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data set forth below have been derived were prepared in accordance with IFRS.

	30 June 2020[1]	30 June 2019[1] (2)	30 June 2018[1] (2)	30 June 2017[1] (2)	30 June 2016[1] (2)
	(Rand in millions) (except per share information and weighted average shares in issue)				
Income Statement data:					
Turnover	190 367	203 576	181 461	172 407	172 942
(Loss)/earnings before interest and tax	(111 030)	9 697	17 747	31 705	24 239
(Loss)/earnings attributable to owners of Sasol Limited	(91 109)	4 298	8 729	20 374	13 225
Statement of Financial Position data:					
Total assets	479 162	469 968	439 235	398 939	390 714
Total equity	159 248	225 795	228 608	217 234	212 418
Total liabilities	319 914	244 173	210 627	181 705	178 296
Share capital[3]	9 888	9 888	15 775	29 282	29 282
Per share information (rand):					
Basic (loss)/earnings per share	(147,45)	6,97	14,26	33,36	21,66
Diluted (loss)/earnings per share	(147,45)	6,93	14,18	33,27	21,66
Dividends per share[4]	—	5,90	12,90	12,60	14,80
Weighted average shares in issue (in millions):					
Average shares outstanding—basic[5]	617,9	616,6	612,2	610,7	610,7
Average shares outstanding—diluted[6]	622,3	620,3	615,9	612,4	610,7

(1) From 1 July 2019 the group applied IFRS 16 'Leases' using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity. For the comparative financial years, 2016 to 2019, the principles of the previous leases standard, IAS 17 'Leases', were applied.

(2) From 1 July 2018 the group applied IFRS 15 'Revenue from Contracts with Customers' using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity. For the comparative financial years, 2016 to 2018, the principles of the previous revenue standard, IAS 18 'Revenue', were applied.

(3) For information regarding the share repurchases and cancellations please refer to "Item 18—Financial Statements—Note 16 Share capital".

(4) The total dividend includes the interim and final dividend. Dividends per share in dollars are as follows: $0 for 30 June 2020, $0,42 for 30 June 2019, $0,97 for 30 June 2018, $0,95 for 30 June 2017 and $1,03 for 30 June 2016.

(5) Increase in basic average shares outstanding is due to shares issued as long-term incentives (LTIs) to employees.

(6) The number of shares outstanding is adjusted to show the potential dilution if the LTIs and Sasol Khanyisa Tier 1 were settled in Sasol Limited shares. The Sasol Khanyisa Tier 2 and Khanyisa Public schemes are anti-dilutive in 2020. Due to the net loss attributable to shareholders in 2020, the dilutive effect was not taken into account in the current year calculation of diluted earnings per share.

3.B Capitalisation and indebtedness

Not applicable.

3.C Reasons for the offer and use of proceeds

Not applicable.

3.D Risk factors

The risks discussed below could have a material adverse effect, separately or in combination, on Sasol's business, operating results, cash flows and financial condition. Accordingly, investors should carefully consider these risks.

Further background and measures that we use when assessing various risks are set out in the relevant sections of this Report, indicated by way of cross references under each risk factor.

Our global operations expose us to the COVID-19 pandemic that may adversely affect our people and impact on business continuity, operating results, cash flows and financial condition

Sasol's global workforce, service providers, suppliers and customers are exposed to the COVID-19 global pandemic outbreak and are impacted in their wellbeing, safety and health, which has, directly and indirectly affected the continuity and safety of our operations. An increased rate of COVID-19 infections among our workforce, service providers, suppliers and customers, especially the elderly and high-risk employees and those suffering from comorbid chronic lifestyle diseases, and related impact on prices and demand for our products may have a material adverse effect on Sasol's business, operating results, cash flows and financial condition. A large portion of our South African workforce is directly or indirectly exposed to informal living environments where recommended hygiene and social distancing measures may be difficult to follow and where home quarantine and self-isolation may pose practical challenges. This risk may be further exacerbated by changes in laws and regulations in response to the COVID-19 pandemic, imposing restrictions on the movement of people and products/assets, as well as activities, that can be performed in the countries and jurisdictions in which Sasol operates and increasing the risk of availability of critical resources to continue operations. Our operations may be impacted by a potentially lower employee morale, resulting in disengagement and reduced productivity.

Additionally, COVID-19 could negatively affect our internal controls over financial reporting as a portion of our workforce is required to work remotely and therefore new processes, procedures, and controls could be required to respond to changes in our business environment. This is further exacerbated by the increased demand on employees as activities increase on our comprehensive response plan to conserve cash and optimise the business.

As the impact of COVID-19 continues to evolve, the outbreak and any potential second wave of the pandemic may continue to have, and also increase having, a negative impact on our performance. We expect that the ultimate magnitude of these disruptions, including the extent of their adverse impact on our financial and operational results, will be determined by the length of time that such disruptions continue, which will, in turn, depend on the duration of the pandemic, the time taken to develop a vaccine and the impact of governmental regulations that might be imposed in response to it. The most material challenges faced by Sasol are the ability to anticipate or model infection rates, local / regional / global spread patterns, recovery and mortality rates, potential for future recurrent infection waves and the resultant direct and indirect impacts on our business.

Sasol closely follows the development of the COVID-19 pandemic and monitors recommendations and guidance from the World Health Organization, Centres for Disease Control, and other national authorities in order to adapt Sasol's response as well as we reasonably can. The past months have shown that any such actions taken are not fully mitigating the effects of the pandemic on Sasol. A key challenge is the impact of the pandemic on the commodity markets, including the demand for our products, which is not under our control. As we cannot predict the spread of the virus and the impact on the economy in the countries in which we operate, COVID-19 may have an increasingly negative impact on our business, operating results, cash flows and financial condition, and even put Sasol's financial viability at risk.

The pandemic impacted, and continues to impact, all economies in which we operate. The current impact varies among the countries and it is difficult to predict the further development of such impact. A lockdown of business and social activities in various countries led to a sharp decline in demand for, among others, fuel products which contributed to a further fall in the global crude oil price. In South Africa, the lockdown led to a destruction of the demand for fuels and kerosene. The South African market is the most important market for our fuel products which are a large part of Sasol's turnover. Therefore, we are particularly vulnerable to a sharp decline in demand for fuel products in South Africa and a decline of the crude oil price.

Please refer to "Item 5A—Operating Results" for the impact of COVID-19 in the financial year ended 30 June 2020. The pandemic could have an increased level of material adverse effect on our business, operating results, cash flows and financial condition in the current financial year.

We may not be able to refinance, extend or repay our substantial indebtedness, which would have a material adverse effect on our financial condition and ability to continue as a going concern

Our financial results have been prepared assuming that we will continue as a going concern. Currently, we have substantial indebtedness due to the construction of our LCCP in the US. A number of short-term factors, including, among others, the global impact of COVID-19, the lower crude oil prices and the US/China trade dispute, are adversely affecting our business and financial condition.

We have launched a comprehensive response plan to mitigate the impact of these macroeconomic factors and fundamentally reposition Sasol to be competitive in a sustained low oil price environment. Nevertheless, we may not be able to generate sufficient cash flows from operations or have access to future debt or equity financing to pay our debt or to fund other needs, especially if the current challenging market conditions are extended or further deteriorate or if we are not able to achieve the projected benefits from our measures to reposition the company. This could negatively impact our liquidity position and we may not be able to continue as a going concern.

In the context of our response to the prevailing commodity price landscape and the impact of COVID-19, Sasol announced a series of measures to improve its balance sheet position on 17 March 2020. This included a potential rights offering of up to US$2 billion that Sasol will now pursue to execute in the second half of 2021 as its final step of the response plan, subject to prevailing operating and market conditions and the requisite approvals from Sasol shareholders. The rights issue should allow Sasol to operate sustainably within its covenant thresholds and deliver on its strategy going forward. If this rights offering were to proceed, the holders of Sasol's shares in certain jurisdictions, including the United States, may not be entitled to exercise relevant subscription rights. In such circumstances relevant holders may therefore incur dilution of their proportionate shareholding.

The potential rights offering announced on 17 March 2020 was underwritten on a standby basis. Pursuant to the standby underwriting agreement entered into by Sasol and the standby underwriters in March 2020, the standby underwriters have severally undertaken to underwrite their respective portion of the entire amount of the possible rights offer. There is no assurance that the standby underwriting arrangement will remain in force by the time of the launch of the rights offering, whether by expiration of the standby underwriting agreement or by early termination thereof. In the event that Sasol proceeds with the rights offering without the standby underwriting arrangement in place, it is possible that Sasol will not be able to procure underwriting for the rights offering at acceptable terms. Regardless of whether standby underwriting arrangements are in place or not, there can be no assurance that the rights offering will proceed on acceptable terms or at all. If that is the case, depending on Sasol's financial condition and the availability and terms of alternative sources of underwriting and/or financing, it is possible that it may have a material adverse effect on the price of Sasol's securities and on its status as a going concern.

In the event that we fail to raise enough proceeds through a combination of self-help measures, asset disposals and a rights issue to reduce our debt, we may not be able to meet the required maximum net debt to earnings before interest, tax, depreciation and amortisation (EBITDA) level of 4,0 times for the six months ending 31 December 2020, and we may not be able to repay the US$1,0 billion syndicated loan that matures in June 2021.

We may not achieve our cash conservation targets

In response to the oil price collapse and the impact of the global pandemic, in March 2020, we launched a comprehensive response plan which aims to conserve US$6 billion cash for financial years 2020 and 2021, including self-help measures to conserve cash of $1 billion by 30 June 2020 and a further $1 billion by 30 June 2021. We made substantial progress with our self-help management actions, conserving more cash than our target of US$1 billion by 30 June 2020. Several core levers underpin our self-help measures. These levers include sustainable and unsustainable savings such as cash cost savings, gross margin and working capital improvements and capital expenditure reduction or deferment.

To ensure that we have the appropriate plans in place, with a high level of predictability, the targets and progress against plans are reviewed on a regular basis by the Group Executive Committee. While our comprehensive response plan is intended to protect cash over a relatively short period, certain initiatives implemented are anticipated to result in substantial longer-term cost savings. We have also implemented a bi-weekly executive cash review meeting to track the group's consolidated liquidity position by identifying all opportunities and risks across the business to improve the liquidity position.

Our ability to achieve our cash conservation targets are subject to a number of risks, contingencies and other factors, some of which are beyond our control. These risks, for example, relate to negative macroeconomic developments and a further deterioration of market conditions. Therefore, our actual cash conservation achieved may differ significantly from the current targeted amounts or may prove to be insufficient. If we are unable to realise the anticipated benefits from these cash conservation efforts, our business, operating results, financial condition and cash flows could be adversely affected.

We may not achieve projected benefits of acquisitions or divestments

We may pursue acquisitions or divestments. With any such transaction, there is the risk that any benefits or synergies identified at the time of acquisition may not be achieved as a result of changing or inappropriate assumptions, materially different market conditions or other factors. Furthermore, we could be found liable, regardless of extensive due diligence reviews, for past acts or omissions of the acquired business without any adequate right of redress.

In addition, delays in the sale of assets, or reductions in value realisable, may arise due to changing market conditions and/or financial positions of buyers and sellers. Failure to achieve expected values from the sale of assets, or delays in expected receipt or delivery of funds may result in higher debt levels, the underperformance of those businesses and the loss of key personnel. This applies, in particular, to our accelerated asset disposal programme, which includes sizable assets in Sasol's portfolio with targeted proceeds of above US$2 billion.

As part of the asset review programme, the Group has identified numerous assets which could be disposed of, entirely or partially, and has embarked on various simultaneous initiatives to potentially dispose of these assets in a structured manner and at prices in line with the balance sheet, shareholder value and strategic objectives. Non-binding expressions of interest have been received in relation to some operations and assets which are expected to generate significant cash to enable the Group to meet its debt reduction milestones.

Good progress is being made with US$600 million of proceeds secured as at 30 June 2020. This includes the sale of a 51% interest in the explosives business by establishing a joint venture with Eneax and the sale of our indirect equity interest in the Escravos GTL project in Nigeria.

The Group has classified R78,7 billion as net assets and liabilities in disposal groups held for sale at 30 June 2020 and expects that these disposal transactions will be completed within the next 12 months. This includes the Secunda Synfuels air separation units where exclusive discussions have been entered into with Air Liquide in relation to the sale of 16 air separation units at Secunda for R8,5 billion. As part of the comprehensive response plan, it was also announced that Sasol would explore the potential partnering options at our Base Chemicals assets in the US. This process has seen strong global interest and is now at an advanced stage. As a result of the decision to undertake a partnering process, the assets and liabilities relating to our Base Chemicals portfolio within Sasol Chemicals USA have been classified as disposal groups held for sale at 30 June 2020. Impairments of R72,8 billion (US$4,2 billion) have been recognised, reducing the carrying value of the disposable assets down to its fair value less cost to sell. A divestment process is also well underway with respect to our equity interests in the Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO) pipeline.

