approach.

## International Operations

International Operations operates assets producing products that are sold by our Chemicals business. The facilities are in a number of locations in the United States, Europe and Asia. International Operations also houses the Lake Charles Chemical Project (LCCP).



### MATERIAL DEVELOPMENTS

- ▶ Took final investment decision for the US\$8,9 billion LCCP
- ▶ Benefited from low ethane prices in our US business
- ▶ Maintained costs within inflation, in line with increased cost containment focus
- ▶ Improved safety record
- ▶ Delayed US GTL project, as part of the low oil price Response Plan

### Performance

	2015	2014
Saleable production (Ktpa)	2 391	2 361
Employee numbers <sup>1</sup>	2 617	2 673
Total water use (Mm <sup>3</sup> )	17,37	N/A <sup>2</sup>
Safety (RCR)	0,18	0,27

<sup>1</sup> These employee numbers are accounted for in the strategic business units.

<sup>2</sup> Due to the change in operating model, the data is not available.

## Managing costs

In 2015, we achieved our target of running our existing facilities reliably and safely, consistent with the Group's top priorities to improve safety performance as well as enhance business performance.

In line with the deliverables of the Response Plan, we managed costs well in the United States and Eurasia Operations' environments. We focused on further reducing cash fixed costs and other capital costs, achieving both fixed cost targets and cash containment targets.

We continue to focus on enhancing the efficiency and long-term sustainability of our well-established operations in Germany and Italy, with energy integration projects that continue to reduce the cost of operations. These are part of the drive at a number of our sites to ensure longer-term profitability in Europe, which has less-favourable feedstock prices than the United States.

In January 2015, as part of the Response Plan, we announced a delay in plans to build a gas-to-liquids plant in the United States. We significantly reduced all engineering activity related to the design of this project, trimming the team and, where possible, re-assigning people to other activities within the Group.

## Progressing chemicals growth

The availability of ample low-cost ethane feedstock, coupled with the extensive and sophisticated pipeline system on the US Gulf coast were key to Sasol's final investment decision in the year for the US\$8,9 billion Lake Charles Chemical Project (LCCP). The project, which builds on our existing platform in Louisiana, is in line with the Group's strategic objective to drive selective growth based on feedstock, market and/or technology advantage.

Once commissioned in calendar year 2018, this world-scale ethane cracker and derivatives complex will triple Sasol's chemical production capacity in the United States, enabling the Group to further strengthen its position in a growing global chemicals market and maintain its momentum despite the currently depressed oil price environment.

This is the largest project that Sasol has undertaken in 30 years, representing a major expansion both for the Group and for our businesses in the United States. Delivering on this project is part of the Group's refined strategic objective to drive world-class operations to support growth. The complex is three times larger than the existing Sasol facility at Lake Charles, where we have had a presence since 2001.

Construction work began in late calendar year 2014, and, by the end of the 2015 financial year, we had approximately 2 000 contractors on site. As some of the project is being built inside the existing property, the careful management of simultaneous operations (operating the current facility and building the new complex) is a major focus and critical to achieving both operations and project excellence.

At its peak in mid-calendar year 2016, the LCCP will require over 5 000 contractors. The project will also result in over 500 new Sasol positions in Lake Charles and Houston, in addition to the existing 800 employees.

The infrastructure we are establishing in Lake Charles at a cost of approximately US\$800 million (included in the overall US\$8,9 billion investment) will make it a truly integrated multiple-asset site, including roads, water treatment, electrical power and dock facilities to handle major equipment to ensure that it can be used for other projects in the future.

Also, in the United States, we are in the process of ramping up the first-of-its-kind commercial ethylene tetramerisation unit, which reached beneficial operation in February 2014 and produces 1-hexene and 1-octene products. This plant demonstrates delivery on our strategic objective to continuously improve our existing asset base and maintain our technological lead. We are working to improve reliability and throughput, and get the plant up to full production rates.

## Focusing on safe and sustainable project delivery

In the near to medium term, the US operating focus is on ensuring the safe and efficient execution of the LCCP as well as the smooth integration of the functions associated with the project into the rest of the US operations.

