ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES

We are a public company incorporated under the company law of South Africa. Most of our directors and officers reside outside the US, principally in South Africa. You may not be able, therefore, to effect service of process within the US upon those directors and officers with respect to matters arising under the federal securities laws of the US.

In addition, most of our assets and the assets of most of our directors and officers are located outside the US. As a result, you may not be able to enforce against us or our directors and officers judgements obtained in US courts predicated on the civil liability provisions of the federal securities laws of the US.

There are additional factors to be considered under South African law in respect of the enforceability in South Africa (in original actions or in actions for enforcement of judgements of US courts) of liabilities predicated on the US federal securities laws. These additional factors include, but are not necessarily limited to:

- South African public policy considerations;
- South African legislation regulating the applicability and extent of damages and/or penalties that may be payable by a party;
- the applicable rules under the relevant South African legislation which regulate the recognition and enforcement of foreign judgements in South Africa; and
- the South African courts' inherent jurisdiction to intervene in any matter which such courts may determine warrants the courts' intervention (despite any agreement amongst the parties to (i) have any certificate or document being conclusive proof of any factor, or (ii) oust the courts' jurisdiction).

Based on the foregoing, there is no certainty as to the enforceability in South Africa (in original actions or in actions for enforcement of judgements of US courts) of liabilities predicated on the US federal securities laws.

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A [Reserved]

3.B Capitalisation and indebtedness

Not applicable.

3.C Reasons for the offer and use of proceeds

Not applicable.

3.D Risk factors

This section describes some of the risks that could materially affect, separately or in combination, Sasol's business, operating results, cash flows and financial condition. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business operations. 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.

Summary of Risk Factors

Please carefully consider all of the information discussed in this Report for a more thorough description of these and other risks. The risks described below are organised by risk type and are not listed in order of their priority to us or their impact on us.

Risks related to financial matters

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

- We may not achieve our Sasol 2.0 transformation programme cash conservation targets;

- Our level of indebtedness may result in an inability to comply with our net debt to earnings before interest, tax, depreciation and amortisation ("EBITDA") covenant, which in turn, could have a material adverse impact on our financial position and results, credit rating, and/or liquidity;

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

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

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

Risk related to Pandemics

- Our global operations expose us to pandemics, such as the COVID-19 pandemic, that may adversely affect our workforce and impact business continuity, operating results, cash flows and financial condition.

Risks related to our capital investments

- We may not achieve projected benefits of our acquisitions and/or divestments;

- Our capital investments/ projects are subject to schedule delays and cost overruns, and we may face material changes in market conditions or other business assumptions which could render our projects unviable or less profitable than planned;

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

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

Risk related to our sustainability

Our ability to respond effectively to (1) evolving global climate change laws, regulations and policies, including requirements to disclose risks and impacts and requirements to reduce or otherwise address greenhouse gas emissions, and (2) the evolving physical impacts of climate change on our operations, could negatively impact our growth strategies, reduce supply/demand for our products, increase our operational costs, reduce our competitiveness, negatively impact our stakeholder relations, adversely affect our legal licences to operate and our access to capital and financing.

Risks related to our safety and operations

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

Risks related to legal, regulatory and governance matters

- We identified a material weakness in our internal control over financial reporting in 2020, which we are still in the process of remediating. If we are unable to remediate this material weakness, or if we experience additional material weaknesses or other significant 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.

- Actual or alleged non-compliance with regulatory requirements could result in criminal or civil sanctions or could harm our reputation and negatively impact our licence to operate;

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

- South African legislation changes related to petroleum and energy activities may have an adverse impact on our business, operating results, cash flows and financial condition;

- Increasingly stringent safety, health, environmental and chemical regulations, other legislation and their increasing enforcement by regulators and other stakeholders and the consequent adverse effects on public opinion regarding our business may adversely affect our business, operating results, cash flows and financial condition;

- We are subject to risks associated with litigation and regulatory proceedings; and

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

Risk related to geopolitical and stakeholder relationships

- 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.

Risks related to the market

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

- Our coal, synthetic oil, and natural gas reserve estimates may be materially different from quantities and qualities that we eventually recover or ultimately make use of;

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

- 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; and

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

Risk related to information management

- We have experienced an increase in attempts to breach our information security systems. Any successful attempts which lead to breaches could disrupt critical information technology services, which may adversely impact our operations.

Risk related to our people

- We may not be successful in attracting, developing and retaining sufficiently or appropriately skilled employees.

Risk related to our American Depositary Shares (ADRs)

- The exercise of voting rights by holders of American Depositary Receipts (ADRs) is limited in some circumstances;

- 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; and

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

Risks related to financial matters

We may not be able to refinance, extend or repay our substantial bank market indebtedness on time, 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 the Lake Charles Chemicals Project (LCCP) in the US. A number of short to medium-term factors, including, among others, the increased risk of a prolonged surge in global inflation and interest rates driven by the geo-political tension in Europe as a result of the conflict between Russia and Ukraine and China’s zero tolerance for any new COVID-19 outbreaks have adversely affected our business and financial condition.

Our net debt to EBITDA ratio at the end of the June 2022 reporting period was 0.84 times as defined by the Revolving Credit and US dollar Term Loan facility covenants.

Our ability to access the bank, public debt or equity capital markets on an efficient basis may be constrained by dislocation in the credit markets or capital and liquidity constraints in the banking, debt or equity markets at the time of issuance. The outbreak of the COVID-19 pandemic and the recent conflict between Russia and Ukraine has further led to disruption and volatility in financial and capital markets. Any prolonged dislocations in financial and capital markets could impact our ability to refinance our debt on commercially reasonable terms, if at all. Should Sasol need to refinance a portion of the bank loans in the debt or equity capital markets before the loans mature and not be able to do so it may negatively impact our liquidity position.

We may not achieve our Sasol 2.0 transformation programme cash conservation targets

In November 2020, Sasol announced the Sasol 2.0 business transformation programme to the market, which builds on the short-term successes of the initial cash conservation efforts through the implementation of sustainable improvements. Sasol 2.0 transformation programme is the programme aimed at stabilising and transforming the Sasol organisation and delivering a sustainably profitable business which is globally competitive. It is the vehicle to drive the change required to reach the ambition of a competitive and sustainable Future Sasol and has very specific targets for cash fixed cost, gross margin, working capital and sustaining and maintaining categories of capital spend. The programme consists of several improvement initiatives, which are identified, matured and executed through following a governed stage-gate process.

The achievement of the Sasol 2.0 transformation programme is a top priority for Sasol, however, there are factors that may impact the delivery negatively. These include negative macro-economic developments or further deterioration of market conditions as well as the impact of operational instability across our operating sites. The actual cash flow improvement achieved may therefore differ significantly from the current targeted amounts. If the anticipated benefits cannot be realised from these efforts or unintended consequences from implementation of the programme are realised, our business, operating results, financial condition, cash flows and ability to execute growth strategy could be adversely affected.

Our level of indebtedness may result in an inability to comply with our net debt to EBITDA covenant, which in turn, could have a material adverse impact on our financial position and results, credit rating, and/or liquidity

We still have a substantial, albeit much reduced, level of indebtedness. Our vulnerability to adverse economic conditions has thus reduced, but prolonged periods of low oil prices and a decline in fuel and chemicals prices could have an adverse impact on our financial position.

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.

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 lasting impact of the COVID-19 pandemic as well as the conflict between Russia and Ukraine with their impact on energy feedstock costs, supply chain disruptions and subsequent inflationary concerns which all could impact Sasol's turnover and profitability.

Failure to comply with any covenant would enable the lenders to accelerate repayment obligations and lead to cross-defaults with the other facilities. Sasol's credit facilities have standard provisions whereby certain events relating to other borrowers within the Sasol 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 would 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 could 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, our key financial metrics and the sovereign credit rating of the Republic of South Africa, as well as our ability to comply with acceptable environmental emissions targets

While (i) in October 2021, S&P affirmed Sasol's BB rating and revised the outlook from negative to positive. (ii) in April 2022, Moody's affirmed Sasol's rating of Ba2 but changed its outlook from negative to positive Moody's also affirmed South Africa's Ba2 rating, changing the outlook from negative to stable and (iii) in May 2022, S&P affirmed South Africa's credit rating at BB- and revised the outlook from stable to positive. Any downgrades to our credit rating, be that due to the deterioration of our metrics or the impact of the sovereign 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 would 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.