These activities may present further financial, managerial and operational risks including, but not limited to, diversion of management's attention from existing core businesses, difficulties integrating or separating personnel and financial and other systems, inability to effectively and immediately implement control environment processes across a diverse employee population, adverse effects on customer and supplier business relationships, potential disputes with buyers, sellers or partners, not realising fair value for our assets and/or resultant impairments of assets. Extensive negotiations will be required to execute the disposals on favourable transaction terms and there can be no assurance that the disposals will proceed. The impact of COVID 19 on market conditions could also lead to a generally depressed market for the sale of assets.

Our level of indebtedness and our ability to comply with any debt covenant could have a material adverse impact on our financial position and results and/or liquidity

We have a substantial amount of indebtedness. Our vulnerability to the adverse economic conditions brought about by COVID-19 is therefore increased. This increases the risk of not meeting the contractual provisions of our loan agreements.

Our principal credit facilities contain restrictive covenants. These covenants limit, among other things, encumbrances on existing assets of Sasol and its subsidiaries, the ability of Sasol and our wholly-owned subsidiaries to incur incremental debt and the ability of Sasol and its subsidiaries to dispose of assets in certain circumstances. These restrictive and financial covenants could limit our operating and financial flexibility.

On 17 June 2020, we concluded amendment agreements with respect to our key loan agreements to (a) waive compliance with the net debt to EBITDA covenant for the last twelve months or measurement period ended 30 June 2020 and (b) increase the net debt to EBITDA covenant for the last twelve months or measurement period ending 31 December 2020 to 4,0 times, after which it will revert to a maximum level of 3,0 times as at 30 June 2021. In order for the amendments to be approved, lenders required several further terms and conditions, which are in force during the measurement periods affected by the amendments, to be incorporated as part of the amendment agreements, key of which are:

- restrictions on our capital expenditure for the financial year ending 30 June 2021 that it will not exceed the forecast level of R21 billion by more than 10%;
- no dividend payments; and
- no acquisitions.

The current level of indebtedness and the contractual provisions in our loan agreements also limit our ability to obtain further debt financing. Should the company be unable to illustrate that it has sufficient access to liquidity, there will be an increased possibility of further downgrades to our credit rating and challenges to our ability to operate. Further downgrades to our credit rating will also adversely affect our cost of financing, restrict our ability to grow and may force us to make non-strategic divestments that could impact our long-term sustainability. A substantial portion of cash flows from operations is required to meet the payment of principal and interest on our existing debt, which will limit our ability to use our cash flow for other purposes such as:

- to fund capital expenditure in our operations;
- to pay dividends; and
- to fund future business opportunities.

The majority of our debt is denominated in US dollars, exposing us to risks related to fluctuations in foreign currency to the extent that our US dollar cash generation is insufficient to service such debt, thus exacerbating the risks associated with our substantial financial leverage. In addition, our covenant reported as at each period end is highly sensitive to fluctuations in the closing rand/US dollar exchange rate due to the currency translation of US dollar debt to the rand reporting currency at period end.

We are exposed to a number of inherent business risks, including, for example, unplanned production outages, lower margins for our products, higher-than-anticipated capital requirements for projects under development, as well as other risks described in this section, any of which, or a combination of which, could cause us to breach our debt covenants during a reporting period. This risk is exacerbated by the COVID-19 pandemic and its impact on our turnover and profitability.

Failure to comply with any covenant would enable the lenders to accelerate repayment obligations and will lead to cross-defaults with the other facilities. Sasol's credit facilities have standard provisions whereby certain events relating to other borrowers within the Group could, under certain circumstances, lead to default and/or acceleration of debt repayment under the credit facilities and other borrowings. Should cross-default clauses be triggered, this will likely create liquidity pressures and create a risk for the sustainability of Sasol. In addition, the mere market perception of a potential breach of any financial covenant could have a negative impact on our share price and our ability to refinance indebtedness or the terms on which this could be achieved, which would place pressure on the validity of our going concern assumption.

Our access to and cost of funding is affected by our credit rating, which in turn is affected by, among other factors, the sovereign credit rating of the Republic of South Africa

Sasol's credit rating is impacted by our business performance and leverage, as well as the financial policy and sovereign rating of the Republic of South Africa, and other factors such as global oil and chemical market conditions which may be outside of our control. In March 2020, Moody's Investor Services (Moody's) and S&P Global (S&P) downgraded Sasol to sub-investment grade.

South Africa's credit rating was downgraded by Moody's in March 2020 and by S&P in April 2020. In the future, Sasol's credit rating could also be further negatively impacted if the South African sovereign rating is further downgraded. In addition, Sasol's credit rating may be further downgraded if Sasol's credit metrics deteriorate outside the guidance provided by the rating agencies.

As a result of Sasol's downgrades:

- the cost of debt on certain existing facilities has increased;
- the cost of debt on any new facilities will likely be higher; and
- access to funding in both the bank market and the debt capital markets will likely be more limited.

Fluctuations in crude oil, natural gas, ethane and petroleum product prices and refining margins may adversely affect our business, operating results, cash flows and financial condition

Market prices for crude oil, natural gas, ethane and petroleum products fluctuate as they are subject to local and international supply and demand fundamentals and other factors over which we have no control. Worldwide supply conditions and the price levels of crude oil may be significantly influenced by general economic conditions; industry inventory levels; technology advancements; production quotas or other actions that might be imposed by international associations that control the production of a significant proportion of the worldwide supply of crude oil; weather-related damage and disruptions; competing fuel prices and geopolitical risks, including warfare; especially in the Middle East, North Africa and West Africa.

During 2020, the dated Brent crude oil price averaged US$51,22/bbl and fluctuated between a high of US$69,96/bbl and a low of US$13,24/bbl. This compares to an average dated Brent crude oil price of US$68,63/bbl during 2019, when it fluctuated between a high of US$86,16/bbl and a low of US$50,21/bbl.

A substantial proportion of our turnover is derived from sales of petroleum, natural/piped gas and petrochemical products, prices of which have fluctuated significantly in recent years and are affected by crude oil prices, changes in the demand for products, the price and availability of substitute fuels, changes in product inventory, product specifications and other factors.

The South African government controls and/or regulates certain fuel prices. The pump price of petrol is regulated at an absolute level. Furthermore, maximum price regulation applies to the refinery gate price of liquefied petroleum gas (LPG) and the sale of unpacked illuminating paraffin. South African liquid fuels are valued using the "Basic Fuel Price" (BFP) mechanism. BFP is a formula-driven price that considers, among others, the international prices of refined products (petrol, diesel, jet fuel and illuminating paraffin), the rand/US dollar exchange rate and the logistical cost of transporting liquid fuels to South Africa. The BFP is then used as a component in the regulated prices that are published by the government on a monthly basis. Piped gas prices are regulated through the approval of maximum piped gas prices by the National Energy Regulator of South Africa (NERSA) from time to time.

Through our equity participation in the National Petroleum Refiners of South Africa (Pty) Ltd (Natref) crude oil refinery, we are exposed to fluctuations in refinery margins resulting from fluctuations in international crude oil and petroleum product prices. We are also exposed to changes in absolute levels of international petroleum product prices through our synthetic fuel operations.

Prolonged periods of low crude oil, natural gas and petroleum prices could also result in projects being delayed or cancelled, as well as the impairment of certain assets. In South Africa, impairments totalling R35 billion have been recognised on cash generating units (CGU) across our integrated value chain, resulting from the depressed outlook on crude oil, petrochemical prices and refining margins. The current market conditions also led to impairments of R3,3 billion being recognised in our Eurasian operations.

We use derivative financial instruments from time to time to partially protect us against day-to-day and longer-term fluctuations in US dollar oil, export coal and ethane prices. The oil price affects the profitability of both our energy and chemical products. See "Item 11—Quantitative and qualitative disclosures about market risk". While the use of these instruments may provide some protection against fluctuations in crude oil prices, it does not protect us against longer-term fluctuations in crude oil prices or differing trends between crude oil and petroleum product prices.

It is inherently difficult to forecast fluctuations in crude oil, ethane, natural/piped gas and petroleum products prices. This risk is exacerbated by the COVID-19 pandemic and its impact on those product markets. Fluctuations in any of these may have a material adverse effect on our business, operating results, cash flows and financial condition. Refer "Item 5A—Operating results" for the impact of the crude oil prices on the results of our operations.

Fluctuations in exchange rates may adversely affect our business, operating results, cash flows and financial condition

The rand is the principal functional currency of our operations and we report our results in rand. However, a significant majority of our turnover is impacted by the US dollar and the pricing of most petroleum and chemical products is based on global commodity and benchmark prices which are quoted in US dollars.

Further, as explained above, the components of the BFP are US dollar-denominated and converted to rand, which impacts the price at which we sell fuel in South Africa.

A significant part of our capital expenditure and borrowings are US dollar-denominated, as they relate to investments outside South Africa or constitutes materials, engineering and construction costs imported into South Africa. Fluctuations in the rand/US dollar exchange rate impacts our financial leverage and estimated capital expenditure.

We also generate turnover and incur operating costs in euro and other currencies.

Fluctuations in the exchange rates of the rand against the US dollar, euro and other currencies impact the comparability of our financial statements between periods due to the effects of translating the functional currencies of our foreign subsidiaries into rand at different exchange rates.

Accordingly, fluctuations in exchange rates between the rand and US dollar, and/or euro may have a material effect on our business, operating results, cash flows and financial condition.

During 2020, the rand/US dollar exchange rate averaged R15,69, fluctuating between a high of R19,11 and a low of R13,84. This compares to an average exchange rate of R14,20 during 2019, when it fluctuated between a high of R15,44 and a low of R13,11. At 30 June 2020 the closing rand/US dollar exchange rate was R17,33 as compared to R14,08 at 30 June 2019.

The rand exchange rate is affected by various international and South African economic and political factors. Subsequent to 30 June 2020, the rand has strengthened against the US dollar closing at R17,16 on 21 August 2020, and weakened against the euro closing at R20,24 on 21 August 2020. In general, a weakening of the rand would have a positive effect on our operating results. Conversely, strengthening of the rand would have an adverse effect on our operating results, cash flows and financial condition. However, given the significance of our foreign currency denominated long-term debt a weaker closing rand against the US dollar has a negative impact on our gearing. Refer to "Item 5.A—Operating results" for further information regarding the effect of exchange rate fluctuations on our results of operations. We engage in hedging activities which partially protect the balance sheet and our earnings against fluctuations in the rand exchange rate. While the use of these instruments may provide some protection against fluctuations in the rand exchange rate, it does not protect us against a longer-term strong rand/US dollar exchange rate. Refer to "Item 11—Quantitative and qualitative disclosures about market risk".

Although the exchange rate of the rand is primarily market-determined, its value at any time may not be an accurate reflection of its underlying value, due to the potential effect of, among other factors, exchange controls. For more information regarding exchange controls in South Africa see "Item 10.D—Exchange controls".

Cyclicality in petrochemical product prices and demand may adversely affect our business, operating results, cash flows and financial condition

Sasol's chemicals portfolio includes several products that are exposed to cyclicality in margins. Margins for polymers, solvents, surfactants and fertilisers trend in a cyclical manner that usually, but not always, coincides with the normal business cycles of regional and global economies. Periods of high industry profitability (generally driven by high utilisation rates) tend to alternate with times of low profitability (generally characterised by low utilisation rates), amplified by subsequent periods of over- and underinvestment in new capacity. Long construction lead times result in waves of capacity additions toward the end of the high-margin expansionary phase, thus exacerbating the already weakening market conditions. The ensuing cyclical downturn and low profitability tends to rein in capital spending, leading to an extended period of very slow capacity growth that generally coincides with rapid demand growth during the economic recovery phase. This situation, in turn, tends to create tight market conditions and improved margins.

Currently, the global spread of the COVID-19 pandemic has caused significant volatility impacting chemicals demand, supply and the global supply chains that serve them. This has translated into both opportunities and risks for Sasol as the organisation's global presence and diversified product portfolio allow it to manage the volatility that may arise in a specific market. Further risks to the chemicals demand outlook are a subdued outlook for global economic growth, the ongoing US/China trade dispute, heightened geopolitical tensions, and business and consumer confidence trends. Supply is currently largely affected by the capacity overbuild taking place in US and China mainly in the ethylene and propylene value chains. COVID-19-related supply chain disruption could impact our ability to reach global markets from South Africa or other producing regions and could also restrict access to specific markets. Consequently, forecasting the timing of the industry business cycle, and prices for chemical products during the current volatility remains difficult and a deterioration in overall conditions may have a material adverse effect on our business, operating results, cash flows and financial condition.