As part of our social responsibility efforts, we have presented residential neighbours near the project site with an opportunity to sell their properties to us through a voluntary property purchase programme. This was done at the request of our neighbours, who have responded enthusiastically.

We have also funded the Mossville History Project, which will capture, preserve and make available the written and oral history of the people and community of Mossville.

The LCCP is affecting some 700 acres of poor- to medium-quality wetlands, for which we secured a wetlands permit. As part of our mitigation efforts, we will replace these with more than 1 900 acres of high-quality wetlands, increasing both the quantity and quality of these ecosystems that play important roles in mitigating damage from storms and floods, as well as providing a habitat for a diverse collection of animal and plant life.

Delivering social value, by promoting social and economic development, remains an important part of Sasol's work. In association with the State of Louisiana, we developed a Co-operative Endeavor Agreement which includes plans for a grant of US\$20 million from the State to build a technical training centre in Lake Charles. The facility was designed to meet the workforce needs of Sasol specifically, as well as the ongoing needs of the region.

In 2015, we developed – in partnership with a number of Southwest Louisiana community and business organisations – a workforce resource guide and scholarship programme for people in the area. This will inform residents of the skills required to acquire a job in the local petrochemical industry.

Finally, we continued to invest in people, awarding 50 scholarships for craft training to support local industrial workforce needs.

## Chemicals Business

Our chemicals businesses have been consolidated and now comprise the Performance Chemicals and Base Chemicals SBUs.

Base Chemicals markets commodity chemicals based on our upstream Fischer-Tropsch, ethylene, propylene and ammonia value chains. Performance Chemicals markets commodity and differentiated performance chemicals products which include the organics, inorganics and wax value chains.



### MATERIAL DEVELOPMENTS

- ▶ Achieved resilient margins in a low oil price environment, a result of a diversified asset portfolio
- ▶ Lifted sales volumes for Base and Performance Chemicals by 2% on a comparable basis
- ▶ Performance Chemicals brought phase one of the FT Wax Expansion Project on stream and is ramping up the tetramerisation plant at Lake Charles
- ▶ Base Chemicals benefited from additional C<sub>3</sub> stabilisation project volumes and successfully appealed the Competition Tribunal ruling relating to pricing in respect of propylene and polypropylene

### Base Chemicals – Performance

	2015	2014
Sales volumes	3 276	3 552
– Polymers (kt)	1 393	1 463
– Solvents (kt)	911	1 177
– Other (kt)	972	912
– Normalised total (excluding Solvents Germany and SPME disposals)	3 269	3 196
Profit from operations Rm	10 208	6 742
Safety (RCR)	0,25	0,28
Employee numbers <sup>1</sup>	5 983	6 220

<sup>1</sup> Includes share in Regional Operating Hubs employees.

### Performance Chemicals – Performance

	2015	2014
Sales volumes	3 487	3 418
– Organics (kt)	2 220	2 126
– Waxes (kt)	554	563
– Other (kt)	713	729
Profit from operations Rm	12 714	11 848
Safety (RCR)	0,0	0,0
Employee numbers <sup>1</sup>	6 326	6 112

<sup>1</sup> Includes employees in Regional Operating Hubs.

## Base Chemicals

### Performing well in challenging times

In 2015, we benefited from higher sales volumes and lower costs. Sales volumes, normalised for the sale of our Solvents Germany and Sasol Polymers Middle East operations in 2014, increased by 2%.

Normalised cash fixed costs reduced by 5,7%. Although a weaker rand/US dollar exchange rate and once-off items in 2014 (including the extension of the useful life of operating assets in South Africa) benefited the profit from operations of Base Chemicals, sales prices declined following lower global oil prices with the dollar price of our chemical basket down 13%.

In June 2015, following an appeal by Sasol, the Competition Appeal Court set aside a finding of excessive pricing of propylene and polypropylene and the related administrative penalty of R534 million that was imposed by the Competition Tribunal in June 2014. As a result, we reversed the provision of R534 million that was raised in 2014 relating to the penalty. In July 2015, the Competition Commission took the Competition Appeal Court's decision on appeal to the Constitutional Court. We await the outcome of the Competition Commission's appeal.