As discussed in more detail below, our key manufacturing processes in South Africa, especially coal gasification and combustion, result in high greenhouse gas (GHG) emissions. For so long as our carbon emissions and the use of coal as a key feedstock remain, these could limit our ability to source financing in debt capital and/or bank markets or increase our cost of funding. For further information please refer to "—Our strategy to respond to climate change may not be successful in achieving our emission reduction targets and could negatively impact our growth." Concerns related to climate change could reduce supply/demand for our products, increase our operational costs, reduce our competitiveness, negatively impact our stakeholder relations, adversely affect our legal licence to operate and our access to capital and financing"

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

Market prices for coal, crude oil, natural gas, ethane and chemical 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 and now, more recently, as a result of the conflict between Russia and Ukraine.

During 2022, the dated Brent crude oil price averaged US$92,06/bbl and fluctuated between a high of US$137,64/bbl and a low of US$66,17/bbl. This compares to an average dated Brent crude oil price of US$54,20/bbl during 2021, when it fluctuated between a high of US$76.44/bbl and a low of US$36.21/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, production capacity 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, illuminating paraffin and LPG), 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. Short and longer-term review of the BFP and the Regulatory Accounting System (RAS) has been discussed by the Ministers of Finance and of Mineral Resources and Energy. To date the calculation of the logistics component has been amended, by removing the allowed 15% premium on observed freight and demurrage rates from the calculation, resulting in a reduction of the BFP value. The value of the reduction fluctuates with changes in freight and demurrage rates and changes in the ZAR/US$ exchange rate. We expect the change to reduce BFP in a range of 3-12 cents per liter. Sasol will participate in deliberations on the review of BFP as and when Government embarks on such actions, however, there is the risk of potential margin impact as a result of such reviews.

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. NERSA has issued two discussion documents on, (1) the impact of unitary pricing; and (2) the effect of high international prices on the South African gas market with proposals for interim amendments to the Maximum Gas Price Methodology and longer-term review of the Methodology. Sasol Gas is participating in this public consultation process. As a result of NERSA's review of the Maximum Gas Price Methodology a revised methodology may be adopted by NERSA for the approval of Maximum Gas Prices. Should NERSA adopt a revised Maximum Gas Price Methodology, it could have an adverse effect on our business, operating results, cash flows and financial condition.

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 chemicals and petroleum prices could also result in projects being delayed or cancelled, while periods of high oil prices support improved performance.

We use derivative financial instruments from time to time to partially protect us against day-to-day and longer-term fluctuations in US dollar prices for oil, export coal and ethane. 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 chemicals and petroleum product prices.

It is inherently difficult to forecast fluctuations in prices for crude oil, ethane, natural/piped gas and chemicals and petroleum products. This risk has been exacerbated by the COVID-19 pandemic and its impact on those product markets as well as the disruption caused by the conflict between Russia and Ukraine and the consequent inflationary pressures from energy related feedstock costs and uncertainties around monetary policy normalisation in this high inflationary environment. The macro environment remains highly volatile, with key indicators (such as exchange rate, oil, feedstock cost and inflation) moving with significant increments on a daily basis, in part due to the conflict between Russia and Ukraine, the COVID-19 pandemic, and their respective impacts on supply chains. Fluctuations in any of these or an inability to obtain selected feedstocks and/or process materials 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 financial results in rand. However, a significant portion 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 borrowings are US dollar-denominated, as they relate to investments outside South Africa or constitute materials, engineering and construction costs imported into South Africa. Fluctuations in the rand/US dollar exchange rate impact our financial leverage and estimated capital expenditure.

We also generate turnover and incur operating costs in dollars, euros 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 2022, the rand/US dollar exchange rate averaged R15,21/US$, fluctuating between a high of R16,31/US$ and a low of R14,16/US$. This compares to an average exchange rate of R15,40 in 2021, when it fluctuated between a high of R17,64 and a low of R13,44. At 30 June 2022 the closing rand/US dollar exchange rate was R16,28/US$ as compared to R14.28/ US$ at 30 June 2021.

The rand exchange rate is affected by various international and South African economic and political factors. Subsequent to 30 June 2022 the rand has weakened against the US dollar closing at 16,84 and against the euro closing at 16,84 on 29 August 2022. 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”.

Risk related to Pandemics

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

Sasol’s global workforce, including service providers, suppliers and customers, are exposed to the COVID-19 pandemic which can impact their wellbeing, safety and health with an associated direct or indirect effect on the safety and continuity of our operations. COVID-19 infections among our workforce, service providers, suppliers and customers, and the related impact on prices and demand for our products may continue to have a material adverse effect on Sasol’s business, operating results, cash flows and financial condition.

As the impact of COVID-19 continues to stabilise, the outbreak of any potential future waves of infection or mutations in the strain of the virus may continue to have a negative impact on our business performance in particular where employees are returning to the workplace and/or office environments. 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 access and administer vaccines 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 consequent direct and indirect impacts on our business and continuity of our operations.

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 continue to have a negative impact on our business, operating results, cash flows and financial condition.

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.

Please refer to “Item 5.A—Operating Results” for the impact of COVID-19 in the financial year ended 30 June 2022

With the easing of COVID-19 restrictions and partial, gradual or full return to work, we may face challenges in dealing with recommended safety protocols such as regular sanitising of our facilities and adequate social distancing.

Risks related to our capital investments

We may not achieve projected benefits of acquisitions or divestments

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

Our projects / capital investments are subject to schedule delays and cost overruns, and we may face material changes in market conditions or other business assumptions, which could render our projects unviable or less profitable than planned

In Mozambique, the Field Development Plan Amendment (FDP) of the Production Sharing Agreement (PSA) was approved by the Government of Mozambique (GoM) on 29 September 2020. The PSA development will allow for flexible production from the different reservoirs with gas sales to Central Termica de Temane (CTT) (via Electricade de Moçambique, E.P. (EDM) as the buyer of the gas) and Sasol South Africa Limited (SSA), Oil/Condensate sales to the international markets and LPG sales to Empresa Nacional de Hidrocarbonetos (ENH). On 19 February 2021, the Sasol Board of Directors (the Board) approved the Final Investment Decision (FID) with an estimated project cost of US$760 million. The project execution was delinked from CTT financial close and execution commenced in quarter three of calendar 2021. CTT financial close occurred on 8 December 2021. The PSA project’s Initial Gas Production and Integrated Surface Facility schedules are tracking to plan with project cost also within approved commitments.

The development of these and similar 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 capital projects were and are subject to the risk of delays and cost overruns inherent in any project, including as a result of:

- shortages or unforeseen increases in the cost of equipment, labour and raw materials whether as a result of global supply chain disruptions following geo-political tensions or otherwise;
- 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;
- 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 PSA capital investment is particularly material to Sasol, any cost overruns, schedule delays, reservoir performance issues, 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 potential impact on the project schedule and costs.

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, PSA and any further projects we may pursue, as well as our operating performance and the consequent 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 macro-economic 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, 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 5.A—Operating results” for the impact of our large projects, such as PSA, on the results of our operations.

Exposure related to significant 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 low carbon projects, 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 under our stated strategy.

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 South African Companies Act, 71 of 2008 (Companies Act), 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.

Although the specific parameters outlined in the capital allocation framework for reinstatement of dividend has been met as at 30 June 2022, Sasol’s strategic growth deliverables will remain a key focus and the dividend policy will need to be considered in line with our capital allocation framework.

Risk related to our sustainability

Our strategy to respond to climate change including compliance with evolving regulatory requirements to reduce greenhouse gas emissions and to disclose related risks and impacts, may not be successful and could negatively impact our growth and result in claims against our business. In addition, laws, policies and concerns related to climate change could reduce supply/demand for our products, increase our operational costs, reduce our competitiveness, negatively impact our stakeholder relations, 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 GHG emissions. Sasol’s ability to develop and implement an appropriate climate change mitigation response is 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 shift away from carbon-intensive processes and products in a just manner, as well as meeting new and anticipated policy and legislative requirements, including carbon tax, carbon budgets, legislated GHG reduction targets and enhanced disclosure requirements. In addition, Sasol’s committed targets have inherent transitional risks related to technology availability and cost. It is particularly challenging in South Africa, where access to low-carbon energies is limited and related infrastructure is under-developed.