Our ability to respond to climate change could negatively impact our growth strategies, reduce supply/demand for our products, increase our operational costs, reduce our competitiveness, negatively impact our stakeholder relations and adversely affect our legal licence to operate and our access to capital and financing

Key manufacturing processes in South Africa, especially coal gasification and combustion, result in relatively high greenhouse gas (GHG) emissions. Sasol's ability to develop and implement an appropriate climate change mitigation response poses a significant transitional risk for our business, most notably in South Africa. This is heightened by the necessity to appropriately address increasing societal pressures and shifts away from carbon intensive processes and products, as well as meeting new and anticipated policy and legislative requirements including carbon tax, carbon budgets and GHG reduction targets. It is particularly challenging in South Africa where access to lower carbon energies is limited and related infrastructure is under-developed.

A carbon tax was implemented in South Africa on 1 June 2019, which significantly increases the operational costs of our South African operations in the first phase of its implementation and even more after 2022 when the second phase commences. The tax relief measures implemented by the South African government in response to COVID-19 include a three-month deferral for filing and first payment of carbon tax, the revised date being 31 October 2020. For the first phase to 2022, several transitional tax-free allowances are provided. The headline carbon tax is R127 per ton of CO_2e (carbon dioxide equivalent) before tax-free allowances, for emissions above the tax-free thresholds escalating at CPI +2 percentage points each year until 2022.

At the same time the South African government is developing carbon budgets. Currently, there is uncertainty on how mandatory carbon budgets will be implemented and aligned to the carbon tax. Sasol faces uncertainty in respect of the group's carbon tax liability and/or potential penalties that may apply for exceeding the carbon budgets for the subsequent phases from 2023 onwards if these instruments lack effective alignment and the scale of mitigation is not possible in the timeframe required. Sasol's current carbon tax liability is in the range of R700 million to R1,1 billion per annum starting in 2020. There are various measures in place for Sasol to become more energy efficient thereby reducing the carbon footprint which would result in section 12L energy efficiency allowances that Sasol may qualify for until December 2022. The section 12L benefit has not been taken into account in determination of the carbon tax liability above.

Considering South Africa's developmental challenges, the structure of its economy, the impact of COVID-19 and the recent downgrade of the South African sovereign credit rating, the readiness of the carbon tax system and the fact that the design is not aligned with the carbon budget system, Sasol remains supportive of carbon pricing but believes that alternative mechanisms, for implementation from 2023 onwards, could achieve the outcome sought by the proposed stand-alone carbon tax. In this instance, the alignment of the carbon budget with the carbon tax offers an efficient and effective solution for the South African economy to recover from COVID-19 while transitioning to a lower carbon economy through least-cost mitigation. We continue to advocate such a solution and we actively engage with government and various stakeholders to appropriately manage these challenges that balance the need for economic development, job creation, energy security and GHG emission reductions.

The group sees a lower carbon emission world representing changes to energy demand, regulations and commodity consumption patterns (also seen in externally validated data). Depending on the extent and speed of these changes, companies that do not respond to these possible realities could find parts of their portfolios, or potentially their entire business model, not sustainable over time. Through our scenario analysis, Sasol stress tests the potential areas where our business might be less sustainable to further changes in demand patterns, regulations or technology changes. This enables proactive mitigation action to be taken so that our operations (and our overall value chain) remain viable, as the world transitions to a lower carbon future, including through reducing the use of coal and investigating renewable sources of energy. Sasol has used a process to develop a set of scenarios that consider how market conditions, technology, political and other influences interact to produce vastly different future outcomes.

In light of the many uncertainties today, it is not possible to make accurate predictions on how governments, institutions and societies will respond to various challenges, including the impacts of climate change and related responses by society. There are risks accordingly associated with accuracy, completeness and correctness of various assumptions that are used as inputs to the scenario analysis work being undertaken, including scenarios developed to test resilience to climate change threats. In addition, the estimates of required or available capital for necessary investments to make our business sustainable in the longer term could prove to be incorrect and lead to a delay or cancellation of capital expenditure projects. Should all or some of these assumptions prove to be inaccurate, incomplete or incorrect this could potentially significantly impact our resilience and long-term sustainability.

We have set GHG reduction targets, including a 10% absolute reduction target for our South African operations off a 2017 baseline with an interdependent energy efficiency improvement target of 30% by 2030, off a 2005 baseline. The primary risks associated with achieving the GHG reduction target are unavailability and unaffordability of gas as feedstock or as a source of energy. Meeting the energy efficiency target is dependent on continued stable operations. We are developing our long-term 2050 ambition (mid-century target taking into account climate science and our national context) and roadmap and are assessing the associated risks which would include technology advancement at a pace and a scale in line with the target and which may not be not available in time.

Further, climate change poses a significant risk for both our South African and global business as it relates to potential physical impacts including change of weather patterns, water scarcity and extreme weather events such as hurricanes, tornadoes, flooding and sea level rise. In this regard, work is underway to develop and implement an adaptation strategy for the identified key priority regions such as the US Gulf Coast, Mozambique, and South African operations (Secunda and Sasolburg). Ongoing monitoring efforts guide our interventions to improve our maintenance, asset integrity processes and response procedures. The COVID-19 pandemic has sharpened our focus on managing these risks as potential future pandemics are anticipated to be exacerbated by the effects of a changing climate.

We cannot assure you that our plans to reduce GHG emissions will be successful. A number of measures to be taken will likely require substantial amounts of capital which may not be available to Sasol. Further, climate change-related laws and regulations may threaten our licence to operate, substantially increase the cost of doing business by carbon tax or similar taxes. The need to replace coal with natural gas as primary feedstock for our operations in Secunda may increase the cost of production and reduce our profitability significantly. These climate change related effects could have a material adverse effect, particularly on our South African business, operating results, cash flows, financial condition and future growth. Our relatively high carbon emissions and the use of coal as a key feedstock could also impact negatively our potential base of shareholders and our ability to source financing on the capital markets or increase capital cost.

Our international operations are less carbon-intensive and have been operating for some time in a more mature GHG regulatory regime. However, enhanced focus on issues concerning environmental quality, human rights and climate change may result not only in a more complex regulatory environment, but also additional legal risk, to the extent that damages relating to climate change and other environmental impacts are brought into judicial systems around the world. In addition, our permits and operational licences are subject to public comment and/or input from stakeholders in certain of the jurisdictions in which we operate and there is an emerging trend by activists to use the public comment period to challenge a company's response to climate change and social governance issues (such as human rights and community impacts). The increased use of litigation against companies to force action related to climate change and social issues could adversely impact the resilience of Sasol's operations and our continued licence to operate.

Risks relating to climate change may have a material adverse impact on our business, operating results, cash flows and financial condition.

For further information related to Sasol's climate change strategy please see Sasol's Climate Change Reports.

We identified material weaknesses in our internal control over financial reporting, which we are still in the process of remediating. If we are unable to remediate these material weaknesses, or if we experience additional material weaknesses or other deficiencies in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately and timely report our financial results, which could cause shareholders to lose confidence in our financial and other public reporting, and adversely affect our share price

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on the effectiveness of our system of internal control. Under Item 15. Controls and Procedures, two material weaknesses in internal control over financial reporting were disclosed for the financial year ended 30 June 2020. The first was identified during 2019 and relates to the capital cost estimation process implemented in connection with the LCCP. The second was identified in 2020 and relates to the level of precision applied to the impairment assessments performed as at 30 June 2020 on certain cash generating units related to the South Africa integrated value chain within one segment of the company. Both material weaknesses are still in the process of being remediated.

While we are currently implementing remedial measures, there can be no assurance that our efforts will be successful. The material weaknesses cannot be considered remediated until the remedial controls operate for a sufficient period of time and management has time to conclude, through testing, that these controls are operating effectively. As a result of the material weaknesses described above, management concluded that our disclosure controls and procedures remain ineffective as of 30 June 2020.

We cannot be certain that any remedial measures we are currently in the process of implementing, or our internal control over financial reporting more generally, will ensure that we design, implement and maintain adequate controls over our financial processes and reporting in the future. Our failure to implement our remediation plans referred to above, or to implement newly required or improved controls or adapt our controls, or difficulties encountered in their operation, or difficulties in the assimilation of acquired businesses into our control system, could prevent us from meeting our financial reporting obligations, including filing our periodic reports with the SEC on a timely basis and maintaining compliance with applicable NYSE listing requirements, or result in a restatement of previously disclosed financial statements.

If other currently undetected material weaknesses in our internal controls exist, they could result in material misstatements in our financial statements requiring us to restate previously issued financial statements. In addition, material weaknesses, and any resulting restatements, could cause investors to lose confidence in our reported financial information, and could subject us to regulatory scrutiny and to litigation from shareholders, which could have a material adverse effect on our business and the price of our ordinary shares or American Depositary Shares (ADSs). Furthermore, the remediation of any such material weaknesses could require additional remedial measures including additional personnel, which could be costly and time-consuming. The implementation of the remediation actions could further be impacted by the increased demand on employees as activities increase on our comprehensive response plan to conserve cash and optimise the business and the personnel impact of the strategic reset through Future Sasol. If we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our share price and adversely affect our results of operations and financial condition. Failure to comply with the Sarbanes-Oxley Act of 2002 could potentially subject us to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Our large projects are subject to schedule delays and cost overruns, and we may face constraints in financing our existing projects or new business opportunities, which could render our projects unviable or less profitable than planned

We are progressing with the completion of our LCCP in the US and current indications are that the cost of the project will remain within our latest market guidance (announced in July 2020) of US$12,8 billion. The last remaining unit to come online at LCCP will be the low density polyethylene (LDPE) plant, which was damaged during a fire in January 2020. This is on track for beneficial operation by the end of October 2020. Overall project completion was at 99% at the end of June 2020.

In Mozambique, we submitted a field development plan (FDP) revision during the third quarter of 2020, following interpretation of the production sharing agreement's (PSA) development data from the previous drilling campaigns that led to revised expected volumes. The development is structured as an integrated oil, gas and LPG development, which allows for flexible production from the different reservoirs. In November 2019, the Board approved proceeding to the front-end engineering design phase. Various COVID-19 restriction measures put in place by the Government of Mozambique may have an impact on project schedules. The Central Termica de Temane project, which is the buyer of nearly half of the gas produced by this project, is in lender discussions, with a view to a commercial final investment decision during the second quarter of 2021.

The development of these projects involves capital-intensive processes carried out over long durations. It requires us to commit significant capital expenditure and allocate considerable management resources in utilising our existing experience and know-how.

Our large capital projects were and are subject to the risk of delays and cost overruns inherent in any large project, including as a result of:

- shortages or unforeseen increases in the cost of equipment, labour and raw materials;
- unforeseen design and engineering problems, contributing to or causing late additions and/or increases to scope;
- unforeseen construction problems;
- unforeseen failure of mechanical parts or equipment;
- unforeseen technical challenges on start-up causing delays in beneficial operations being achieved;
- inadequate phasing of activities;
- unforeseen process safety issues;
- labour disputes;
- inadequate workforce planning or productivity of workforce;
- inadequate change management practices;
- natural disasters and adverse weather conditions, including excessive winds, higher-than-expected rainfall patterns, tornadoes, cyclones and hurricanes or a pandemic, such as COVID-19;
- failure or delay of third-party service providers; and
- regulatory approvals and compliance obligations, including changes to regulations, such as environmental regulations, and/or identification of changes to project scope necessary to ensure safety, process safety, and environmental compliance.

In addition, significant variations in the assumptions we make in assessing the viability of our projects, including those relating to commodity prices and the prices for our products, exchange rates, import tariffs, interest rates, discount rates (due to changes in country risk premiums) and the demand for our products, may adversely affect the profitability or even the viability of our investments.

As the LCCP capital investment is particularly material to Sasol, any further cost overruns, schedule delays, process safety incidents or adverse changes in assumptions affecting the viability of the project could have a material adverse effect on our business, cash flows, financial condition and prospects. This risk is further exacerbated by the COVID-19 pandemic and its impact on the demand for our products, in particular regarding LCCP which is in the production ramp-up phase. We have updated the LCCP economics with evolving views of long-term market assumptions obtained from independent market consultants. Due to the uncertainty and volatility in the market, especially the uncertainty around COVID-19 and its impact on global economic activity, the views from the independent market consultants differ significantly from period to period. Views provided also differ on ethane price assumptions in the long term. This divergence in views makes it more difficult to accurately evaluate the project economics and increases the risk that the assumptions underlying our assessment of the viability of the project may prove incorrect. The economics will be further impacted by the outcome of the asset disposal process.