Demand for Base Chemicals tends to correlate with the global growth outlook and market sentiment. Over the short term, chemicals prices have shown resilience when compared to the decline in average Brent crude oil prices. Global and local demand/supply dynamics, as well as the competitive forces at play in markets within which we sell our products, had a significant impact on the overall price levels achieved across our portfolio.

In the year we benefited from increased stability in the propylene value chain following the successful implementation of the C<sub>3</sub> stabilisation project, which improves the extraction of propylene to produce high-value chemicals.

Our Gemini joint venture with INEOS to construct and commission a world-scale high-density polyethylene plant is expected to be complete by the end of calendar year 2016.

## Performance Chemicals

### Increasing sales

Performance Chemicals boosted sales volumes by 2% in 2015, thanks to improved output and greater demand. Costs in terms of base currencies were kept to within inflation, helping lift profit from operations by 7% to R12 714 million. Although margins in our US business remained healthy, lower oil prices led to a corresponding decline in ethylene prices and margins.

The reversal of the R2 021 million impairment of the Wax Expansion Project in Sasolburg and the weaker rand against the dollar, supported the business's strong financial performance. The reversal of the impairment was mainly due to the extension of the useful life of the asset to 2034 from 2029. The steep decline in the oil price had a limited impact on the business, however, the catalyst business benefited as oil refineries worked harder to achieve greater volumes.

### Marking a number of milestones

In May 2015, we brought the first phase of the Fischer-Tropsch (FT) Wax Expansion Project at Sasolburg on line at a cost of R10 billion. The project delivers on the Group's strategic objective to drive value chain optimisation, by making the most effective use of the product stream at Sasolburg.

The second phase of the FT Wax Expansion Project made good progress, with the implementation of lessons learned in the first phase. We expect this phase to come on stream in the first half of calendar year 2017, bringing Sasol's investment in this South African project to a total of R13,6 billion.

Another focus in the year was the ramping up of production at the tetramerisation plant in Lake Charles. Our efforts to grow our co-monomer business delivers on the Group's strategic objective to drive selective growth based on feedstock, market and/or technology advantage. Using first-of-its-kind proprietary technology, the plant is producing to specification. However, as is typical in the commercialisation process, it is facing some ramp-up challenges, which we are addressing.

In 2015, Performance Chemicals, together with our partners BASF, started using an improved alumina support material supplied by our Brunsbüttel facility in Germany for the commercial production of our cobalt FT catalyst at the De Meern facility in the Netherlands. This marks an important step towards the commercial production of the next-generation proprietary FT catalyst for future gas-to-liquids (GTL) ventures. This is in line with Sasol Technology's efforts to continually develop and improve, building on the solid performance of ORYX GTL, and the start-up of Escravos GTL, which demonstrate the robustness of the current generation of Sasol's GTL technology.

## Looking forward

In the near to medium term, we will continue to actively manage our portfolio and harness synergies between and within Base Chemicals and Performance Chemicals which, together, provide resilience to Sasol's portfolio.

To meet the Group's strategic objective to drive value chain optimisation, for which the chemicals businesses are accountable, we will continue to enhance the performance of our assets, providing the foundation and scale for both Base Chemicals and Performance Chemicals, which in turn will maintain a strong focus on customers. We will also work to support the smooth execution of our major expansion projects: the LCCP in the United States and the second phase of the FT Wax Expansion Project in Sasolburg, South Africa.

## Energy Business

In Southern Africa, the Energy Strategic Business Unit (SBU) markets and sells liquid fuels, pipeline gas and electricity. Internationally, the Energy SBU develops, implements and manages Sasol's gas-to-liquids (GTL) business ventures based on our proprietary technology.



In South Africa, we market approximately nine billion litres of liquid fuels a year, blended from fuel components produced by Secunda Synfuels Operations, crude oil refined at Natref as well as products purchased from other refiners. We market 58 bscf of natural and methane-rich gas annually. We concluded power purchase agreements in South Africa with Eskom for up to 440 megawatts. In Mozambique, our joint venture sells electricity into the national grid. We hold 49% in ORYX GTL in Qatar, and 10% economic interest in Escravos GTL in Nigeria. We are evaluating GTL projects in the United States and Uzbekistan.