A carbon tax was implemented in South Africa on 1 June 2019. This significantly increased the operational costs of our South African operations in the first phase of its implementation running from 1 June 2019 to 31 December 2025 and is anticipated to increase after 1 January 2025, and to be further integrated with a carbon budget, when the second phase commences. For the first phase up to 2022, several transitional tax-free allowances are provided for in legislation. In July 2021, we paid R611 million after offsets and electricity levies. The tax is applicable to an entity’s scope 1 emissions for each calendar year, which broadly means direct greenhouse gas emissions from an entity's operations. The headline carbon tax was R134 per ton of CO_2e (carbon dioxide equivalent) on emissions generated in calendar year 2021 before tax-free allowances, for emissions above the tax-free thresholds, escalating at CPI +2 percentage points each year until 2022. National Treasury proposed in 2022 a significant increase in the carbon base rate to US$20 per ton of CO_2e by 2026 and US$30 per ton of CO_2e from 2030. This is a significant change compared to the rate of R144 per ton of CO_2e (US$9 per ton of CO_2e) in calendar year 2022.

The South African government is also developing carbon budgets in parallel. Currently, confirmation on how mandatory carbon budgets will be aligned to the carbon tax regime is being debated and engagement with the regulators is ongoing. Sasol faces uncertainty in respect of the group’s carbon tax liability and/or potential penalties, that may apply for exceeding the allocated carbon budgets for the mandatory phase. The risk of escalating carbon prices and mandatory carbon budgets will be exacerbated should our fiscal instruments lack effective alignment and if out of sync with mitigation being available in this timeframe. Sasol is supportive of carbon pricing and in this instance, the alignment of the carbon budget with the carbon tax offers an efficient and effective mechanism for the South African economy to undertake a just and equitable transition. A mandatory carbon budget will be introduced once the Climate Change Bill is enacted by Parliament which is likely to be in 2023.

Managing climate change amid South Africa's developmental challenges, civil discontent, economic structure , residual impacts of COVID-19, any potential downgrade of the sovereign credit rating of South Africa, misalignment of the carbon tax design with the carbon budget system, mitigation options and the regulatory uncertainty in the absence of a final promulgated Climate Change Act and the need for a just transition, remains a risk. We actively engage with government and various stakeholders regarding a just transition to enable an approach that appropriately manages and balances the need for economic development, job creation, energy security and greenhouse gas emission reductions.

Sasol's climate change scenario planning foresees a low-carbon emission world representing changes to energy demand, regulations and commodity consumption patterns. Depending on the extent and speed of these changes, if Sasol does not effectively respond and enable robustness of our business to these possible realities then, parts of our portfolio, or potentially our business model could become unsustainable over time.

Sasol stress tests the potential areas where our business might suffer because of demand patterns, regulatory changes, weather impacts and technology changes related to climate change. Sasol uses a set of scenarios that considers how market conditions, technology, political and other influences interact to produce vastly different future outcomes for mitigating our greenhouse gas emissions reduction roadmaps and adapting to climate change which have steered Sasol towards the emissions targets adopted for 2030 and our 2050 ambition as set out below.

There are risks associated with accuracy, completeness and correctness of various assumptions that are used as inputs, including scenarios developed to test resilience to climate change as set out below. In addition, the estimates of required or available capital and other assumptions underpinning necessary investments to make our business sustainable for the long term could prove to be incorrect and lead to delays, cost overruns or the infeasibility of capital expenditure projects. Should all or some of these assumptions prove to be inaccurate, incomplete or incorrect, our resilience and long-term sustainability may be significantly impacted.

South Africa's finalised Nationally Determined Contribution, a range of between 420 – 350 Mt CO_2e by 2030, was submitted to the United Nations Framework Convention on Climate Change as part of the country's obligations under the Paris Agreement for the 26th Conference of the Parties. Nationally Determined Contribution refers to a climate change action plan to cut emissions and adapt to climate change. Sasol's emission reduction target and roadmaps support the national effort and are in line with South Africa's fair share contribution to the Paris Agreement. Sasol is targeting a 30% scope 1 and 2 greenhouse gas emission reduction by 2030, off a 2017 baseline. Scope 2 greenhouse gas emissions are defined broadly as emissions attributable to Sasol's use of purchased energy to conduct its operations. We have developed plans to reduce emissions towards our targets through known, available technologies and with additional improvements in technology, efficiencies in our processes and the introduction of lower-carbon feedstocks. We set a 20% emission reduction on scope 3 Category 11: Use of Sold Energy Products by 2030, off a 2019 baseline, and a net zero ambition by 2050 for these emissions. Category 11 accounts for ~80% of Sasol's total scope 3 emissions. We have an energy efficiency improvement target of 30% by 2030, which supports our overall emission reduction efforts, by 2030 off a 2005 baseline. By 2050, we aspire to achieve net zero emissions.

Our scope 1 and 2 emission reduction targets are supported by roadmaps detailing the methodologies we propose to employ to achieve our targets. We are also developing a scope 3 Category 11 emission-reduction roadmap to support our 2030 target. The primary risks associated with achieving the 2030 and 2050 greenhouse gas reduction targets and ambition are the unavailability and unaffordability of gas as feedstock, the potential prohibitive costs of green hydrogen, electrolysers, the lack of enabling policy and legal frameworks and the ability to access markets in the jurisdictions within which we operate and trade to enable the transition. The imminent Carbon Border Adjustment Mechanism proposed by the European Union, will place an additional burden on imported products from emerging economies like South Africa, where carbon pricing is lower than in the European Union, and where Sasol's largest emissions emanate from. Meeting the energy efficiency and reduction targets and ambition are dependent on continued stable operations. In this regard, we can provide no assurances that Sasol's plans to reduce greenhouse gas emissions pursuant to our roadmaps or otherwise will be viable or successful, but we are continually assessing and mitigating the associated risks by tracking and responding to milestones related to technology advancement and regulatory developments and customer preferences.

Further, climate change poses a significant risk for both our South African and global business as it relates to potential physical impacts, including change in weather patterns, water scarcity and extreme weather events, such as cyclones/hurricanes, tornadoes, flooding and sea level rise. In this regard, work continues to be refined into our operational strategies and responses 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 we expect that the effects of changing climate could exacerbate potential future pandemics.

Further, climate change-related laws and regulations may threaten our licence to operate and substantially increase the cost of doing business, including the imposition of higher carbon taxes or similar taxes. The replacement of coal with natural gas, sustainable biomass and green hydrogen as sustainable feedstocks for our operations in Secunda is likely to increase the cost of production and reduce our profitability significantly. Current information indicates that imported liquified natural gas and other gas sources, biomass and green hydrogen are more costly feedstocks than coal for our operations in Secunda. In transitioning to these low greenhouse gas intensity feedstocks, we anticipate an impact on the margin of some of our products. 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 carbon emissions and the use of coal as a key feedstock could also impact negatively on our potential base of shareholders and our ability to source financing in capital and/or bank markets and/or increase our cost of capital.

Businesses like ours face increasing requirements to disclose to the public the climate change risks and impacts associated with their operations. Examples include significant changes that the US Securities and Exchange Commission has proposed to disclosure by US registered companies, like ours, of these risks and impacts. The European Union is about to adopt similar requirements. Further, environmental and other non-governmental organisations as well as regulators increasingly scrutinise past and current corporate reporting on climate change risks and impacts. We may face regulatory or other claims that we have not sufficiently complied with disclosure requirements or otherwise adequately disclosed climate change risks and impacts.

Our international operations are less carbon-intensive and have been operating for some time in more advanced greenhouse gas regulatory regimes. However, enhanced focus on issues concerning the environment, human rights, environmental justice and climate change is resulting in a more complex regulatory environment, and additional legal risks. In addition, while a significantly lower risk compared to South Africa, global carbon prices are escalating, which poses a risk for our operations in the European Union and potentially in the future in the US.

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 and stakeholders to use the public comment process to challenge the issuance or renewal of a company’s licences based on climate, health or other impacts associated with the licensed activities. The increased litigation risk for companies exposed to climate change could adversely impact the resilience of Sasol’s operations and our continued licence to operate.

Risks related to our safety and operations

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

Operational interruptions impacting our business or value chains may have a material adverse effect on volumes produced and costs. These impacts could be caused by the failure of critical assets, extreme weather events or natural disasters, lack of required feedstock volumes and quality (specifically coal, natural gas, ethane and ethylene), supply chain disruption (inbound and outbound, including critical input or process materials and reliance on third party infrastructure), utility interruption (including electricity, water, oxygen, steam, hydrogen, nitrogen, and reliance on third party suppliers and infrastructure) or a breach of our social and legal licence to operate (including non-compliance with regulatory requirements, licences or permits).

We operate coal mines, explore for and produce gas and operate a number of plants and facilities for the manufacture, storage, processing and transportation of crude oil, chemicals and gas, related raw materials, products and waste materials. These facilities and their respective operations are subject to various risks, such as fires, explosions, hurricanes, 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/or the imposition of fines and penalties. This may have a material adverse effect on our business.