Our operating cash flow and credit facilities may be insufficient to meet our capital expenditure and related incremental working capital plans and requirements, depending on the timing and cost of development of our existing projects, including, in particular, LCCP and any further projects we may pursue, as well as our operating performance and the resultant utilisation of our credit facilities. As a result, new sources of capital may be needed to meet the funding requirements of these projects and to fund ongoing business activities. Our ability to raise and service significant new sources of capital will be a function of macroeconomic conditions, our credit rating, our net debt to EBITDA ratio and other risk metrics, the condition of the financial markets, our share price, future prices for the products we sell, particularly oil and key chemical products, the prospects for our industry, our operational performance and operating cash flow and debt position, among other factors.

In the event of unanticipated operating or financial challenges, such as those caused by COVID-19, any dislocation in financial markets, a deterioration in the price outlook for the products we sell, particularly oil and key chemical products, any downgrade of our credit ratings by rating agencies or new funding limitations, our ability to pursue new business opportunities, invest in existing and new projects, fund our ongoing business activities and retire or service outstanding debt and pay dividends, could be constrained. Any of these could have a material adverse effect on our business, operating results, cash flows and financial condition.

Refer "Item 5A—Operating results" for the impact of our large projects, such as LCCP, on the results of our operations.

Our coal, synthetic oil, natural oil and natural gas reserve estimates may be materially different from quantities that we eventually recover

Our reported coal, synthetic oil, natural oil and gas reserves are estimated quantities based on applicable reporting regulations that, under present conditions, have the potential to be economically mined, processed, produced, delivered to market and sold.

There are numerous uncertainties inherent in estimating quantities of reserves and in projecting future rates of production, including factors that are beyond our control. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation, costs to develop and produce, and market prices for related products.

Reserve estimates are adjusted to reflect improved recovery and extensions, and also revised from time to time based on improved data acquired from actual production experience and other factors. In addition, regulatory changes and market prices may result in a revision to estimated reserves. Revised estimates may have a material adverse effect on our business, operating results, cash flows and financial condition. See "Item 4.D—Property, plants and equipment".

We may be unable to access, discover, appraise and develop new coal, synthetic oil, natural oil and natural gas resources at a rate and price that is adequate to sustain our business and/or enable growth

Competition for suitable opportunities, increasing technical difficulty, stringent regulatory and environmental standards, large capital requirements and existing capital commitments may negatively affect our ability to access, discover, appraise and develop new resources in a timely manner, which could adversely impact our ability to support and sustain our current business operations.

Our natural gas reserves in Mozambique are of particular importance as feedstock for our plants in South Africa, as well as for sales of gas into the market in South Africa. There is currently a lack of alternative sources of natural gas in southern Mozambique with similar volumes and at affordable development and production costs. Although alternative sources of gas supply are being considered there is a risk that these resources may not be secured at a price adequate to sustain our business and/or enable growth.

Our future growth could also be impacted by these factors, potentially leading to a material adverse effect on our business, operating results, cash flows and financial condition.

There are country-specific risks relating to the countries in which we operate that could adversely affect our business, operating results, cash flows and financial condition

Several of our subsidiaries, joint arrangements and associates operate in countries and regions that are subject to significantly differing political, social, economic and market conditions. See "Item 4.B—Business overview" for a description of the extent of our activities in the main countries and regions in which we operate. Although we are a South African-domiciled company and the majority of our operations are located in South Africa, we also have significant energy businesses in other African countries, chemical businesses in Europe, the US, the Middle East and Asia, a joint venture GTL facility in Qatar and joint operations in the US and Canada. Effective June 2020, we sold our 10% indirect economic interest in the Escravos GTL (EGTL) project in Nigeria, which is an upstream joint venture between Chevron Nigeria Limited (CNL) and Nigerian National Petroleum Corporation (NNPC).

For further discussion related to our country specific risk that could adversely affect our business, operating results, cash flows and financial condition refer to the following sections:

- "Item 4.B—Business overview—Regulation—Empowerment of historically disadvantaged South Africans";
- "Item 4.B—Business overview—Legal proceedings and other contingencies";
- "Item 4.B—Business overview—Regulation—Safety, health and environment";
- "Item 5.B—Liquidity and capital resources"; and
- "Item 10.D—Exchange controls".

Particular aspects of country-specific risks that may have a material adverse impact on our business, operating results, cash flows and financial condition include:

(a) Political and socioeconomic issues

i. Political, social and economic uncertainty

We have invested, or are in the process of investing in, significant operations in Southern African, Western African, European, North American, Asian and Middle Eastern countries that have in the past, to a greater or lesser extent, experienced political, social and economic uncertainty.

In addition to severe negative COVID-19 related economic impacts, South Africa faces ongoing challenges in improving the country's short- to long-term growth potential and weak public sector revenue growth, stabilising debt levels and addressing weaknesses at state-owned enterprises and other institutions. These factors continue to pose a significant risk to South Africa's sovereign credit rating outlook. In Mozambique, uncertainties around the duration and intensity of the impact of COVID-19, high levels of public sector debt, heightened political conflict, insurgency risks, lack of basic services, the need to further strengthen institutions, insufficient fiscal sustainability and extreme weather events are expected to remain significant risks to the sovereign credit and operational outlook for the foreseeable future.

At a global level, COVID-19 poses significant downside risks to economic activity, sentiment, global supply chains, commodity demand, travel and tourism as well as consumer spending. Additionally, ongoing uncertainties related to the US and China trade dispute, the evolution of the Brexit process, geopolitical tensions, potential financial vulnerabilities that have been built up over years and accentuated by COVID-19, abrupt shifts in financial conditions and their impact on global economic growth can also all have an influence on the macroeconomic outlook in the countries in which we operate.

Other countries in which we operate could from time to time face sovereign rating risks, which may impact our counterparties' ability to access funding and honour commitments.

Government policies, laws and regulations in countries in which we operate, or plan to operate, may change in the future. Governments in those countries have in the past and may in the future pursue policies of resource nationalisation and market intervention, including through protectionism like import tariffs and subsidies. The impact of such changes on our ability to deliver on planned projects cannot be determined with any degree of certainty and such changes may therefore have an adverse effect on our operations and financial results.

Sasol's portfolio in selected West African countries inherently carries frontier basin exploration risks, offset by potential high reward through unlocking of new exploration plays. Sasol manages the associated exploration risks through a balanced portfolio of exploration and production assets, rigorously ensuring compliance with all corporate and legislative governance requirements and following its internal technical and business quality assurance processes.

ii. Transformation and local content

In all countries, our operations are required to comply with local procurement, employment equity, equity participation, corporate social responsibility and other regulations that are designed to address country-specific social and economic transformation and local content issues. Should we not meet or are perceived to not be meeting country-specific transformation or local content requirements or regulations, our ability to sustainably deliver on our business objectives may be impacted.

In South Africa, there are various transformation initiatives with which we are required to comply since Sasol operates in more than one sector of the economy. The broad risks that we face should we not comply with these transformation initiatives include the inability to obtain licences to operate in certain sectors such as mining and liquid fuels, limited ability to successfully tender for government and public entity business and potential loss of customers (as private sector customers increasingly require their suppliers to have a minimum B-BBEE rating).

The Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (2018 Mining Charter) was published for implementation on 27 September 2018. On 19 December 2018 certain amendments were published in the Government Gazette which provided that existing mining right holders must implement the 2018 Mining Charter from 1 March 2019. Although the 2018 Mining Charter is an improvement on the 2017 draft, the Minerals Council South Africa (Minerals Council) commenced with a judicial review of certain aspects, which includes the ownership and procurement elements, of the 2018 Mining Charter. The review application and the defence of non-joinder raised by the Minister of Mineral Resources and Energy (Minister) and the South African Diamond and Precious Metals Regulator (Regulator) was heard on 5 May 2020. The Court issued its judgement on 30 June 2020, upholding the Minister and Regulators defence of non-joinder. However, the Minerals Council's application for direction on joinder succeeded and the Court issued directions identifying the parties to be joined. The merits for the application for judicial review was not argued on 5 May 2020 and this will probably take place in the first or second quarter of calendar year 2021. In the first week of August 2020, the Minister withdrew the notice of appeal to the Supreme Court of Appeal in respect of the "once empowered always empowered" approach where the declaratory order issued by the Court was in favour of the Minerals Council. However, the Minister's decision to withdraw the notice of appeal has no bearing on the Minerals Council's application for the judicial review of various aspects of 2018 Mining Charter. Sasol Mining will monitor the outcome of this process which may either result in the status quo being retained or certain amendments being made to the 2018 Mining Charter that may address the Minerals Council's concerns. For more information refer to "South African mining legislation may have an adverse effect on our mineral rights".

On 27 March 2020 the Minister of Mineral Resources and Energy published amendments to the Mineral and Petroleum Resources Development Regulations (Amendment Regulations). The Amendment Regulations came into effect on the date of publication. The Amendment Regulations seek, among other things, to expand the meaning of the term "interested and affected persons" and to further regulate the obligation to consult with interested and affected parties. The Amendment Regulations also introduce new requirements with regard to the review and approval of social and labour plans. The Amendment Regulations may have a negative impact on our business in terms of uncertainty regarding the interpretation and higher cost for the business.

The revised Codes of Good Practice for Broad-Based Black Economic Empowerment (B-BBEE) (the Revised Codes), which came into effect on 1 May 2015, provide a standard framework for the measurement of B-BBEE across all sectors of the economy, other than sectors that have their own sectorial transformation charters (e.g. the mining and liquid fuels industries). The Revised Codes provide more stringent targets, which negatively impacted on Sasol's B-BBEE contributor status. The liquid fuels industry, under the guidance of the Department of Minerals and Energy, is developing the "Petroleum and Liquid Fuels Sector Charter" (PLFSC) which will regulate B-BBEE in the liquid fuels and gas sector. The PLFSC has not yet been published for public comment and it is therefore not possible to assess the impact of the PLFSC. It is anticipated that the PLFSC will be required to set industry-specific targets that cannot be more lenient than those in the Revised Codes.

Since our September 2017 announcement of plans to unwind the Sasol Inzalo B-BBEE transaction (Sasol Inzalo) and introduce the Sasol Khanyisa B-BBEE transaction (Sasol Khanyisa), we placed specific management focus on engaging with trade unions on issues pertaining to employee share ownership levels. Two of the five Sasol trade unions, Solidarity and the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU), declared disputes relating individually to Sasol Khanyisa and the unwind of Sasol Inzalo which, if not resolved, might result in industrial action, which could adversely affect our operations and could give rise to costs which would impact earnings. In the case of the Solidarity trade union, the Sasol Khanyisa dispute is similar to disputes the trade union has with three other large employers in South Africa. The President of the Labour Court requested the various employers to prepare a stated case in order to allow the Labour Court to give guidance in this regard. It is therefore not a Sasol only matter in South Africa and also affects other large companies. The Sasol Inzalo dispute lodged by the CEPPWAWU trade union has lost its momentum and it is no longer regarded as a major threat to Sasol.

On 6 May 2019, Sasol received a statement of claim filed by the trade union Solidarity with the Labour Court in Johannesburg, alleging that the Sasol Khanyisa Employee Share Option Plan (ESOP) element of the Sasol Khanyisa transaction is discriminatory as it does not include white employees in South Africa and employees working for Sasol outside South Africa. This litigation is ongoing and we are unable at this time to assess the potential effect the ultimate outcome of the matter may have on the Sasol Khanyisa B-BBEE transaction. In addition, the Department of Mineral Resources and Energy may not recognise the ownership component of Sasol Khanyisa in which case we may be unable to fully comply with the 2018 Mining Charter requirements related to new or amended licence applications, or the B-BBEE Commissioner may not recognise that the vendor financing mechanism allows us to be allocated points on Enterprise Supplier Development. Although Sasol Mining has applied for recognition of the Sasol Khanyisa ESOP to meet the ownership requirements contained in the 2018 Mining Charter, the Department of Mineral Resources and Energy has not yet formally responded to the request. The litigation instituted by Solidarity is of importance since the Department of Mineral Resources and Energy might be awaiting the outcome thereof before a final decision will be taken in respect of Sasol Khanyisa. At this stage all applications submitted prior to the 2018 Mining Charter becoming effective are being processed based on Sasol Mining's historic ownership level.