### MATERIAL DEVELOPMENTS

- ▶ Reported lower profitability on weaker crude oil prices
- ▶ Increased liquid fuels and gas sales volumes
- ▶ Increased average throughput at retail outlets by 7,3%
- ▶ Reached beneficial operation on Loopline I to increase capacity of the Mozambique-to-South Africa gas pipeline by 16 bscf
- ▶ Concluded power purchase agreement with Eskom for 440 megawatts of electricity
- ▶ Reached beneficial operation of 175 MW gas-fired electricity plant in Mozambique

### Performance

	2015	2014
Sales		
– Liquid fuels (mm bbl)	61,5	58,8
– Natural gas (bscf)	33,8	33,6
– Methane-rich gas (bscf)	24,0	24,1
Operating margin	30,0	37,0
Profit from operations Rm	22 526	31 423
Safety (RCR)	0,26	0,51
Fire, explosions, releases severity index	1	2
Employee numbers	4 799	5 219

## Displaying resilience in a challenging environment

The sharp drop in global oil prices meant that 2015 was an extremely challenging year for our Energy Business. However, we weathered the storm, recording a number of noteworthy achievements and making good progress in delivering on our strategic objectives.

Lower oil prices severely impacted profitability, but this was partially offset by weakness in the rand, higher refining margins, increased product sales in higher-margin markets and reduced cash fixed costs.

As part of our Response Plan to the lower oil price, we merged the South African and International Energy businesses to create a single, integrated management team. This yielded a substantial cost saving, enabling our costs to be lower than the previous year as well as improving alignment in the energy portfolio.

Our ORYX GTL joint venture once again recorded an excellent safety performance with no recordable injuries and solid production results following the earlier-than-expected shutdown in December 2014 and January 2015. In addition, it reported an average 90% utilisation rate in the year.

The Escravos GTL (EGTL) plant achieved beneficial operation, with the first train coming on line in June 2014, followed by the second train in November 2014. The first diesel cargo was exported in November 2014 followed by the first naphtha cargo in January 2015. The EGTL plant continues to ramp up according to plan.

## Working to deliver on our strategic objectives

### Liquid fuels

One of our strategic objectives is to optimise our liquid fuel marketing channels by increasing our retail and commercial sales volumes to 50% of our total production by 2025.

In 2015, our retail sales volumes increased by more than 6% with the addition of eight new service station sites and we increased the average throughput per site by 7,3%. The increased throughput was achieved due to the enhanced offering available at our Sasol Convenience Centres. These include our partnership with Burger King, our link to the Absa loyalty programme, and our innovative low-sulphur Sasol turbodiesel™ ULS 10ppm product.

As inland market demand for higher octane petrol (ULP95) is increasing, we are exploring several options to enable Natref to produce this grade of fuel and improve the Secunda Synfuels plant's ULP95 capability.

### International energy

In light of the 'lower-for-longer' oil price environment, we have chosen to deliver selective GTL opportunities based on our Sasol Slurry Phase Distillate™ technology. In the year, this included a reassessment of the feasibility of major GTL projects and alternatives such as licensing our proprietary technology as a way of expanding this portfolio.

As a result of the Group's reprioritisation of capital investment, we delayed a final investment decision on the proposed GTL plant in the United States. We continue to review licensing options for the proposed GTL plant in Uzbekistan.

## Gas and electricity

In parallel, the Energy Strategic Business Unit is tasked with fulfilling the Group's strategic objective to grow low-carbon power generation in Southern Africa. This is a region where reliable and affordable electricity supply is urgently required to support economic development. Natural gas power plants are more efficient and are less carbon intensive than coal-fired plants.

Building on the success of the Group's 175 megawatt Sasolburg gas-engine power plant commissioned in December 2012, in 2015, we completed a 175 megawatt gas-fired power generation plant at Ressano Garcia in Mozambique. Developed in partnership with the state-owned power utility Electricidade de Moçambique (EDM), the plant – in which we have a 49% share – achieved beneficial operation, within budget, in February 2015. It supplies electricity to more than two million Mozambican citizens.