Our facilities may also be subject to the risk of deliberate acts of terror.

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 cause environmental contamination, personal injuries, health impairment or fatalities which expose Sasol 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 (including legacy well obligations and historical issues) 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, ongoing maintenance and management programme. Short- and medium-term interruptions 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. Third party encroachment along the gas pipeline from Mozambique into and across parts of South Africa is actively monitored in order to prevent interference with the pipeline, whether inadvertent or deliberate and which may cause interruptions.

Our operations in the Southern Africa region are further susceptible to business interruptions which could result from community protests and social unrest . These have from time to time resulted in violent incidents which render them difficult to manage. Protests (usually caused by social challenges such as high levels of poverty) creating unrest situations are often pursued as a mechanism to voice socio-economic and political ills faced by local communities in the region. Active involvement and participation of Sasol in broader community and government stakeholders' initiatives may not be sufficient to address the risk.

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 insurance cover for property damage and business interruption for its production facilities. The policy is to procure cover 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.

Risks related to legal, regulatory and governance matters

We identified a material weakness in our internal controls over financial reporting in 2020, which we are still in the process of remediating. If we experience additional material weaknesses or other significant 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 controls over financial reporting and for evaluating and reporting on the effectiveness of our system of internal control. Under “Item 15— Controls and Procedures”, a material weakness in internal control over financial reporting was disclosed for the financial year ended 30 June 2022. The material weakness was identified in 2020 and relates to the level of precision applied to the impairment assessments performed on the South African integrated value chain cash generating units (CGUs) within one segment of the company and was expanded to all CGUs within the South African integrated value chain. This material weakness is still in the process of being remediated.

While significant progress on remedial measures has been undertaken there can be no assurance that our efforts will be successful. We are currently implementing remedial measures therefore the material weakness will not be considered remediated until the completion of the design and implementation of the longer-term remediation efforts and applicable remedial controls operate for a few cycles and management has concluded, through testing, that these controls have been operating effectively. As a result of the material weakness described above, management concluded that our disclosure controls and procedures remained ineffective as of 30 June 2022.

We cannot be certain that any remedial measures we are currently in the process of implementing, or our internal controls 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 to 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 or result in a restatement of previously disclosed financial statements. These financial reporting obligations include filing our periodic reports with the SEC on a timely basis and maintaining compliance with applicable New York Stock Exchange (NYSE) listing requirements.

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. They could also subject us to regulatory scrutiny and to litigation from shareholders, which could have a material adverse effect on our business. Furthermore, the remediation of any such material weakness 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. This is because there are increased requirements related to the activities from the optimisation of the business, as well as the personnel impact of the strategic reset through Future Sasol. See Exhibit 99.5 “Integrated Report— Strategic direction”.

If we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or to accurately report our financial performance on a timely basis. This, in turn, 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 (Sarbanes-Oxley Act) could potentially subject us to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

Actual or alleged non-compliance with regulatory requirements could result in criminal or civil sanctions or could harm our reputation and negatively impact our licence to operate

Non-compliance with anti-corruption and anti-bribery laws, sanction laws, environmental laws, competition or anti-trust laws and data privacy laws have been identified as our top five regulatory risks.

Anti-corruption and anti-bribery laws

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

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 some countries 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. Major investments in countries with a high corruption exposure create an elevated risk when dealing with private companies, governments or government-controlled entities. We have an anti-corruption and anti-bribery compliance and training 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. However, a 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 reputation, business, operating results, cash flows and financial condition.

We have a sanctions compliance programme and sanctions screening systems in place. We believe that we are in compliance with all applicable sanctions and other trade restrictions and intend to maintain such compliance. However, 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. The sanctions linked to the conflict between Russia and Ukraine had a limited impact on our business activities and , no new deliveries or purchases to and from Russian and Ukrainian based counterparties have taken place since the start of the conflict.

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 the more stringent point source standards for air quality emissions applicable to newly commissioned plants. Meeting some of these requirements requires the retrofitting of some of our existing plants, and accordingly, we obtained postponements until 1 April 2025 from the National Air Quality Officer (NAQO) to implement abatement projects in accordance with our air quality roadmaps. The commitment and intent remain to achieve compliance to the prescribed minimum emissions standards (MES) by 1 April 2025 as reflected in our respective atmospheric emissions licences (AELs) for all point sources, except for sulphur dioxide (SO_2) emissions from the boilers at the Secunda Operations' steam plants. This also holds true for pending postponements relating to point sources (recently included in the Secunda Operations AEL) at facility units within our Secunda Operations. Sasol is on track to enable compliance through the execution of its emission control roadmaps.

The Secunda Operations have been granted postponement from meeting the new plant standard SO_2 for its boilers at the steam plants until 31 March 2025, but meeting this compliance timeline remains a challenge considering the time required to implement the possible solutions. Although coal beneficiation has the potential to effectively reduce SO_2 emissions to below 1000 mg/Nm^3, the recently promulgated standard is neither aligned to Sasol's sustainability objectives, nor to the long-term vision of decarbonising. As part of Sasol's lower carbon ambitions and GHG emissions reduction targets, there are synergies that can be realised through integrating reduction initiatives for GHG and boiler SO_2. This integrated reduction roadmap involves the turning down of boilers to reduce SO_2 emissions with SO_2 reduction benefits envisaged to be realised from 2025, as well as to reduce GHGs and other pollutants emitted from the boilers. To enable this transition through the integrated reduction roadmap, Sasol applied to the NAQO to be regulated by a load-based emission limit (the mass and the rate of the pollutant emissions) instead of a concentration limit (the mass of pollutant per cubic meter of air emitted). Through this, Sasol aims to achieve a 30% reduction in SO_2 by 2030, which is viewed to be significantly more than what would be achieved under the current concentration limits in the MES. The application (Clause 12A application under the MES) allows an existing plant to apply to the NAQO to operate under an emission load limit (as opposed to a concentration-based limit) and aims to enable the Secunda Operations to lawfully continue operating its boilers at its steam plants beyond 31 March 2025, pending and following the implementation of the proposed integrated SO_2 and GHG reduction roadmap.

We continue to assess available legal mechanisms to leverage in mitigation of any potential non-compliance risks that may arise on 1 April 2025, pending the completion of the air quality roadmaps along adjusted timelines. and the favourable consideration of the abovementioned clause 12A application. We continue to engage with the Department of Forestry, Fisheries and the Environment (DFFE) and the local licensing authorities as necessary. The outcome of these processes and applications cannot be guaranteed and may be successfully challenged by third parties and hence the risk of non-compliance could still materialise. Non-compliance may result in the violation of licence conditions with the associated consequence of administrative and criminal enforcement action, which may include directions to cease operations, fines and penalties as well as criminal prosecution and sanctions. This may have a material adverse impact on our business.

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.

Some of our South African operations are situated in declared air quality priority areas which are 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. Enabling regulations regarding stricter governance of the Highveld Priority Area, in particular to address the implementation and non-adherence to the priority area management plan, is pending. The second generation Vaal Triangle Airshed Priority Area Air Management Plan was gazetted in August 2021. The Highveld Priority Area Air Quality Management Plan is currently under review. Accordingly, further emission reduction commitments may be required from Sasol and are likely to trigger additional costs 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 and Consumer Protection laws

Non-compliance with competition/anti-trust legislation and/or consumer protection laws could expose the group to administrative penalties, civil claims and damages, including punitive damages by companies and/or consumers who can prove they were harmed by the breach of competition/anti-trust legislation and/or consumer protection laws. 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/consumer protection law violations are a criminal offence.

It is Sasol’s policy to comply with all laws. Notwithstanding this, and our training and compliance programmes, we could inadvertently contravene competition/anti-trust laws and/or consumer protection 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 as well as consumer protection laws 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.

Data privacy laws and regulations

We operate in countries that have data protection laws and regulations. It is our policy to comply with all applicable laws, and we implement numerous training, awareness and data privacy compliance programmes. However, 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.