We expect that the long-term benefits of Sasol Khanyisa to the company and South Africa should outweigh any possible adverse effects, such as dilution to existing shareholders, but we cannot assure you that future implications of compliance with these requirements or with any newly imposed conditions will not have a material adverse effect on our shareholders or business, operating results, cash flows and financial condition. See "Item 4.B—Empowerment of historically disadvantaged South Africans".

Value creation, if any, to the majority of the Khanyisa shareholders at the conclusion of the transaction is exposed to the inherent business risks of Sasol South Africa during the empowerment period, including any adverse impact from the COVID-19 pandemic. This could potentially have an impact on dividend distributions to those Khanyisa shareholders that are required to settle funding obligations or otherwise negatively impact the valuation of the Sasol South Africa business on conclusion of the transaction.

iii. Disruptive industrial action

The majority of our employees worldwide belong to trade unions. These employees comprise mainly of general workers, artisans and technical operators. While the Sasol employee relations landscape remains stable, amid the global economic turmoil as well as COVID-19, the South African labour market remains volatile and can be characterised by major industrial action in key sectors of the economy especially during wage negotiations.

In Sasol South Africa, the wage negotiations for the chemicals sector were concluded in September 2019 and will terminate on 30 June 2021. The petroleum sector is also covered by a three-year wage agreement effective 1 July 2018 to 30 June 2021. However, due to Sasol's precarious financial situation, we have applied to the National Bargaining Council for the Chemicals Industry (NBCCI) to have Sasol exempted from the wage increases applicable for the 2020/2021 year in terms of these collective agreements. Considering that this process entails the assessment of Sasol's non-affordability, we may be ordered to comply in the event that the Exemption Panel of the NBCCI arrives at a different conclusion.

In Sasol Mining, the wage negotiations are ongoing, as the current multi-year agreement ended in June 2020.

Although we have positive relationships with our employees and trade union partners, significant labour disruptions could occur in the future and our labour costs could increase significantly in the future.

(b) Fiscal and monetary policies

Macroeconomic factors, such as inflation and interest rates, could affect our ability to contain costs and/or ensure cost-effective debt financing in the countries in which we operate.

Our sustainability and competitiveness is influenced by our ability to optimise our cost base. As we are unable to control the price at which our products are sold, an increase in inflation in countries in which we operate may result in significantly higher future operational costs.

South African consumer price inflation averaged 3,7% in 2020, compared to 4,6% in 2019. In the latest period, inflation was affected mainly by muted food price increases, rand-denominated oil price movements and generally weak economic conditions in the country. With inflation staying within the South African central bank's 3-6% inflation target range, actual inflation outcomes being below expectations and the expected COVID-19 induced deep recession, the South African Reserve Bank lowered the policy interest rate by 250 basis points to 3,75% from January to June 2020. However, uncertainties around COVID-19, currency developments, fuel prices, electricity and water tariff increases and wage growth continue to pose upside risks to the inflation outlook.

South Africa's economic outlook remains depressed as COVID-19 pressures and uncertainties, electricity supply constraints, policy uncertainty, low levels of business, investor and consumer confidence, and geopolitical risks all pose downside risks to the domestic economy that is already under pressure.

The exchange rate fluctuation, oil price developments and the sovereign rating outlook remain key risks to the inflation outlook. These, along with COVID-19 developments, global financial conditions, trade disputes, emerging market sentiment swings and domestic political and policy developments, are likely to contribute to ongoing currency volatility.

Even as strict lockdown measures are being gradually relaxed in many countries, the COVID-19 pandemic is imposing significant humanitarian and economic costs throughout the world, and there is increasing risk of a second wave of the pandemic. The eventual economic cost remains unclear and estimates on the recession's depth and length vary significantly. We expect that the worst of the growth impacts occurred in April and May 2020, with more recent data showing some activity improvement. We currently do not expect the global economic activity to recover to pre-COVID-19 levels until 2022. However, our baseline expectation may be negatively or positively impacted by many remaining risks and uncertainties.

(c) Legal and regulatory

i. Exchange control regulations

South African law provides for exchange control regulations which apply to transactions involving South African residents, including both natural persons and legal entities. These regulations may restrict the export of capital from South Africa, including foreign investments. The regulations may also affect our ability to borrow funds from non-South African sources for use in South Africa, including the repayment of these borrowings from South Africa and, in some cases, our ability to guarantee the obligations of our subsidiaries with regard to these funds. These restrictions may affect the manner in which we finance our transactions outside South Africa and the geographic distribution of our debt. See "Item 10.D—Exchange controls" and "Item 5.B—Liquidity and capital resources". We may also be impacted by new exchange control regulations affecting our operations in Gabon. See "Item 4.B—Business overview—Regulation—Safety, health and environment—Regions in which Sasol operates and their applicable legislation—Gabon".

ii. Tax laws and regulations

We operate in multiple tax jurisdictions globally and are subject to both local and international tax laws and regulations. Although we aim to fully comply with tax laws in all the countries in which we operate, tax is a highly complex area leading to the risk of unexpected tax uncertainties. Tax laws are changing regularly and their interpretation may potentially result in ambiguities and uncertainties, in particular in the areas of international taxation and transfer pricing. Where the tax law is not clear, we interpret our tax obligations in a responsible way, with the support of legal and tax advisors as deemed appropriate. Tax authorities and courts may arrive at different interpretations to those taken by Sasol, which may lead to substantial increases in tax payments. Although we believe we have adequate systems, processes and people in place to assist us with complying with all applicable tax laws and regulations, the outcomes of certain tax disputes and assessments may have a material adverse effect on our business, operating results, cash flows and financial position.

We could also be exposed to significant fines and penalties and to enforcement measures, including, but not limited to, tax assessments, despite our best efforts at compliance. In response to tax assessments or similar tax deficiency notices in particular jurisdictions, we may be required to pay the full amount of the tax assessed (including stated penalties and interest charges) or post security for such amounts notwithstanding that we may contest the assessment and related amounts.

In particular, one of our subsidiaries, Sasol Financing International Limited (SFI), received assessments in relation to its international business activities and specifically regarding SFI's place of effective management. The litigation proceedings relating to the assessments in respect of SFI are still ongoing.

For more information regarding pending tax disputes and assessments see "Item 4.B—Business overview—Legal proceedings and other contingencies".

Any of these risks may materially and adversely affect our business, results of operations, cash flows and financial condition.

iii. Ownership rights

We operate in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. For example, the South African government is considering the expropriation of land without compensation to enhance land reform and redistribution. The impact of these policy intentions and related disputes are not always predictable and may cause disruption to our operations or development plans.

iv. Legal and regulatory uncertainties

Some of the countries where we have already made investments, or other countries where we may consider making investments are in various stages of developing institutions and legal and regulatory systems that are characteristic of democracies and market economies.

The procedural safeguards of the legal and regulatory regimes in these countries in many cases are still being developed and, therefore, existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under those laws and regulations in a timely manner.

(d) Transportation, water, electricity and other infrastructure

Our operations are located in multiple regions across the world and are reliant upon stable supply of electricity, availability of water and access to transportation routes in order to optimally run our operations and/or move our products. The infrastructure in some countries in which we operate, such as rail infrastructure, inland water systems, electricity and water supply, may need to be further upgraded and expanded, and in certain instances, possibly at our own cost. Should we not have access to reliable electricity supply, or should we have limited access to water or experience infrastructure challenges in the regions in which we operate, this could have a material adverse effect on our business, operating results, cash flows, financial condition and future growth.

Reliable supply of electricity is important to run our plants optimally. The South African power system remains tight. Unplanned power outages as we experienced at our South African plants in 2019 have a negative impact on our production volumes, cost and profitability. While we have the capacity to generate most of our own requirements, this only mitigates the risk partially as we remain dependent on external electricity supply.

Water, as a resource, is becoming increasingly limited as global demand for water increases. A significant part of our operations, including mining, chemical processing and others, requires use of large volumes of water. South Africa is generally an arid country and prolonged periods of drought or significant changes to current water laws could increase the cost or availability of our water supplies or otherwise impact our operations. Water use by our operations varies widely depending largely on feedstock and technology choice. Water to our South African operations is supplied from the Integrated Vaal River System (IVRS), currently making up 86% of Sasol's total water demand. While the water supply to these operations remains secure the revised water balance for the IVRS continues to show a worsening of the water supply imbalance which may result in an increasing probability of water availability or restrictions on its use being imposed. A deterioration in water quality supplied from the IVRS is further contributing to an increase in treatment costs. Although various technological advances may improve the water efficiency of our processes, they are capital intensive. We may experience limited water availability due to periodic drought events aggravated by delays in completing phase 2 of the Lesotho Highlands Water Project currently underway, deterioration in water quality and other infrastructure challenges related to our South African operations, which could have a material adverse effect on our business, operating results, cash flows, financial condition and future growth.

Transportation of inbound materials to plants and products to customers is reliant on the region's available infrastructure. Numerous factors like natural disasters, pandemics or extreme weather events may impact on transportation modes which could have a material adverse effect on our business, operating results, cash flows, financial condition and future growth.

(e) Stakeholder relationships

Sasol has a complex network of stakeholders, often with competing interests. Beyond our financial community, our stakeholders are persons or groups who are directly or indirectly affected by our operations, as well as those who have interests in our business and/or the ability to influence its outcomes. Stakeholders may include members of local communities and their representatives, national, provincial or local government authorities, officials at all spheres of government, government agencies, multilateral organisations, regulators, political and religious leaders, civil society organisations and groups with special interests, suppliers, investors, business partners, customers, employees, trade unions, academics and media. Failure to manage relationships with our stakeholders may harm our reputation as well as our ability to conduct our operations effectively. Our stakeholder objective is to position Sasol as a credible partner and build trust with all our stakeholders. Our engagement approach is premised on open and effective communication and mutually beneficial outcomes where possible, as well as inclusiveness and integrity. Given the impact of the low oil price and the COVID-19 pandemic, we may not be able to meet some stakeholder commitments in 2020, and this may have a material impact on stakeholder relations. Various processes have been put in place to engage with stakeholders on these issues and to mitigate the associated risks. However, we cannot assure you that the strategy will mitigate the risk fully and therefore, actions taken by stakeholders could have a material adverse effect on our business, operating results, cash flows, financial condition and future growth.

(f) Contract stability

Host governments in some of the resource-rich countries in which we operate or consider making investments may display tendencies of wanting to change existing contracts through early terminations, non-renewal or cancellation of contractual rights, or we may not be able to fully enforce our contractual rights in those jurisdictions or enforce judgements obtained in the courts of other jurisdictions, should they hold the view that these contracts are not beneficial to their countries.

(g) Other specific country risks that are applicable to countries in which we operate and which may have a material adverse effect on our business include:

- acts of warfare and civil clashes;
- the loss of control of oil and gas field developments and transportation infrastructure;
- failure to receive new permits and consents;
- expropriation of assets;
- lack of capacity to deal with emergency response situations;
- social and labour unrest due to economic and political factors in host countries;
- terrorism, xenophobia and kidnapping threats;
- security threats to assets, employees and supply chain;
- possible demands to participate in unethical or corrupt conduct that lead us to forgo certain opportunities;
- feedstock security of supply; and
- sanctions against countries in which we operate.

Actual or alleged non-compliance with laws could result in criminal or civil sanctions and could harm our reputation

Non-compliance with competition laws, anti-corruption laws, sanction laws and environmental laws have been identified as our top four legal risks.

Anti-corruption and anti-bribery laws

Ethical misconduct and non-compliance with applicable anti-corruption laws could result in criminal or civil sanctions and could have a material adverse impact on our reputation, operations and licence to operate.

Petrochemical and energy companies need to be particularly vigilant with regard to the risk of bribery, especially when the scale of investments and the corruption perception of the countries where operations take place are considered. We, like other international petrochemical companies, have a geographically diverse portfolio and conduct operations in countries, some of which have a perceived high prevalence of corruption. Our operations must comply with applicable anti-bribery laws, such as the US Foreign Corrupt Practices Act as well as similar anti-corruption and anti-bribery laws of South Africa and other applicable jurisdictions. There has been a substantial increase in the global enforcement of these laws. In particular, major investments in countries with a high corruption risk are subject to an elevated risk in dealing with other private companies, governments or government-controlled entities. Although we have an anti-corruption and anti-bribery compliance programme in place which is designed to prevent and reduce the likelihood of violations of such laws by our employees and companies associated with us, any violation could result in substantial criminal or civil sanctions and could damage our reputation.