In December 2014, the R1,6 billion Loopline I expansion of our ROMPCO joint venture Mozambique-to-South Africa gas pipeline reached beneficial operation, on schedule and below budget. The project involved the installation of 128 km of pipeline in parallel to a stretch of the existing 865 km pipeline, increasing its gas transmission capacity. This marked another milestone in enabling further in-country monetisation of gas for Mozambicans. It is the first of several planned expansion projects to address the increasing energy demands of the rapidly expanding Mozambican economy. In August 2015, ROMPCO took the final investment decision on Loopline II.

## Delivering the Group's sustainability focus areas

In the year, we devoted considerable effort to enhancing our safety performance, by rolling out our One Sasol SHE Excellence approach. This supported a sharp improvement in our RCR to 0,26 from 0,51.

In the absence of a cost-recovery mechanism for the capital required to upgrade refineries to meet new fuel specifications, the South African government acknowledged that the legislated date of 1 July 2017 for implementing the new specifications had to be delayed. As a result, members of the South African Petroleum Industry Association and the government continued discussions on Clean Fuels II.

We also continued to engage with South Africa's Department of Environmental Affairs and National Treasury on the carbon tax. We are concerned that the proposed legislation will diminish South Africa's competitiveness and result in a range of other unintended consequences. In our view, South Africa needs appropriate incentives to invest in new, more energy-efficient processes and projects that improve energy security.

## Looking forward

In the near term, we will continue to optimise our marketing channels in our South African business, driving sales in the higher-margin retail and commercial sector. Internationally, we will focus on maintaining excellent operations at ORYX GTL and ensuring that EGTL operates at capacity. We plan to increase the capacity of our Mozambique-to-South-Africa pipeline.

## Group Functions

Our Group Functions focus on delivering fit-for-purpose, enabling and supportive business services and solutions to our operations and global businesses.



### MATERIAL DEVELOPMENTS

- ▶ Secured financing for large capital projects
- ▶ Consolidated chemicals businesses' SAP systems into a single platform
- ▶ Further enhanced Group compliance through the rollout of various awareness-raising programmes
- ▶ Continued to proactively engage with government and other key stakeholders to resolve regulatory issues
- ▶ Optimised legal structure of the Group; reduced the number of legal entities from 210 to 165
- ▶ Refined the Group's near-to-medium-term strategic agenda
- ▶ Developed a rapid and comprehensive response to the current low oil price environment

## Sharpening our focus

By grouping entities based on their capabilities and areas of specialisation, the new operating model allowed Group Functions to focus on what they do best: ensuring governance, developing Group policies, providing strategic direction and delivering fit-for-purpose, enabling and supportive business services and solutions.

As part of our Business Performance Enhancement Programme deliverables, we simplified and centralised functional processes and procedures, clarified accountabilities, reduced duplication and ambiguity, and in this way enabled a far less complex organisation.

By introducing a revised governance framework, we streamlined and reduced the number of governance committees and cut down on the number of senior management members attending these committees, so reducing the duplication of effort.

## Enabling and supporting business

Among key achievements in the year was the development by the Risk and Safety, Health and Environment function of the risk-based One Sasol SHE Excellence approach, which drives the Group's commitment to ensuring a world-class safety performance. This approach enables our businesses to manage SHE risks effectively, to achieve zero harm and sustainable business performance results and retain our operational and societal licence to operate.

The Human Resources function further enabled the execution of the business strategy, by driving focus areas geared to embedding our operating model; strengthening capability through talent acquisition and succession planning; driving business performance through delivery of competency-based learning; developing leadership capabilities to drive high-performance, accountability and accelerate diversity; and enabling sustainable operations performance through stable employee and community relations.

Our Financial Control Services function provided strategic and tactical input into Group decision-making through detailed analysis, scenario planning and an understanding of market economic factors. This resulted in a clearly formulated Response Plan to respond to the lower oil price environment. The function has also developed systems and processes to monitor and track savings in terms of the Business Performance Enhancement Programme and the Response Plan.