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

In December 2019, the Minister of Mineral Resources and Energy separated oil and gas-related matters from those of mineralisation in the draft Upstream Petroleum Resources Development Bill (UPRDB) that was published in the Government Gazette on 24 December 2019. Mineral and mining related matters continue to be dealt with in terms of the Mineral and Petroleum Resource Development Act (MPRDA). However, due to the impact of COVID-19, further consultation processes were delayed. On 13 May 2021, Cabinet approved the introduction of the UPRDB to parliament. The UPRDB was gazetted and published for public comment on 11 June 2021. On 15 December 2021, National Treasury published for industry comment a Discussion Document: *What is the Most Appropriate Tax Regime for the Oil and Gas Industry* (putting forth proposals on the taxation of upstream oil and gas activities). National Treasury held a public consultation on 13 April 2022 to further discuss the oil and gas tax regime. On 17 May 2022, the Portfolio Committee on Mineral Resources and Energy held a briefing on the UPRDB and subsequently invited the public to submit further comments by 29 July 2022. Sasol has periodically submitted comments on the UPRDB directly to the Department of Mineral Resources and Energy (DMRE) and via the relevant business association, Offshore Petroleum Association of South Africa (OPASA). Once promulgated, the UPRDB currently before parliament will repeal and replace the relevant sections in the MPRDA which currently regulate both oil and gas exploration and production as well as minerals and mining.

The Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry, 2018 (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 Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry (the previous Mining Charter) including but not limited to an increase in the Broad- based Black Economic Empowerment (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. These may have a material adverse effect on Sasol Mining Proprietary Limited (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 the Mineral Resources and Energy (Minister). The entity, upon receiving a notice of breach from the Minister, has a specific period of time to remedy such breach, failing which the mining right can be suspended or cancelled.

The MPRDA and applicable provisions in the National Environmental Management Act 107 of 1998 and National Water Act 36 of 1998 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 on our mining and petroleum rights of possible future amendments to the MPRDA, associated regulations to be promulgated and the 2018 Mining Charter 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”.

The Mine Health and Safety Amendment Bill was published on 15 June 2022 for public comment. Sasol Mining provided its comments via the Minerals Council South Africa (Minerals Council). The impact of the proposed amendments can only be considered should the whole or any of the proposed amendments be enacted. The proposed amendments however have far-reaching implications and provide inter alia that a mining company can be fined up to 10% of its annual turnover should it be convicted of a non-compliance to the provisions of the Mine Health and Safety Act 26 of 1996 (MHSA).

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

Regulation of petroleum products in South Africa

The Petroleum Products Amendment Act 2 of 2005 (Petroleum Products Act)

The Petroleum Products Act requires that persons involved in the manufacture and wholesale and retail sale of petroleum products obtain relevant licences for such activities. Sasol Oil (Pty) Ltd (Sasol Oil), Natref and SSA have submitted applications for their respective operations. The Sasol Oil wholesale licence and SSA 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 then, 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 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, the 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 DMRE is currently reviewing elements of 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 (so-called Clean Fuels II Regulations) were due 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 rescinded and amended the regulations in June 2017. On 30 March 2021, new draft regulations were published for a 60-day public comment period for Clean Fuels II Specifications. The draft regulations indicated an implementation date of five years from the date of promulgation. Compliance with these new fuel specifications will require substantial capital investments at both Natref and Secunda Operations. Sasol approved the required capital to upgrade the Secunda Operations in time for the expected regulation date in 2026. An updated Natref Clean Fuels II solution is under development that would require lower capital; however, no investment decision has been made. Discussions with the South African government are ongoing. On 31 August 2021, the new Clean Fuels II Regulations, replacing the previous regulations were published. The technical specifications are aligned with those previously prescribed, but the promulgated regulations stipulated the required implementation thereof by 1 September 2023. After further engagements between the industry and the DMRE, the Minister, on 24 June 2022, gazetted a new implementation date of 1 July 2027 for Clean Fuels II
- In terms of the Clean Fuels II Regulations, fuels that do not comply with the

prescribed specifications may not be sold or produced for domestic consumption in South Africa. The implementation of the Clean Fuels II solution at Secunda is progressing well and is on track to deliver on-specification product by the end of 2027.

- On 30 March 2021, new mandatory biofuel blending regulations were published for a 60-day public comment period and on 1 September 2021 the new regulations were promulgated. These regulations oblige licensed manufacturers of fuel to blend between 2% and 10% of bio-ethanol with petrol and a minimum of 5% bio-diesel with diesel in South Africa. This required blending of bio-fuels at the maximum level, may pose challenges to the compliance with the Clean Fuels II specifications. The new regulations are being reviewed in conjunction with the Clean Fuels II Regulations to determine the compliance requirements and the required technical responses to enable such compliance. These Regulations may have an adverse effect on our fuel manufacturing operations at Secunda and Natref.

Regulation of pipeline gas activities in South Africa

The Gas Act 48 of 2001 (Gas Act)

The Gas Act provides NERSA with the authority to issue licences for the construction and operation of gas pipelines and the trading in gas in South Africa. 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 89 of 1998. 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 (Pty) Ltd (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. In November 2017, NERSA approved further maximum gas prices and transmission tariffs based on the same pricing and tariff mechanisms. After extensive litigation the 2013 NERSA Maximum Price decision and the 2017 Maximum Price decision were overturned in July 2019 and May 2021 respectively.

In its 15 July 2019 decision, the Constitutional Court overturned the 2013 NERSA maximum price decision, ordered NERSA to revise its decision and provided that the new decision by NERSA regarding the maximum gas prices for Sasol Gas will apply retrospectively from 26 March 2014 when the original decisions (now overturned) became effective. The 2017 NERSA price decision was overturned on 3 May 2021 and accordingly, the retrospective application of the new price decision by NERSA includes the period from 1 July 2017 up to 31 August 2021 as well.

After the Constitutional court decision, NERSA adopted a new maximum gas price methodology in 2020. Sasol Gas submitted a new maximum gas price application to NERSA in December 2020 and on 6 July 2021 NERSA published its maximum gas price decision in which it approved maximum gas prices for Sasol Gas for the period from 2014 up to 2021 and also prescribed how the maximum prices are to be determined for 2022 and 2023. The 2022 Gas Price was determined and implemented by Sasol in accordance with the method approved in the 2021 NERSA Maximum Gas Price decision.

Because the new maximum gas prices approved by NERSA for the period of the overturned decision is lower than the actual price charged to a large number of Sasol Gas's customers, a retrospective liability may have arisen for Sasol Gas if customers instituted claims for compensation based on the differences between the new approved maximum gas prices and actual gas prices historically charged by Sasol Gas. After consultation with NERSA, Sasol Gas is implementing a pro-active approach to its customers in order to resolve the applicable refunds in respect of the retrospective period. As at 30 June 2022, financial provisions previously recognised by Sasol Gas for this retrospective liability have been utilised and customer accounts in credit as at 30 June 2022 and amounts relating to the settlement agreements not yet concluded were recognised in trade payables and accrued expenses.

In December 2021 the Industrial Gas Users Association of Southern Africa (IGUA-SA) launched a legal review application seeking to overturn the 2021 price decision by NERSA, which approved Maximum Gas Prices for Sasol Gas for the period from 2014 – 2021. Both NERSA and Sasol Gas are opposing the application and the parties are currently exchanging pleadings in the matter. The current 2021 NERSA price decision remains in force until such time as it is set aside by a competent court and NERSA makes a new decision. The legal obligations for Sasol Gas also remain unaffected by this application pending the decision of the court.

Due to extraordinary international macro-economic developments, international gas prices have experienced increased volatility and increases during the period for which international benchmark data is used in terms of the 2020 Maximum Gas Price Methodology to determine maximum gas prices. This has led to uncertainty regarding 2023 Maximum Gas Price in terms of the 2021 NERSA Maximum Gas Price decision. Sasol Gas is continuing to engage with NERSA to resolve the issue, pending which the actual gas prices applicable in 2022 will continue to be charged by Sasol Gas. These circumstances may also have a longer term adverse impact on the methodology used by NERSA to determine Maximum Gas Prices.

The outcome of the engagements with NERSA regarding the 2023 gas pricing as well as future implementation of NERSA-approved maximum gas prices could have an adverse effect on our business, operating results, cash flows and financial condition.

The Gas Amendment Bill was gazetted on 13 April 2021. This Bill is currently in the public comment phase and the ultimate effect of the proposed amendments to the Gas Act on our sales and our financial condition cannot be determined at this time.

The outcomes of such decisions and legislations may have an adverse impact on our business, operating results, cash flows and financial condition

Changes in safety, health, environmental and chemical regulations, other 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 the 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 imposing more stringent air quality, climate change, water, waste and chemicals management legal requirements applicable to mature plants, may introduce compliance challenges to our existing plants in South Africa. These laws and regulations and their enforcement are likely to become more stringent over time in all the jurisdictions in which we operate, although these laws in some jurisdictions are already more established and mature 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. We continue with transparent disclosures and engagements with our key stakeholders and exercise remedies available in law 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.