Sanctions laws

Our international operations require compliance with applicable trade and economic sanctions or other restrictions imposed by governments, such as the US and United Kingdom, and organisations, such as the United Nations, the European Union (EU) and its member countries. We closely monitor developments in these sanction programmes and assess the possible impact they could have on our Group's activities. These trade and economic sanctions are not always aligned and this increases the complexities when a company has operations in various countries. A violation of any of these sanction regimes could lead to a loss of import or export privileges, penalties against or the prosecution of Sasol and our employees, which could have an adverse effect on our business, operating results, cash flows and financial condition.

Although we believe that we are in compliance with all applicable sanctions and other trade restrictions and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to frequent amendments or changing interpretations.

Environmental laws and regulations

In recent years, the environmental legislation in South Africa has resulted in significantly stricter standards. For instance, by 1 April 2020, our existing plants were required to meet more stringent point source standards for air quality emissions applicable to newly commissioned plants. Meeting some of these requirements require retrofitting of some of our existing plants, and accordingly, we obtained postponements on these compliance timeframes from the National Air Quality Officer to implement abatement projects in accordance with our air quality roadmaps along extended timeframes. We remain committed to compliance; however, Sasol's short-term cash conservation measures necessitate delayed capital expenditure.

We are assessing the impact of the possible delayed capital expenditure on the timely execution of some air quality roadmaps and are continuing transparent engagements with the authorities in this regard. We continue to revise and adapt our roadmap delivery with the aim of progressing the abatement projects as reasonably practicable, while also attempting to proactively mitigate any potential risks of non-compliance associated with delayed implementation schedules beyond 31 March 2025 being the key target compliance date.

Meeting boiler sulphur dioxide emission standards beyond 31 March 2025 remains a feasibility challenge for our Secunda operations and could pose associated significant compliance challenges. Accordingly, Sasol continues discussions with key stakeholders, including support to the technical panel of experts appointed by the Department of Environment, Forestry and Fisheries to provide strategic and technical guidance towards effective management of sulphur dioxide emissions from maturing plants. These efforts are aimed at enabling sustainable solutions to enable us to comply and advance the necessary environmental compliance and improvement roadmaps.

To mitigate associated air quality compliance risks beyond 31 March 2025, Sasol will be reliant on mechanisms available in law and decisions thereon by the relevant authorities to enable the lawful completion of our committed roadmaps. We recognise that existing standards may become stricter over time which may pose a risk to some of our maturing operations in South Africa. This may, in some cases, adversely affect our business, financial condition, results of operations and cash flows.

The outcome of these processes and applications cannot be guaranteed and may be successfully challenged by third parties. Non-compliance may result in the violation of licence conditions with the associated consequence of administrative enforcement action, which may include directions to cease operations, fines and penalties including criminal prosecution. This may have a material adverse impact on our business.

Some of our South African operations are carried out in declared air quality priority areas which are further subject to the requirements of the Vaal Triangle Air-Shed Priority Area Air Quality Management Plan and the Highveld Priority Area Air Quality Management Plan. These plans are currently under review, subject to the completion of source apportionment studies. Accordingly, further emission reduction commitments may be required from Sasol and are likely to trigger additional cost for air quality improvements in these priority areas.

Outside of South Africa, we operate a number of plants and facilities for the storage and processing of chemical feedstock, products and wastes. These operations are subject to numerous laws, regulations and ordinances relating to safety, health and the protection of the environment which may also affect our operating results and financial condition. The essential objectives of these legal frameworks are largely consistent with that of the South African framework, although regulatory and permitting requirements are more established and entrenched in some regions.

Competition laws/Anti-trust laws

Violations of competition/anti-trust legislation could expose the group to administrative penalties, civil claims and damages, including punitive damages by companies which can prove they were harmed by the violation of competition/anti-trust legislation. Such penalties and damages could be significant and have an adverse impact on Sasol's business, operating results, cash flows and financial condition. In addition, Sasol's reputation could be damaged by findings of such contraventions and individuals could be subject to imprisonment or fines in countries where competition/anti-trust violations are a criminal offence.

Although it is Sasol's policy to comply with all laws, and notwithstanding training and compliance programmes, we could inadvertently contravene competition/anti-trust laws and be subject to the imposition of fines, criminal sanctions and/or civil claims and damages. We endeavour to remain compliant with competition/anti-trust legislation in all the jurisdictions in which we operate to avoid any material adverse impact on our reputation, business, operating results, cash flows and financial condition.

South African mining legislation may have an adverse effect on our mineral rights

The Minister of Mineral Resources and Energy officially separated the Mineral and Petroleum Resource Development Amendment Bill into its separate oil and gas-related matters from that of mineral related matters. The draft upstream Petroleum and Resources Bill was published in the Government Gazette on 24 December 2019 and Sasol has commented directly to the Department of Minerals and Energy and via the relevant business association. Due to the impact of COVID-19, further consultation processes have been delayed. Once promulgated the "Petroleum Bill" will repeal and replace the relevant sections in the Mineral and Petroleum Resources Development Act (MPRDA) which act currently regulates oil and gas exploration and production.

The 2018 Mining Charter was published on 27 September 2018 for implementation on that date. The 2018 Mining Charter contains a number of changes compared to the previous Mining Charter including but not limited to an increase in the B-BBEE shareholding requirement from 26% to 30% in respect of new mining right applications. Furthermore, recognition is given to mining right holders who have achieved 26% B-BBEE shareholding and whose shareholders exited prior to commencement of the 2018 Mining Charter. Such recognition is however only applicable for the duration of the right and not for subsequent renewals in which instance a 30% B-BBEE shareholding is required. The 2018 Mining Charter contains more stringent compliance criteria than the previous Mining Charter, especially in respect of applications for new mining rights and the requirements in respect of procurement of mining goods which may have a material adverse effect on Sasol Mining. The potential impact on Sasol Mining may be two-fold: higher cost of production and the risk of being in non-compliance with the requirements of the 2018 Mining Charter which could lead to the suspension or cancellation of Sasol Mining's mining and/or prospecting rights. If a holder of a prospecting right or mining right in South Africa conducts prospecting or mining operations in contravention of the MPRDA, the converted mining rights can be suspended or cancelled by the Minister of Mineral Resources and Energy. The entity, upon receiving a notice of breach from the Minister, has a specific period of time to remedy such breach.

The MPRDA and applicable provisions in the National Environmental Management Act and National Water Act impose additional responsibilities with respect to environmental management as well as the prevention of environmental pollution, degradation or damage from mining and/or prospecting activities.

The effect of the possible future amendments to the MPRDA, associated regulations to be promulgated and the 2018 Mining Charter on our mining and petroleum rights in the future may have a material adverse effect on our business, operating results, cash flows and financial condition. See "Item 4.B—Business overview—Regulation—Empowerment of historically disadvantaged South Africans—The Mining Charter and the Mineral and Petroleum Resources Development Amendment Bill".

Legislation in South Africa on petroleum and energy activities may have an adverse impact on our business, operating results, cash flows and financial condition

Regulation of Petroleum Products

The Petroleum Products Amendment Act

The Petroleum Products Amendment Act (the Petroleum Products Act) requires persons involved in the manufacturing, wholesale and retail sale of petroleum products to obtain relevant licences for such activities. Sasol Oil, Natref and Sasol South Africa Limited have submitted applications for their respective operations. The Sasol Oil wholesale licence and Sasol South Africa Limited manufacturing licence applications have been approved and the licences issued. The Sasol Oil manufacturing licence application pertaining to the Natref refinery has been accepted, however the licence has not yet been issued. As provided in the Petroleum Products Act, Sasol Oil continues to act as a deemed licence holder in relation to its manufacturing activities.

Accordingly, Sasol Oil and Natref continue to operate as being persons who, as of the effective date of the Petroleum Products Act, are deemed to be holders of a licence until their applications have been finalised. Until these applications have been finalised, we cannot provide assurance that the conditions of the licences may not have a material adverse impact on our business, operating results, cash flows and financial condition.

The Petroleum Products Act entitles the Minister of Mineral Resources and Energy to regulate the prices, specifications and stock holding of petroleum products and the status in this regard is as follows:

- The retail-pump prices of petrol, maximum refinery gate price of LPG and the single maximum national price of illuminating paraffin are regulated. Prices are adjusted monthly according to published working rules and pricing formulae.

- The Department of Mineral Resources and Energy is currently reviewing the BFP mechanism. Revisions to the formula used to calculate the BFP could significantly impact revenue derived from liquid fuel sales in South Africa.

- Regulations to better align South African liquid fuels specifications with those prevailing in Europe were intended to become effective on 1 July 2017. As none of the local refineries, including those of Sasol, would have been able to comply with these new specifications, the Minister of Mineral Resources and Energy rescinded and amended the regulations and will announce a new implementation date in due course. There is a significant risk that the market demand and imported supply of cleaner fuels could overtake the regulatory date of the introduction of these fuel specifications and/or the date by which we can upgrade our plants to meet this demand. Compliance with these new fuel specifications will require substantial capital investments at both Natref and Secunda Synfuels Operations. The amount of capital investment required has not yet been finalised and discussions with the South African government regarding potential investment incentives are on-going.

- While regulations obliging licensed manufacturers to blend bio-fuels with petrol and diesel are in force in South Africa, the legislation to enable bio-fuels manufacturing has however not been enacted. The effect of bio-fuels blending on Sasol's liquid fuels production and sales and our financial condition cannot be determined at this time.

Regulation of pipeline gas activities in South Africa

The Gas Act

The Gas Act provides that NERSA has the authority to issue licences for construction and operation of gas pipelines and trading in gas. NERSA also has the authority to approve gas transmission tariffs and maximum gas prices that may be charged by gas traders, where there is inadequate competition as contemplated in the South African Competition Act. The Gas Act further gives NERSA the authority to impose fines and other punitive measures for failure to comply with the licence conditions and/or the provisions of the Gas Act. Future regulation of maximum gas prices may have a material adverse effect on our business, operating results, cash flow and financial condition.

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

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

During May 2020 the Industrial Gas Users Association of Southern Africa, an industry association whose members include a number of large gas customers, launched an application to review and overturn the November 2017 NERSA maximum gas price decision approving Maximum Gas Prices for Sasol Gas for the period from 1 July 2017 to 30 June 2020. This litigation is ongoing.

Following the abovementioned outcome of the appeal to the Constitutional Court, NERSA has to approve new maximum gas prices for Sasol in terms of the provisions of the Gas Act. During November 2019 NERSA published a consultation document on a proposed revised methodology to approve maximum prices for gas and invited public comment on the proposals contained in the consultation document. During March 2020

NERSA held a public hearing on these proposals in which Sasol participated, and during April 2020 NERSA adopted a new maximum gas price methodology, which was published by NERSA in June 2020. NERSA anticipates a transitional period of between three and six months for the full implementation of the methodology. During this transitional period, NERSA will engage with licensees and affected stakeholders on the intended application of the methodology. In addition, licensees (including Sasol) will be required to submit their Maximum Gas Price applications in accordance with this new methodology. The revised maximum gas price methodology adopted by NERSA as a guideline for adjudicating Maximum Gas Price applications in terms of the Gas Act will to a large extent influence the new maximum gas price that NERSA has to approve for Sasol. The future implementation of such a new NERSA approved maximum gas price could have a material adverse effect on our business, operating results, cash flows and financial condition. If the new maximum gas price approved by NERSA for the period of the overturned decision is lower than the actual price charged to customers, then a retrospective liability may arise for Sasol Gas as a result. It is not possible to determine at this time what the outcome of such a price decision by NERSA will be. Therefore, the likelihood of a future obligation cannot be determined currently and neither can an amount for such a possible obligation be reliably estimated.

Changes in safety, health, environmental and chemical regulations and legislation and public opinion may adversely affect our business, operating results, cash flows and financial condition

We are subject to a wide range of general and industry-specific environmental, health and safety and other legislation in jurisdictions in which we operate. See "Item 4.B—Business overview—Regulation—Safety, health and environment—Regions in which Sasol operates and their applicable legislation".

One of our most material challenges is the ability to anticipate and respond to the rapidly changing context and associated stakeholder challenges, in particular relating to environmental legislation in South Africa. Evolving legislation relating to air quality, climate change, water and waste management introduces regulatory challenges to our existing plants in South Africa. The quality, emission and disposal limit requirements imposed in our air quality, waste management and water use licences for our South African operations are consequently becoming increasingly more stringent while our existing plants are maturing. These laws and regulations and their enforcement are likely to become more stringent over time in all jurisdictions in which we operate, although these laws in some jurisdictions are already more established than in others. These compliance challenges are further impacted by the fact that, in some instances, legislation does not adequately provide for sufficient and/or flexible transitional arrangements for existing plants to comply with the imposed more stringent requirements. Ensuring that we are compliant with these requirements is a significant factor in our business and a core Sasol value. We continue with transparent disclosures and engagements with our key stakeholders in an effort to address these challenges. A failure to comply could have an impact on our licence to operate, as well as result in administrative and criminal enforcement, and could harm our reputation and relationships with stakeholders.