The thread that connects the activities of the OBUs, ROHs, and SBUs is the Planning and Optimisation (P&O) function, which ensures that 'buy', 'make' and 'sell' decisions are geared to maximise the profitability of Sasol as a whole, rather than individual products or value chains. In the year, P&O analysed the impact of decisions on Sasol's bottom line and focused on maximising profitability in relation to plant production capability and market demand.

Our combined assurance model, as well as the central group risk audit plan removed duplication and allowed Sasol to focus on risk management from a group perspective.

## Securing finance for growth

Our Corporate Finance, Business Development and Portfolio Management function successfully secured financing for a number of large capital projects in the year, including 80% of the funding for the Lake Charles Chemical Project (LCCP) through our US dollar bond, as well as revolving credit facilities.

The function also focused on capital structuring and capital portfolio management as part of the Response Plan levers.

## Delivering technological improvements

Technological innovation is at the heart of Sasol's success. The Research and Technology, Capital Projects, P&O and Engineering and Project Services functions work together to deliver technological improvements at our plants and in our processes as well as develop new technologies. By executing capital projects – mostly notably, the Fischer-Tropsch Wax Expansion Project, initial project work on the LCCP, the Mozambique power plant and the Nigerian GTL facility – they supported the execution of the Group's strategy.

Other key technology achievements in the year were numerous improvements in the operating performance of our facilities (including energy efficiency initiatives), ramping up our first-of-its-kind ethylene tetramerisation plant, work on the next generation GTL catalyst, improving the robustness of infrastructure and extending the lifespan of our Southern Africa operations.

Information Management consolidated the Chemicals Businesses' numerous SAP systems into a single SAP platform, which went live on the first day of the 2016 financial year. This gives greater visibility to the business, based on transparency of form.

## Enhancing compliance

Our Governance, Compliance and Ethics function further enhanced the Group's compliance with regulations across the diverse jurisdictions in which we operate, with the rollout of a number of new programmes. It also approved our revised code of ethics, with a strong focus on anti-corruption, anti-bribery and human rights.

Our Legal, IP and Regulatory Services function, alongside Public Affairs, continued to work proactively with governments and other key stakeholders to resolve issues related to numerous regulatory requirements.

Our Strategy function refined the Group's near-to-medium-term strategic agenda, considering the very real changes in our operating context given the assumed lower-for-longer oil price environment.

## Engaging shareholders

Investor Relations continued to actively engage with our shareholders, sharing their view points within the organisation and communicating our actions and plans with this stakeholder group.

Public Affairs carried out corporate social responsibility projects and ensured frequent communication with stakeholders of our change programme, as well as our response to the volatile oil price environment.

## Other activities

The Group Functions worked together to optimise the legal structure of the Group, reducing the number of legal entities from 210 to 165. This resulted in a simplified reporting structure with a consolidation of legal business interfaces.

The Supply Chain function as the custodian of all external expenditure and delivery, at the required quality and price, improved reliability, cost and responsiveness. In the year, Supply Chain adopted a One Sasol Supply Chain Excellence approach to drive the sustainable supply of goods, services and products to maximise value for Sasol and our customers.

# Contact information

## Shareholder helpline

### Information helpline:

0861 100 933

Email: [solutions@computershare.co.za](mailto:solutions@computershare.co.za)

### Assistance with AGM queries and proxy forms:

Telephone: +27(0) 11 370 5511

Telefax: +27(0) 11 688 5238

### Shareholder enquiries:

Telephone: +27(0) 86 110 0926

Telefax: +27(0)11 688 5238

## Depository bank

The Bank of New York Mellon  
Depository Receipts Division  
101 Barclay Street  
New York, NY 10286  
United States of America

## Direct purchase plan

The Bank of New York Mellon maintains a sponsored dividend reinvestment and direct purchase programme for Sasol's depository receipts. As a participant in Global BuyDIRECT<sup>SM</sup>, investors benefit from the direct ownership of their depository receipts, the efficiency of receiving corporate communications directly from the depository receipt issuer, and the savings resulting from the reduced brokerage and transaction costs. Additional information is available at [www.globalbuydirect.com](http://www.globalbuydirect.com).