The transition of presidential administrations in the US has created uncertainty for our US operations due to increased scrutiny of environmental and climate change issues (including environmental justice and disclosures of environmental and climate related data) by governmental agencies, investors and communities. Administration changes (both at federal and state level) could lead to revocation and revision of existing environmental and disclosure regulations.

The costs associated with compliance with additional or increased regulation of environmental and climate issues could be significant and could have a material adverse impact on our business, operating results, cash flows and financial condition. For further information on the impact of carbon taxes refer to “Item 3.D—Our strategy to respond to climate change may not be successful in achieving our emission reduction targets and could negatively impact our growth. Concerns related to climate change could reduce supply/demand for our products, increase our operational costs, reduce our competitiveness, negatively impact our stakeholder relations, 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 and extended producer liability, are compelling our South African operations to find alternative solutions to waste management, disposal and management of packaging. The changing regulatory landscape introduces increasingly stringent waste disposal restrictions, extended producer liabilities and punitive fiscal reform measures including potential waste levies. We continue to quantify the potential costs associated with meeting these requirements. We depend 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 include increasingly stringent requirements, such as waste water discharge limits, that must be complied with over time. This may not be achievable.

From a Sasol chemicals’ business perspective, our products must 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. In the EU, these include filing of Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) registrations for chemicals we produce in or import into Europe. In other regions, such as US and China or other Asian countries, chemical notifications have to be filed for new chemicals. Many countries are in the process of revising their chemicals regulations based on the EU REACH regulation. South-Korea and Turkey have already implemented EU REACH-like regulations and Sasol has started activities to ensure that the business with customers in Turkey and Korea can continue. The Eurasian region also will implement new chemical regulations soon. All of these changing chemical regulations come with further obligations and requirements with which Sasol will need to comply. Following Brexit, the UK has introduced a separate UK REACH regulation. Sasol has taken all necessary steps to ensure that we can continue to deliver products to customers in the UK. We have started to file new registrations for new business in the UK and are preparing to file UK REACH registrations for other substances.

The EU Green Deal and related delegated acts will result in additional regulatory requirements in the future. Currently, the proposed Delegated Acts pursuant to the Renewable Energy Directive have the potential to limit market access for transitionary products from emerging economies and the Carbon Border Adjustment Mechanism (CBAM) will place a higher cost on products in the EU that do not meet required standards. The revision of the EU REACH regulation will also result in additional requirements and processes. While not all details are clear yet, many polymers will also require registrations in the future. The EU is also planning to implement more hazard categories under the Classification, Labelling and Packaging (CLP) regulation and intends to implement them globally via the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) system. Over the coming months and years details about further measures will become available.

South Africa is aligning its regulatory systems with international commitments on safe chemicals management including the GHS. The Hazardous Chemical Agent Regulations came into effect on 29 March 2021 in South Africa, requiring employer provided workplaces to comply with more stringent occupational exposure limits (OELs) for identified substances within a transition period of eighteen months. Compliance with some OELs will require Sasol’s mature plants to be retrofitted with the necessary abatement equipment that will require significant capital investment and extended lead-time to complete. Sasol is dependent on the outcome of pending application provided for in law to enable these required extended compliance timeframes. Further challenges with compliance related to the required disclosure of product information deemed as confidential business information and the practical execution of the GHS labelling system to our pipelines will also be addressed via an application for exemption as provided for in law. The outcome of these applications cannot be guaranteed.

At Sasol, systems and processes are in place, monitored and improved upon, to ensure our compliance with laws and regulations applicable to Sasol and its obligations up and down the value chain. However, 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.

There is growing public opinion and awareness of public health and safety associated with the manufacturing and use of chemicals and industries reliant on fossil fuels. Challenges are also increasingly being raised on these issues. 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. 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 over and above legal compliance. However, we may be subject to liabilities as a result of the use or exposure to these materials or emissions. Non-governmental organisations, activists and other stakeholders increasingly use environmental, health and safety permitting processes, including ours, to challenge a company's practices to promote greater environmental sustainability in its operations and value chain. We expect this kind of participation to increase over time, which could impede our ability to obtain new or renewed permits or result in more stringent standards imposed in them. 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, through bans on certain polymer product applications, production restrictions and reduced demand for polymers where alternatives are perceived to be more acceptable to the markets they serve. The Department of Forestry, Fisheries and the Environment (DFFE) promulgated the Extended Producer Responsibility regulations which may result in additional financial obligations together with various other responsibilities for Sasol.

The Mine Health and Safety Amendment Bill was published on 15 June 2022 for public comment. Sasol Mining provided its comments via the Minerals Council. The impact of the proposed amendments can only be considered should the whole or any of the proposed amendments be enacted. The proposed amendments however have far-reaching implications and provide inter alia that a mining company can be fined up to 10% of its annual turnover should it be convicted of a non-compliance to the provisions of the MHSA.

Any such changes in the above safety, health, environmental and chemical regulations, other legislation and public opinion may adversely affect our business, operating results, cash flows and financial condition.

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 of 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 “Item 3.D—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 socio-economic issues—ii. Transformation and local content” and the

Sasol Financing International plc (SFI) tax proceedings described under “Item 3.D —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

(b) 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 identified in 2020 in our internal controls over financial reporting - see “Item 3.D—We identified a material weakness in our internal control over financial reporting in 2021, which we are still in the process of remediating. If we are unable to remediate this material weakness, 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, a securities class action complaint was filed on behalf of US ADR owner Chad Lindsey Moshell and other US ADR holders who purchased Sasol securities from 10 March 2015 to 13 January 2020. It was filed in the United States District Court, Southern District of New York against Sasol Limited and five of its current and former executive directors. The complaint alleged violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. Sasol and plaintiffs agreed to a mediation in this matter which was conducted on 16th and 17th February 2022. The parties were able to reach a tentative settlement which was approved by the court on 18 August 2022, bringing the matter to a close. Sasol anticipates that expenses in excess of applicable deductibles will be covered by insurance.

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.

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 those countries where we apply for 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 in relation to the relevant 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 of exposure to claims arising 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.

Risk related to geopolitical and stakeholder relationships

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 gas to liquid facility in Qatar and joint operations in the US.

In 2020, Sasol concluded divestments in South Africa and Nigeria. In 2021, Sasol concluded divestments in the USA, Germany, Mozambique, South Africa and Gabon. In 2022, Sasol concluded divestments in Germany, Canada, South Africa and Mozambique.

Economic and political instability in regions outside of the jurisdictions in which we operate and other geopolitical events such as the conflict between Russia and Ukraine may result in unavoidable uncertainties that could negatively affect costs of business, cause volatility in currency exchange rates, commodity prices, interest rates and worldwide political, regulatory, economic or market conditions and cause instability in political institutions, regulatory agencies and financial markets, any of which could have a material adverse effect on our business, operating results and financial condition. We are actively monitoring the impact of such geopolitical events and consequent impact to our business.

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 socio-economic issues

i. Political, social and economic uncertainty

We have invested or are in the process of investing in and/or divesting from, significant operations in Southern 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 lingering negative COVID-19-related economic impacts and spill-over effects from the

conflict between Russia and Ukraine, South Africa faces ongoing challenges in improving the country's growth potential, socio-economic inequalities, weak public finances, corruption and addressing weaknesses at state-owned enterprises and other institutions. In addition, South Africa continues to face actual events and potential future risks related to civil and social unrest. In 2021, the country experienced such events which significantly impacted the economy, business as a whole and Sasol specifically across various fronts. These included security threats to operations and people, continuity risks in operations and business, reductions in market demand for products, and interruptions in supply chains. These factors remain a risk to South Africa's sovereign credit rating outlook and future socio-economic stability.

In Mozambique, COVID-19-related uncertainties, effects linked to the conflict between Russia and Ukraine high levels of public sector debt, political conflict, severe insurgency risks, lack of essential services, the need for ongoing strengthening of institutions, insufficient fiscal sustainability and extreme weather events are expected to remain significant risks to the country's economic and operational outlook for the foreseeable future. At a global level, COVID-19 strains and infection waves, vaccine availability, efficacy and hesitancy, strict lockdowns in China, and the spill-over effects of the conflict between Russia and Ukraine lead to unusually high levels of uncertainty. These pose significant downside risks to the global economy and geopolitical tensions, financial vulnerabilities, abrupt shifts in financial conditions and their impact on the socio-economic outlook can also influence the countries in which we operate, including their policy developments.

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 where 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. Such changes may therefore have an adverse effect on our operations and financial results.

ii. Transformation and local content

In all countries, our operations are required to comply with local procurement, employment equity, equity participation, skills development, 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. This includes not securing business due to lower than required contributor levels as per B-BBEE scorecard.