Sasol's highly energy intensive operations in South Africa are running in the midst of rapidly evolving national legislation on GHG emissions. In support of the Paris Agreement, the South African government has published the Draft Climate Change Bill, promulgated the Carbon Tax Act effective 1 June 2019 and has promulgated the Pollution Prevention Plan and Greenhouse Gas Mandatory Reporting Regulations. Sasol has submitted its GHG inventory data for South Africa in compliance with the regulations and successfully obtained internal approval for its first mandatory Pollution Prevention Plan. We subsequently submitted our first annual report on our Pollution Prevention Plan in March 2019. We envisage that compliance with carbon budgets will become mandatory in 2021. For further information on the impact of carbon taxes refer to "—Our ability to respond to climate change could negatively impact our growth strategies, reduce supply/demand for our products, increase our operational costs, reduce our competitiveness, negatively impact our stakeholder relations and adversely affect our legal licence to operate and our access to capital and financing".

Changes to waste management legislation in South Africa, particularly around landfill prohibitions being progressively implemented, are compelling our South African operations to find alternative solutions to waste management and disposal. The changing regulatory landscape introduces increasingly stringent waste disposal restrictions and punitive fiscal reform measures including waste levies. We are quantifying the potential costs associated with meeting these requirements. We will be dependent on regulatory authorities clarifying the interpretation and applicability of specific requirements to our waste streams, to determine whether there would be compliance challenges associated with technical and feasibility constraints.

Water use licences being issued by the South African Department of Water and Sanitation are including increasingly stringent requirements, such as waste water discharge limits, that need to be complied with over time which may not be achievable.

From a chemicals management perspective, our products are required to be registered in accordance with regulatory requirements for many of the countries in which we operate, and sold in line with permit conditions, among other considerations. This includes filing of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) registrations for chemicals we produce or import into Europe, and chemical notifications for other regions, especially the United States, Canada and China, as well as South Korea, Taiwan and other Asian countries. South Africa is also in the process of localising international commitments on safe chemicals management in national regulations. This includes the adoption of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) through the Department of Employment and Labour's draft Hazardous Chemical Agents Regulations.

Although systems and processes are in place, monitored and improved upon, to ensure compliance with applicable laws and regulations applicable to Sasol and its obligations upstream and downstream in the value chain, we cannot assure you that we will be in compliance with all laws and regulations at all times. For example, non-compliance with environmental, health or safety laws may occur from system or human errors in monitoring our emissions of hazardous or toxic substances into the environment, such as the use of incorrect methodologies or defective or inappropriate measuring equipment, errors in manually capturing results, or other mistaken or unauthorised acts of our employees or service providers.

Public opinion and awareness are growing and challenges are increasingly being raised on public health and safety associated with the manufacturing and use of chemicals and industries reliant on fossil fuels. Our manufacturing processes may utilise and result in the emission of or exposure to substances with potential health risks. We also manufacture products which may pose safety, health and environmental risks. Although we remain committed to apply a duty of care principle and implement measures to eliminate or mitigate associated potential risks, including through our commitment to the Responsible Care® programme and adoption of the GHS, we may be subject to liabilities as a result of the use or exposure to these materials or emissions. See "Item 4.B—Business overview—Regulation" for more detail.

We recognise that evolving chemicals control regulations globally may require additional product safety evaluations with the potential for restrictions on product uses. Consequently, markets may apply pressure on us concerning certain of our products, feedstock, manufacturing processes, transportation and distribution arrangements. As a result of these additional pressures, the associated costs of compliance and other factors, we may be required to modify or withdraw certain products from the market, which could have a material adverse effect on our business, operating results, cash flows, financial condition and reputation.

For example, the fast growth of plastics, combined with challenges in effective waste disposal, has resulted in a global problem associated with plastics waste in the environment.

The main source of the problem is identified as short-life consumer packaging-type applications, often referred to as single-use plastics. Consumer and regulator sentiment regarding the plastic pollution challenge may pose future responsibilities and business constraints on the wider industry, including Sasol, among other things through extended producer responsibility, bans on certain polymer product applications and reduced demand for polymers where alternatives are perceived to be more acceptable to the markets they serve.

We are subject to risks associated with litigation and regulatory proceedings

As with most large corporations, we are involved from time to time as a party to various lawsuits, arbitrations, regulatory proceedings, investigations or other disputes. Litigation, arbitration and other such legal proceedings or investigations involve inherent uncertainties and, as a result, we face risks associated with adverse judgments or outcomes in these matters. Even in cases where we may ultimately prevail on the merits of any dispute, we may face significant costs defending our rights, lose certain rights or benefits during the pendency of any proceeding or suffer reputational damage as a result of our involvement. We are currently engaged in a number of legal and regulatory proceedings and arbitrations in various jurisdictions including the litigation relating to the Sasol Khanyisa B-BBEE transaction described under "—There are country-specific risks relating to the countries in which we operate that could adversely affect our business, operating results, cash flows and financial condition—(a) Political and socioeconomic issues—ii. Transformation and local content" and the SFI tax proceedings described under "—There are country-specific risks relating to the countries in which we operate that could adversely affect our business, operating results, cash flows and financial condition—(c) Legal and regulatory—ii. Tax laws and regulations", as well as described under "Item 4.B—Business overview—Legal proceedings and other contingencies".

We could also face potential litigation or governmental investigations or regulatory proceedings in connection with the material weakness we have identified in 2019 in our internal control over financial reporting (see "—We identified material weaknesses in our internal control over financial reporting, which we are still in the process of remediating. If we are unable to remediate these material weaknesses, or if we experience additional material weaknesses or other deficiencies in the future or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately and timely report our financial results, which could cause shareholders to lose confidence in our financial and other public reporting, and adversely affect our share price").

On 5 February 2020, the US law firm Pomerantz LLP announced that it had filed a putative securities class action complaint on behalf of shareholder Chad Lindsey Moshell and other shareholders who purchased Sasol securities from 10 March 2015 to 13 January 2020, against Sasol Limited and five of its current and former executive directors in the United States District Court, Southern District of New York. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, and claims, among other things, that: (i) Sasol had conducted insufficient due diligence into, and failed to account for multiple issues with, the LCCP, including as to the true cost of the project; (ii) construction and operation of the LCCP was consequently plagued by control weaknesses, delays, rising costs, and technical issues; (iii) these issues were exacerbated by Sasol's top-level management, who engaged in improper and unethical behaviour with respect to financial reporting for the LCCP and the project's oversight; (iv) all the foregoing was reasonably likely to render the LCCP significantly more expensive than disclosed and negatively impact the company's financial results; and (v) as a result, certain of the company's public statements were materially false and misleading during the class period. On 4 May 2020, Mr. David Cohen was appointed as lead plaintiff and filed an amended complaint on 4 June 2020. Sasol and the individual defendants filed a Motion to Dismiss on 2 July 2020. The lead plaintiff has not specified the quantum of any alleged damages. Any impact of the class action complaint cannot be reasonably estimated at this point in time but it cannot be excluded that it may have a material adverse effect on our business, operating results, cash flows and financial condition.

There can be no assurance as to the outcome of any litigation, arbitration or other legal proceeding or investigation, and the adverse determination of material litigation could have a material adverse effect on our business, operational results, cash flows and financial condition.

Uncertainty relating to the London Interbank Offered Rate (LIBOR) calculation process and potential phasing out of LIBOR after 2021 may adversely affect the amounts of interest we pay under our debt arrangements and adversely affect our business, operating results and financial condition

LIBOR is the basic rate of interest used in lending between banks on the London interbank market and is widely used as a reference for setting the interest rate on loans globally. We have used LIBOR as a reference rate in certain of our credit facilities and loans, such that the interest due to our creditors pursuant to these loans is calculated using LIBOR. On 27 July 2017, the United Kingdom Financial Conduct Authority (FCA), which regulates LIBOR, published the FCA Announcement. The FCA Announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021.

The group has exposure to the US dollar LIBOR through various instruments, including term loans and revolving credit facilities. In 2015, we entered into an interest rate swap for US$1,95 billion to convert variable LIBOR exposure to a fixed rate. It was designated as the hedging instrument in a cash flow hedge. The swap was novated in June 2019 when the underlying LCCP bank term loan was refinanced and hedge accounting discontinued. The swap continues to be an economic hedge that covers a portion of the group's exposure to the LIBOR. After the swap was novated for a second time in July 2019, we redesignated the swap as a hedging instrument in a cash flow hedge.

Banking institutions have been planning for the transition away from LIBOR in advance of 31 December 2021, the date that LIBOR is generally expected to cease to exist, although the U.K. Financial Conduct Authority has expressed that it and the Bank of England are assessing the impacts of COVID-19 on the progress to meet the expected deadline. It remains unclear, however, whether the cessation of LIBOR will be delayed due to COVID-19 or what form any delay may take, and there are no assurances that there will be a delay. It is also unclear what the duration and severity of COVID-19 will be, and whether this will impact LIBOR transition planning. COVID-19 may also slow regulators' and others' efforts to develop and implement alternative reference rates, which could make LIBOR transition planning more difficult, particularly if the cessation of LIBOR is not delayed but alternatives do not develop.

Therefore, it is not currently possible to predict the effect of the FCA Announcement, including any discontinuation or change in the method by which LIBOR rates are determined, or how any such changes or alternative methods for calculating benchmark interest rates would be applied to any particular existing agreement containing terms based on LIBOR, such as our existing loan agreements. Any such changes or developments in the method pursuant to which LIBOR rates are determined may result in an increase in reported LIBOR rates or any alternative rates. If that were to occur, the amount of interest we pay under our credit facilities and any other financing arrangements may be adversely affected, which may adversely affect our business, operating results and financial condition.

We may not be successful in attracting and retaining sufficiently skilled employees

In order for Sasol to deliver on its strategic objectives, sustainably grow into the future, and effectively operate and continuously improve existing and future assets and technologies, we are highly dependent on our human capital.

While we maintain a focus on attracting and retaining sufficiently skilled and experienced employees, including critical or scarce skills like qualified scientists, engineers, project execution managers, artisans and operators and highly skilled employees in business and functional roles, there exist various risks that may impact our ability to attract and retain required skills.

There is increasing competition in global labour markets for critical or scarce skills. The quality and availability of skills in certain labour markets may also be impacted by the challenges within the education and training systems in certain countries in which we operate. Localisation, diversity and other similar legislation in countries in which we operate are also key considerations in the attraction and retention of sufficiently skilled employees. The increasing use of digital technologies across our industry is placing increasing demand on data and digital technology skills. The availability and supply of these new skill sets are limited due to demand outweighing supply. In addition, as the move into the digital space intensifies, future labour market dynamics may significantly change and we may fail to adequately or timeously anticipate and respond to such changes.

The current actions taken by Sasol to conserve cash include a hiring freeze, corporate restructuring, asset disposals and other remuneration-related actions which may increase the risk of not attracting new, valuable talent and losing current talent. In addition, the value of long-term incentives issued to current talent that are linked to the Sasol share price have deteriorated as the share price has declined over the last year.

Without adequate investment in, effective management and deployment of our human capital, and failure to adequately or timeously anticipate changing labour market dynamics, our ability to meet current and future business needs, deliver on our strategy, perform to expectations, remain competitive and deliver stakeholder value may be compromised.

Intellectual property risks may adversely affect our freedom to operate our processes and sell our products and may dilute our competitive advantage

Our various products and processes, including most notably our specialty chemical and energy products and processes, have unique characteristics and chemical structures and, as a result, are subject to confidentiality and/or patent protection, the extent of which varies from country to country. Rapid changes in our technology commercialisation strategy may result in a misalignment between our intellectual property protection filing strategy and the countries in which we operate. The disclosure of our confidential information and/or the expiry of a patent may result in increased competition in the market for our products and processes, although the continuous supplementation of our patent portfolio reduces such risk to an extent. In addition, aggressive patenting by our competitors, particularly in countries like the US, China, Japan and Europe may result in an increased patent infringement risk and may constrain our ability to operate in our preferred markets.