### Questions or correspondence about Global BuyDIRECT<sup>SM</sup> should be addressed to:

The Bank of New York Mellon  
Shareowner Services, PO Box 358516  
Pittsburgh  
PA 15252-6825  
United States of America

Toll-free telephone for US Global BuyDIRECT<sup>SM</sup> participants:  
1-888-BNY-ADRS

Telephone for international callers: 1-201-680-6825

Email: [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com)

Website: [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner)

## Share registrars

Computershare Investor Services (Pty) Ltd  
70 Marshall Street  
Johannesburg 2001  
Republic of South Africa

PO Box 61051  
Marshalltown 2107  
Republic of South Africa

Telephone: +27(0) 11 370 7700

## Company registration number

1979/003231/06

## Sasol contacts

### Business address and registered office:

1 Sturdee Avenue  
Rosebank 2196  
Johannesburg  
Republic of South Africa

### Postal and electronic addresses and telecommunication numbers:

PO Box 5486  
Johannesburg 2000  
Republic of South Africa

Telephone: +27(0) 11 441 3111

Telefax: +27(0) 11 788 5092

Website: [www.sasol.com](http://www.sasol.com)

## Investor relations

Telephone: +27(0) 11 441 3113

Email: [investor.relations@sasol.com](mailto:investor.relations@sasol.com)

## Public affairs

Telephone: +27(0) 11 441 3237

Telefax: +27(0) 11 441 3236

# Shareholders' information

## Shareholders' diary

Financial year-end	30 June 2015
Annual general meeting	4 December 2015

## Dividends

### Interim dividend

– rand per share	7,00
– paid	13 April 2015

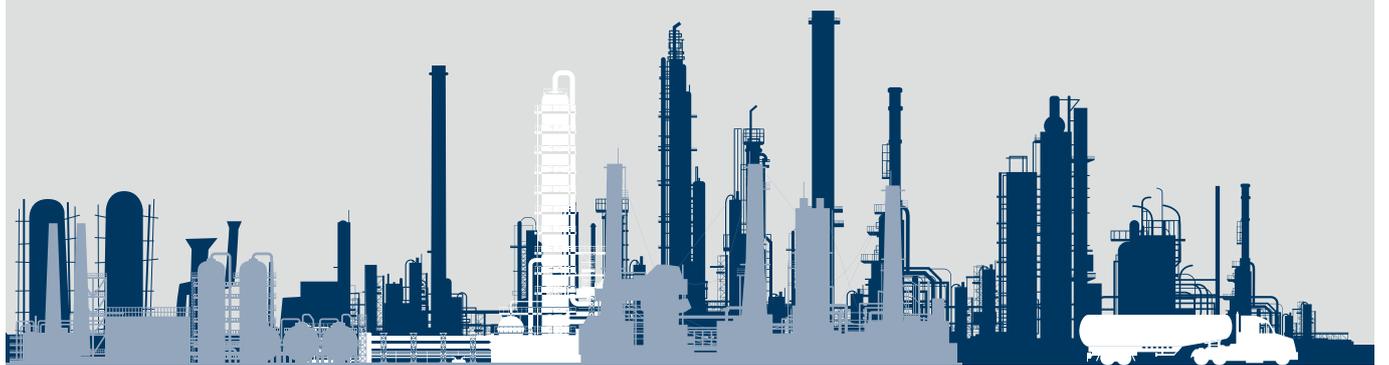
### Final dividend

– rand per share	11,50
– date declared	7 September 2015
– last date to trade cum dividend	2 October 2015
– payable	12 October 2015

**Disclaimer – Forward-looking statements:** Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report under the Securities Exchange Act of 1934 on Form 20-F filed on 29 September 2014 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

**Please note:** A billion is defined as one thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word “calendar”.

*Comprehensive additional information is available on our website: [www.sasol.com](http://www.sasol.com)*



[www.sasol.com](http://www.sasol.com)