In Mozambique, we have agreed Local Content Plans (LCPs) with the Government of Mozambique (GoM) for our sustainable operations and for our projects. Not delivering on the agreed key performance indicators of the LCPs may impact our operating licences and ability to sustainably deliver on our business objectives in Mozambique.

In South Africa, there are various transformation regulations 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 regulations 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 contribution rating).

The 2018 Mining Charter was published for implementation on 27 September 2018. On 19 December 2018 certain amendments, as well as the Mining Charter Guidelines, 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, on 29 March 2019 the 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 was heard by a full bench of the High Court from 3 May to 6 May 2021. On 21 September 2021, the High Court ruled in favour of the Minerals Council. The provisions challenged by the Mineral Council were set aside and the ruling confirmed that section 100(2) of the MPRDA does not empower the Minister to make law and that the 2018 Mining Charter is an instrument of policy and not subordinate legislation. Current indications are that the ruling will not be appealed. The Minister may however prepare and pass an Amendment Bill through Parliament to address the aspects of the Charter that were set aside or mining rights can be issued or renewed in future on conditions similar to those that were set aside pursuant to the review application.

For more information refer to "Item 3.D—South African mining legislation may have an adverse effect on our mineral rights".

On 27 March 2020, the Minister published amendments to the Mineral and Petroleum Resources Development Regulations (Amendment Regulations) to "...develop a broad-based socioeconomic empowerment Charter that will set the framework for targets and timetable for effecting the entry into and active participation of historically disadvantaged South Africans into the mining industry…" The Amendment Regulations may have a negative impact on our business in terms of uncertainty regarding the interpretation and higher cost for the business.

In Mozambique, there is still no specific law for local content. However, legal frameworks support the Government in monitoring the implementation of local content plans submitted by international oil companies. The Mozambique National Constitution states that the exploration of natural resources must protect the interest and promote the effective involvement of the national business community (articles 102 and 107). Therefore, the legislation of the petroleum sector (Law 21/2014 of 18 August 2014) imposes some obligations for local content. Local content rules in the oil and gas sector are further complemented by the Mega-Projects Law (15/2011 of 10 August 2011) regarding the national participation in the Concessionaire's shareholder structure. The lack of a specific and detailed local content law constitutes a risk for the operators as there is no common understanding of certain local law content defined terms, which may lead to a misrepresentation of the Sasol Local Content Plan.

In addition, to the existing laws, the Government has been developing initiatives to promote local content (Single Local Content Programme). It is crucial to have an alignment between the Single Local Content Programme and the initiatives being implemented by Sasol.

Another key risk is linked to local businesses' expectations management. Most of the beneficiaries of Sasol's supplier development initiatives and many other local small, medium and micro enterprises expect to be involved with Sasol in relation to the procurement of goods and services. Therefore, it is vital to create effective communication channels, as well as simplified legal instruments, to ensure the protection of Sasol's interests, as these local entrepreneurs have a strong influence over local communities.

The revised Codes of Good Practice for B-BBEE (the Revised Codes), which came into effect on 1 May 2015, further amended on 31 May 2019, 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 liquid fuels industry and other relevant stakeholders, through the Petroleum and Liquid Fuels Sector Charter Council, is developing the "Petroleum and Liquid Fuels Sector Charter" (PLFSC) which is intended to align the existing Liquid Fuels Charter adopted in November 2000 with the Revised Codes to 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 its impact. It is anticipated that the PLFSC will 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 and introduce the Sasol Khanyisa B-BBEE transaction, we placed specific management focus on engaging with trade unions on issues pertaining to employee share ownership levels. Two of the five trade unions represented at Sasol,, 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. Despite best endeavours to do so, the parties abandoned this attempt and to date the matter which Solidarity has against Sasol has not been pursued. Solidarity has not succeeded in getting the three other large employers to participate in the stated case compilation, the consolidated matter was not submitted to the Labour Court and since October 2020 it has made no further advances to progress with the matter. The Labour Court recently issued a directive to prepare a pre-trial minute to be filed with the registrar as an alternative to appearing before a judge of the Labour Court on 10 August 2022. The parties filed the pre-trial minute and are awaiting the allocation of the trial date. 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 been left dormant by the trade union, 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.

Sasol Mining applied to the DMRE for the recognition of the Sasol Khanyisa ESOP to meet the ownership requirements contained in the 2018 Mining Charter. The DMRE declined the request due to the ongoing litigation as the outcome could possibly have an impact on the number of employees participating in the scheme and the consequent ownership percentage.

Consequently, Sasol Mining is unable to fully comply with the 2018 Mining Charter ownership requirements related to new mining right or mining right renewal applications. 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. Furthermore, the South African Broad-Based Black Economic Empowerment Commissioner may not recognise that the vendor financing mechanism allows us to be allocated points on Enterprise Supplier Development as per B-BEE scorecard.

However, 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. For instance, any rights issue, depending on the uptake ‘appetite’ could possibly dilute the Khanyisa shareholding and may result in Sasol not complying with the South African Broad-based Black Economic Empowerment Act, 53 of 2003. 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 SSA during the empowerment period. The value created is determined with reference to the extent the fair value of SSA and any dividends declared by SSA exceed any outstanding vendor financing related to these Khanyisa shareholders at the end of the transaction period. Any adverse impact on dividend distributions to the Khanyisa shareholders or on the valuation of the SSA business on conclusion of the transaction will reduce the ultimate value created.

iii. Disruptive industrial action

The South African labour market remains volatile and can be characterised by major industrial actions in key sectors of the economy, especially during the season of wage negotiations. However, the Sasol employee relations landscape remains relatively stable amidst the global economic turmoil giving rise to high inflation on basic commodities and the overall cost of living.

The majority of our non-managerial employees worldwide belong to trade unions or works councils in Germany and Italy. These employees comprise mainly of general workers, artisans and technical operators.

In South Africa, 2023 wage negotiations in respect of the Industrial Chemicals and Petroleum sectors under the auspices of the National Bargaining Council for the chemical industry have ended in two year agreements of inflation linked increases.

In Sasol Mining, the wage negotiation process is at its final stages whilst in Mozambique the process remains underway. Our contingency plans are in place to safeguard business continuity

In Sasol Chemicals America, the Lake Charles East Plant’s (represented by the United Steel Workers Local 13-555) wages follow increases set forth in the National Oil Bargaining Policy . The increase in demand for skilled workers, especially along the Gulf Coast, could potentially impact employee turnover as the industrial market is highly competitive. The current

Lake Charles East Plant Collective Bargaining Agreement will remain in effect until 7:00am on 16 October 2023.

In Sasol Chemicals America, the Oil City Plant (represented by the United Steel Workers Local 455), located in Oil City, Philadelphia, wages were previously negotiated. The current Oil City Plant Collective Bargaining Agreement terms were effective 1 April 2019 and will remain in effect through 1 April 2024. In February of 2022, Sasol announced the closure of this facility. Throughout the risk of distractions due to uncertainties and change since the announcement, employees have maintained safety and production as priority.

In Sasol Chemicals Germany, the Wage Tariff Agreement term ended 31 March 2022 and due to the volatile inflation, a lump-sum payment was agreed. The negotiations for the increase of salaries will resume in fall of calendar 2022.

(b)Fiscal and monetary policies

Macro-economic 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 are 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 5,7% in 2022 compared to 3,5% in 2021. Similarly, inflation in the US rose to 7,2% in 2022 from 2,3% in the preceding year. In the Eurozone, inflation accelerated to 5,4% from 0,6% over the same period. Surging inflation was mainly due to significant increases in food and energy prices, supply chain bottlenecks, and a slow rebalancing of spending towards the services sector. With inflation well above central banks' inflation targets in several countries and fears of a potential de-anchoring of inflation expectations, central banks have already embarked on what appears to be an aggressive monetary policy normalization path. For example, the South African Reserve Bank hiked the policy interest rate to 5,50% by July 2022 from 3,50% in July 2021.

South Africa's economic outlook remains challenging. An uncertain and weakening global growth environment, constrained government finances, low levels of real per capita gross domestic product, civil discontent, electricity supply constraints, policy uncertainty, low confidence levels, high levels of unemployment and geopolitical events all pose risks to the economy.

Exchange rate fluctuations, food prices, electricity, water and import tariffs, global inflation trends, oil price developments and the sovereign rating outlook remain key risks to the inflation outlook.

Global financial conditions, geo-political tensions, commodity price trends, emerging market sentiment swings and domestic socio-political and policy developments, could contribute to significant ongoing currency volatility.