A significant percentage of our products can be regarded as commodity chemicals, some of which have unique characteristics and chemical structure which make the products more suitable for different applications than typical commodity products. These products are normally utilised by ourselves or our customers as feedstock to manufacture specialty chemicals or application-type products. We have noticed a worldwide trend of increased filing of patents relating to the composition of product formulations and the applications thereof. These patents may create pressure on both Sasol and those of our customers who market these product formulations which may adversely affect our sales to these customers. These patents may also increase our risk to exposure from limited indemnities provided to our customers of these products in case there is a patent infringement which may impact the use of the product on our customers' side. Patent-related pressures may adversely affect our business, market reputation, operating results, cash flows and financial condition.

We believe that our proprietary technology, know how, confidential information and trade secrets provide us with a competitive advantage. A possible loss of experienced personnel to competitors, and a possible transfer of know-how and trade secrets associated therewith, including the patenting by our competitors of technology built on our know-how obtained through former employees may negatively impact this advantage.

Similarly, operating and licensing technology in countries in which intellectual property laws are not well established and enforced may result in an inability to effectively enforce our intellectual property rights. The risk of some transfer of our know-how and trade secrets to our competitors is increased by the increase in the number of licences granted under our intellectual property, as well as the increase in the number of licensed plants which are brought into operation through entities which we do not control. As intellectual property warranties and indemnities are provided under each new licence granted, the cumulative risk increases accordingly. These risks may adversely affect our business, operating results, cash flows and financial condition.

Increasing competition in relation to products originating from countries with low production and logistical costs may adversely affect our business, operating results, cash flows and financial condition

Certain of our chemical production facilities are located in developed countries, including the US and in Europe. Economic and political conditions in these countries result in relatively high labour costs and, in some regions, relatively inflexible labour markets. Increasing competition from regions with lower production costs and more flexible labour markets, for example the Middle East, India and China, exerts pressure on the competitiveness of our chemical products and, therefore, on our profit margins. This could result in the withdrawal of particular products or the closure of specific facilities, which may have a material adverse effect on our business, operating results, cash flows and financial condition.

We may face potential costs in connection with industry and value chain-related operational interruptions, accidents or deliberate acts of terror causing property damage, personal injuries or environmental contamination

Operational interruptions impacting our operations or value chains may have a material adverse effect on volumes produced and costs. This can be as a result of failure of critical assets, extreme weather events or natural disasters, lack of feedstock (coal, natural gas, ethane, ethylene), supply chain disruption (inbound and outbound), utility interruption (electricity, water, oxygen, steam, hydrogen, nitrogen) or a breach of our licence to operate (non-compliance with regulatory requirements or permits).

We operate coal mines, explore for and produce oil and gas and operate a number of plants and facilities for the manufacture, storage, processing and transportation of oil, chemicals and gas, related raw materials, products and wastes. These facilities and their respective operations are subject to various risks, such as fires, explosions, releases and loss of containment of hazardous substances, soil and water contamination, flooding, land subsidence, and geological complexity, among others. As a result, we are subject to the risk of, and in the past have experienced, industry-related incidents. Such incidents can be subjected to inspections by relevant authorities, with the associated potential consequences of enforcement action, including directions to temporarily cease and desist operations and the imposition of fines and penalties. This may have a material adverse effect on our business.

Our global facilities are also subject to the risk of deliberate acts of terror.

Our main Secunda production facilities are concentrated in a relatively small area in Secunda, South Africa. The size of the facility is approximately 83 square kilometres (km^2) with operating plants accounting for 9 km^2. This facility utilises feedstock from our mining and gas businesses, while the chemical and energy businesses elsewhere also rely on the facility for the raw materials it produces. Accidents and acts of terror may result in damage to our facilities and may require the shutdown of the affected facilities, thereby disrupting production and increasing production costs and may in turn disrupt the mining, gas, chemicals and oil businesses which make up a significant portion of our total income. Furthermore, accidents or acts of terror at our operations may have caused, or may in future cause, environmental contamination, personal injuries, health impairment or fatalities and may result in exposure to extensive environmental remediation costs, civil litigation, the imposition of fines and penalties and the need to obtain or implement costly pollution-control technology.

Sasol operates the Pande and Temane gas fields in Mozambique. Gas is produced from a portfolio of wells, and then processed through a Central Processing Facility (CPF). Gas is sold to our operations in Secunda and Sasolburg as well as to external customers in Mozambique and South Africa. The production of gas through wells, pipelines and a processing plant is inherently exposed to the risk of integrity failures which may result in a loss of containment and/or a disruption of gas supply to our own and/or customers operations. The risk of any well, pipeline or plant equipment failure is managed through a structured, continuously ongoing maintenance and management programme. Short- and medium-term interruptions (e.g. COVID-19) are managed by means of existing contractual mechanisms. Were Sasol's Mozambique gas wells or facilities to experience a catastrophic, simultaneous, long-term outage, particularly if we were then unable to offset such outages through existing contractual gas sales agreement mechanisms, this could have a material adverse effect on our revenue, cash flows and costs.

Our products are ultimately sold to customers around the world and this exposes us to risks related to the transportation of such products by road, rail, pipelines and/or marine vessels or the nefarious use of our products for illegitimate purposes, such as the manufacture of illicit drugs and chemical weapons, or the use of explosives for violent and criminal acts. Such activities would generally take place in the public domain exposing us to incident risks over which we have limited control.

It is Sasol's policy to ensure effective service provider management and procure appropriate property damage and business interruption insurance cover for its production facilities above acceptable deductible levels at acceptable commercial premiums. However, full cover for all loss scenarios may not be available at acceptable commercial rates, and we cannot give any assurance that the insurance procured for any particular year would cover all potential risks sufficiently or that the insurers will have the financial ability to pay all claims that may arise.

The costs we may incur as a result of the above or related factors could have a material adverse effect on our business, operating results, cash flows and financial condition.

Exposure related to investments in associates and joint arrangements may adversely affect our business, operating results, cash flows and financial condition

We have invested in a number of associates and joint arrangements and will consider opportunities for further upstream gas and downstream investments (including licensing opportunities), where appropriate, as well as opportunities in chemicals. The development of these projects may require investments in associates and joint arrangements, some of which are aimed at facilitating entry into countries and/or sharing risk with third parties. Although the risks are shared, the objectives of our associates and joint arrangement partners; their ability to meet their financial and/or contractual obligations; their behaviour; their compliance with legal and ethical standards; and the increasing complexity of country-specific legislation and regulations may adversely affect our reputation and/or result in disputes and/or litigation. All of these may have a material adverse effect on our business, operating results, cash flows and financial condition, and may constrain the achievement of our growth objectives.

We may face the risk of information security breaches or attempts to disrupt critical information technology services, which may adversely impact our operations

The increasing use of information technology (IT) and digital infrastructure systems in operations is making all industries, including the energy and chemicals industries, much more susceptible to cyber threats and information security breaches. IT and digital systems with related services include our financial, commercial, transacting and production systems. Sasol has an information security programme in place to mitigate the risks that come with cyber threats and information security breaches but recognises that if there is a breach of information security we could experience disruptions of critical services, or in the worst case scenario, this could have a material adverse effect on our business, operating results, cash flows and financial condition and our disclosure control processes.

In addition, we operate in countries that have data protection laws and regulations. Although it is our policy to comply with all applicable laws, and notwithstanding training, awareness and compliance programmes, non-compliance with data protection laws could result in fines and/or civil claims and damages. This could have a material adverse impact on our reputation and a consequential financial impact.

We may not pay dividends or make similar payments to shareholders in the future due to various factors

As further described under Item 8. Financial Information, the company's dividend policy takes into consideration various factors, including overall market and economic conditions, the group's financial position, capital investment plans as well as earnings growth. Whether funds are available for distribution to shareholders depends on a variety of factors, including the amount of cash available and our capital expenditures and other liquidity requirements existing at the time. Under South African law, the company will be entitled to pay a dividend or similar payment to its shareholders only if it meets the solvency and liquidity tests set out in the Companies Act of South Africa 71 of 2008, and is permitted to do so in terms of the Memorandum of Incorporation (MOI). Given these factors and our board's discretion to declare cash dividends or other similar payments, dividends may not be paid in the future.

Given Sasol's current financial leverage and the risk of a prolonged period of economic uncertainty, the board believes that it would be prudent to continue with the suspension of dividends. This will allow us to protect our liquidity in the short term and focus on reducing leverage in order to create a firm platform to execute our strategy and drive long-term shareholder returns. In addition, in accordance with the covenant amendment agreement with lenders, Sasol will not be in a position to declare a dividend for as long as net debt to EBITDA is above 3,0 times. We expect the balance sheet to regain flexibility following the implementation of our comprehensive response plan.

We may not be able to exploit technological advances quickly and successfully or competitors may develop superior technologies

Many of our operations, including the manufacture of synthetic fuels and petrochemical products, are dependent on the use of advanced technologies. The development, commercialisation and integration of the appropriate advanced technologies can affect, among other things, the competitiveness of our products, the continuity of our operations, our feedstock requirements and the capacity and efficiency of our production.

It is possible that new technologies or novel processes may emerge and that existing technologies may be further developed in the fields in which we operate. Unexpected advances in employed technologies or the development of novel processes can affect our operations and product ranges in that they could render the technologies we utilise or the products we produce obsolete or less competitive in the future. Difficulties in accessing new technologies may impede us from implementing them and competitive pressures may force us to implement these new technologies at a substantial cost.

In addition to the technological challenges, a number of our expansion projects are integrated across our value chain. Delays with the development of an integrated project might, accordingly, have an impact on more than one business segment.

Our ability to compete may partly depend on our timely and cost-effective implementation of new technological advances. It will also depend on our success in commercialising these advances irrespective of competition we face. Failure to do so could result in a material adverse effect on our business, operating results, cash flows and financial condition.

The exercise of voting rights by holders of American Depositary Receipts is limited in some circumstances

Holders of American Depositary Receipts (ADRs) may exercise voting rights with respect to the ordinary shares underlying their ADSs only in accordance with the provisions of our deposit agreement (Deposit Agreement) with J.P. Morgan Chase Bank N.A. (J.P. Morgan), as the depositary (Depositary). For example, ADR holders will not receive notice of a meeting directly from us. Rather, we will provide notice of a shareholders meeting to J.P. Morgan in accordance with the Deposit Agreement. J.P. Morgan has undertaken in turn, as soon as practicable after receipt of our notice, to mail voting materials to holders of ADRs. These voting materials include information on the matters to be voted on as contained in our notice of the shareholders meeting and a statement that the holders of ADRs on a specified date will be entitled, subject to any applicable provision of the laws of South Africa and our MOI, to instruct J.P. Morgan as to the exercise of the voting rights pertaining to the shares underlying their respective ADSs.

Upon the written instruction of an ADR holder, J.P. Morgan will endeavour, in so far as practicable, to vote or cause to be voted the shares underlying the ADSs in accordance with the instructions received. If instructions from an ADR holder are not received by J.P. Morgan by the date specified in the voting materials, J.P. Morgan will not request a proxy on behalf of such holder. J.P. Morgan will not vote or attempt to exercise the right to vote other than in accordance with the instructions received from ADR holders.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct J.P. Morgan to vote the shares underlying your ADSs. In addition, J.P. Morgan and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be no recourse if your voting rights are not exercised as you directed.

Holders of Sasol's ordinary shares or ADSs may be subject to dilution as a result of any non-pre-emptive share issuance, and shareholders outside South Africa or ADS holders may not be able to participate in future offerings of securities (including Sasol's ordinary shares) carried out by or on behalf of Sasol

Future share issuances by Sasol, with or without subscription rights, could (depending on how the share issuance is structured) dilute the interests of existing shareholders or require them to invest further funds to avoid such dilution.

In the case of an equity offering with subscription rights, holders of Sasol's shares in certain jurisdictions may not be entitled to exercise such rights unless the rights and the related shares are registered or qualified for sale under the relevant legislation or regulatory framework. In particular, holders of Sasol's securities who are located in the United States (including those who hold ordinary shares or ADSs) may not be able to participate in securities offerings by or on behalf of Sasol unless such equity offerings are registered under the U.S. Securities Act of 1933 (the Securities Act) or exempted from registration under the Securities Act. Holders of these shares in these jurisdictions may therefore suffer dilution should they not be permitted to, or otherwise choose not to, participate in future equity offerings with subscription rights.

Sales of a large amount of Sasol's ordinary shares and ADSs could adversely affect the prevailing market price of the securities

Historically, trading volumes and the liquidity of shares listed on the JSE have been low in comparison with other major markets. The ability of a holder to sell a substantial number of Sasol's ordinary shares on the JSE in a timely manner, especially in a large block trade, may be restricted by this limited liquidity. The sales of ordinary shares or ADSs, if substantial, or the perception that these sales may occur and be substantial, could exert downward pressure on the prevailing market prices for Sasol ordinary shares or ADSs, causing their market prices to decline.