Even though there is a gradual roll-out of vaccines across the world, this is inequitable, and the COVID-19 pandemic continues to impose high humanitarian and economic costs, which impacts our business, operations cash flows, financial condition, and financials.

(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.

The Economic and Monetary Community of Central Africa (CEMAC), which includes Gabon, issued Foreign Exchange Regulation No. 02/18 CEMAC-UMAC (Regulations) which came into effect on 1 September 2019. The Regulations allow the CEMAC Central Bank (BEAC) to take measures to restore reserves in foreign exchange currency including restrictions on foreign currency bank accounts in and outside CEMAC and limits a company’s ability to enter into loans, import / export services and assets and make investments. Fines for breach are extremely severe, being up to 50% of the company’s assets. BEAC issued two moratoria on the Regulation and the final moratorium expired on 31 December 2021 and the Regulations are now in effect.

Although we no longer have any oil and gas assets in Gabon, we continue to have a presence in Gabon while Sasol Gabon S.A. remains active. As such, along with other companies active in the region, we continue to engage with BEAC to seek a compromise that will allow the oil and gas industry to operate more efficiently and BEAC has issued a number of instructions and regulations clarifying certain operational aspects of the Regulation in order to address certain of the concerns raised by the industry.

See “Item 10.D—Exchange controls” and “Item 5.B—Liquidity and capital resources”.

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, SFI, received assessments in February 2018 regarding the 2002 to 2012 tax years 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. 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 developed 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. Despite attempts from Eskom, South Africa's national power utility, to restore the reliability of its ageing coal fleet, incidents of energy shortfalls are increasing. Unplanned power outages will have a negative impact on our production volumes, cost and profitability. While we have the capacity to generate half of our own electricity requirements at our South African operations, this only mitigates the risk partially as we remain dependent on external electricity supply from Eskom.

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 the 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 81% of Sasol's total water demand. While the water supply to these operations remains secure, expectations are for a worsening of the water supply imbalance. This may lead to issues of water availability or the imposition of restrictions on its use. Seasonal changes, such as deterioration in quality of water supplied from the IVRS, results in feed water which is highly variable and regularly of a poor quality. This increases the cost of treating it. Although various technological advances may improve the water efficiency of our processes, these are capital intensive. We may also experience limited water availability due to periodic drought events aggravated by delays in completing phase 2 of the Lesotho Highlands Water Project which is currently underway. Recent above-average rainfall has resulted in the IVRS reaching full storage capacity thereby reducing the short-term water supply risk to operations. We may also experience a 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.

The transportation of inbound materials to our plants and of products to our customers is reliant on the region's available workforce and infrastructure. Numerous factors like natural disasters, political unrest, 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.

Unplanned rail and port outages could cause a negative impact on our sales volumes, cost and profitability. While we have some of our own infrastructure employed and other options with some products at our South African operations, this only mitigates the risk partially as we remain dependent on Transnet (South African rail transport company) for exports from South Africa.

(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 or may be 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 the 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. We also engage in accordance with regulatory public participation requirements as applicable to our licences or applications related to our licenses.

Given the impact of operating in a volatile macro-economic environment and considering the negative consequences of the COVID-19 pandemic, especially in South Africa, we may not be able to meet some of our stakeholder commitments. This may have a material impact on stakeholder relations. Various processes are in place to proactively engage with stakeholders and to mitigate associated risks. However, we cannot provide assurance that the strategy will fully mitigate the risk and therefore, actions taken by stakeholders could have a material adverse effect on our business, operating and financial results, 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. In these jurisdictions, we may not be able to fully enforce our contractual rights or enforce judgements obtained in the courts of other jurisdictions, should the host governments 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 and riots due to economic and political factors in host countries;
- terrorism, insurgency, xenophobia and kidnapping threats;
- security threats to assets, employees and supply chain including cyber threats;
- 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.

Risks related to the market

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 under-investment 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.

The lasting impact of the global spread of the COVID-19 pandemic, the ongoing conflict between Russia and Ukraine and changes in the macro-economic environment have 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. Demand risks to the chemicals outlook include an uncertain global economic growth outlook, US/China trade relations, geopolitical tensions and wars, and business and consumer confidence trends. Supply is currently largely affected by the capacity overbuild taking place in the US and China mainly in the ethylene and propylene value chains. COVID-19-related supply chain disruption (exacerbated by the conflict between Russia and Ukraine) could continue to 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 coal, synthetic oil and natural gas reserve estimates may be materially different from quantities and qualities that we eventually recover or ultimately make use of

Our reported coal, synthetic oil and gas reserves are estimated quantities and qualities 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 and qualities 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 coal mines for our existing needs 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 while we transition to Future Sasol.

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 markets in Mozambique and South Africa. We continue to develop a portfolio of gas options in Mozambique which includes gas field development of the current PPA and PSA assets as well as pursuing near-field exploration opportunities e.g. PT5-C. The success and subsequent development of these opportunities can create optionality for a lower blended-cost landscape for gas supply. However, there is an inherent technical risk and a lower probability of success associated with exploration opportunities yet higher potential for low-cost gas compared to the Liquified Natural Gas (LNG) option which provides more flexible and more certain gas supply option but at a much higher cost

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.

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 not be able to exploit technological advances quickly enough 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 potential technological challenges, expansion projects are often 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.

Our ambition to become a green hydrogen producer and supplier in South Africa, Africa and possibly more broadly will be impacted by the company's ability to partner with others in the hydrogen value chain to effectively shorten the learning and development curve and get products to market. This market also has to be created and it will be critical for Sasol to recognise the investments required for these new or incremental lines of business so that Sasol can be on the front end of the winning technologies and skills development.

Over time, green hydrogen is anticipated to be a feedstock for the sustainable products that Sasol will increasingly look to produce however, this will depend on the affordability of green hydrogen electrolysers, scale of renewable energy roll-out and Sasol's ability to procure the technology cost effectively. Our effort to become a green hydrogen producer may be unsuccessful and the process may lead to increased operational costs and negatively impact other growth strategies. Refer to "Item 3.D—Our strategy to respond to climate change may not be successful in achieving our emission reduction targets and could negatively impact our growth. Concerns related to climate change could reduce supply/demand for our products, increase our operational costs, reduce our competitiveness, negatively impact our stakeholder relations adversely affect our legal licence to operate and our access to capital and financing" for more information.

Risk related to information management

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

The increasing use of information technology to enable business processes, in particular digital processes in operations, is making all industries, including the energy and chemicals industries, much more susceptible to cyber threats and data privacy breaches. As digitalisation expands to include our financial, commercial, transacting and production systems, the cyber security risk increases. While Sasol has an information security programme in place, cyber security threats we face consistently evolve and emerge to expose the organisation, both in business and operations systems, to significant external threats.

While no material losses related to the increased attempts on our information security systems have been discovered, given the increasing sophistication and evolving nature of this threat, the possibility of successful breaches occurring in the future cannot be ruled out. An extended failure of critical system components, caused by accidental actions, such as failed hardware or failed network infrastructure, or malicious actions, including those resulting from a cyber-security attack, could result in a significant environmental incident, commercial loss or interruption to operations. We may also incur significant costs to protect against or repair damage caused by any successful disruptions or security breaches in the future, such as rebuilding internal systems, implementing additional threat protection measures, defending against litigation, responding to regulatory inquiries or taking remedial steps with respect to third parties, among others.

We recognise that if there is a violation of data privacy information, or a cyber threat, we could experience disruptions to critical services or may be vulnerable to cyber and ransomware attacks. This could result in financial loss, and have a material adverse effect on our business, operating results, cash flows, financial condition and our disclosure of control processes.

Risk related to our people

We may not be successful in attracting, developing and retaining sufficiently or appropriately 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.

We maintain a focus on attracting, developing and retaining diverse, 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.

However, various risks still exist that may impact our ability to attract and retain required skills.

There is constant 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. Similar to other organisations, we are seeing high employee turnover in the business due to the current competitive labour market. 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. The transition to cleaner technologies will also impact the current and future skills demand and supply. In some countries, ageing workforces can also contribute to this risk.

To promote retention on the employee workforce, and to mitigate the risk of the continued challenge to attract highly skilled candidates, we prioritise employee retention initiatives. However, as a result of the above, we may not be successful in attracting, developing and retaining sufficiently or appropriately skilled employees

Risks related to our ADRs

The exercise of voting rights by holders of ADRs is limited in some circumstances

Holders of ADRs may exercise voting rights with respect to the ordinary shares underlying their ADSs only in accordance with the provisions of our deposit agreement with J.P. Morgan Chase Bank N.A., as the 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.