SASOL LIMITED

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2020

Celebrating 70 years

POSITIONING FOR A
SUSTAINABLE FUTURE

POSITIONING FOR A SUSTAINABLE FUTURE

Creating a future Sasol that is resilient and delivers cleaner energy and chemical products to society.

OUR VISION
To be a leading integrated and global chemical and energy company, proudly rooted in our South African heritage, delivering superior value to our stakeholders.

OUR PURPOSE
To create superior value for our customers, shareholders and other stakeholders. Through our talented people, we use selected technologies to safely and sustainably source, produce and market chemical and energy products competitively.

OUR SUSTAINABILITY STATEMENT
Advancing chemical and energy solutions that contribute to a thriving planet, society and enterprise.

SUSTAINABLE DEVELOPMENT FRAMEWORK

We have prioritised four SDGs to ensure our business is environmentally, socially and economically sustainable.

OUR SUITE OF REPORTS

These reports are available on our website, www.sasol.com, or on request from Investor Relations. Contact details are on page 176.

IR

Integrated Report

Concise communication about how our strategy, governance, performance and outlook lead to the creation of value over the short- medium- and long-term.

SR

Sustainability Report

Communication about our Environmental, Social and Governance (ESG) performance.

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BASIS OF PREPARATION

The Annual Financial Statements (AFS) of Sasol Limited have been audited in compliance with section 30 of the South African Companies Act. Paul Victor CA(SA), Chief Financial Officer is responsible for this set of AFS and has supervised the preparation thereof in conjunction with the Senior Vice President, Financial Control Services: Moveshen Moodley CA(SA).

The AFS are reviewed by management, the Sasol Disclosure Working Group, the Sasol Limited Audit Committee and the Board and are audited by the external auditors of the Group. Internal Audit performs specific procedures on certain account balances in the AFS.

INTERNAL CONTROL FRAMEWORK

The Group follows a combined assurance model in assessing internal controls which is led by Internal Audit in terms of an assurance plan approved by the Audit Committee.

CCR

Climate Change Report

Information about our climate change risk management process, response strategy and summary of work underway to address our climate change risks.

AFS

Annual Financial Statements

Contains full analysis of the Group's financial results, with detailed financial statements, as well as the full Remuneration Report together with the report of the Audit Committee.

20-F

Form 20-F

Our Annual Report which is filed with the United States Securities and Exchange Commission (SEC), in line with the requirement of our New York Stock Exchange listing.

MESSAGE FROM OUR GROUP CFO

KEY MESSAGE

- Resetting Sasol to create sustainable value in the **long term**
- Actively managing available **liquidity and funding arrangements**
- Expanding and accelerating our **asset disposal programme**
- Dividend remains suspended to **protect the balance sheet**

> "Sasol has been severely impacted by the economic consequences from lower oil prices and the COVID-19 pandemic, with a decline in both our sales volumes and margins. Given the impact, we are safeguarding our liquidity headroom and protecting Sasol's balance sheet by focusing on our comprehensive response strategy"
>
> **Paul Victor** Chief Financial Officer

Performance overview

Sasol's earnings for the year have been severely impacted by the economic consequences of lower oil prices, a softening of global chemical prices and the COVID-19 pandemic (refer to our Integrated Report for our response to the global COVID-19 pandemic) resulting in a further decline in both our sales volumes and margins in an already soft macroeconomic environment. In 2020, oil prices averaged at US$51,22/bbl. The oil price crash significantly impacted on our margins and we expect that oil prices will remain low for the next 12 – 18 months. Oil markets remain exposed to shifts in geopolitical risks as well as supply and demand movements. The rand/US$ exchange rate averaged R15,69 during 2020 compared to R14,20 in the prior year. The weaker average rand/US$ exchange rate significantly impacted the results of our Chemicals businesses, which are more exposed to foreign currency sales and capital expenditure.

The adverse medium- and longer-term outlook resulting from these factors also contributed to impairments totalling R111,6 billion being recognised, which coupled with a negative contribution from the Lake Charles Chemical Project (LCCP), resulted in a R91,3 billion loss for the year, R97,4 billion lower compared to earnings of R6,1 billion for the prior year.

Our foundation business delivered resilient results with a strong cash fixed cost and working capital performance. As our Energy business felt the effects of the supply and demand shocks that led to lower crude oil prices and product differentials, our Chemical businesses maintained robust results on some products, ensuring a level of resilience in our cash flows. Total cash fixed cost remained flat when compared to the prior year as we implemented our comprehensive response strategy focusing on human capital levers and gross margin improvements as part of our efforts in enhancing cash flow and cost competitiveness in a low oil price environment.

In 2020, we exceeded our cash conservation target of US$1 billion, largely through capital and working capital optimisation, human capital levers and gross margin improvements. In addition, we expanded and accelerated our asset divestment programme and realised R4,3 billion in disposal proceeds by 30 June 2020. We are confident that we will conserve a further US$1 billion in cash in 2021.

Managing our balance sheet

As Sasol's balance sheet reached peak gearing of 114,5% at 30 June 2020, we implemented several focused management actions as part of our response strategy to improve our liquidity position. We had to make decisions to protect and strengthen the balance sheet, some of which negatively impacted on employee morale, growth and investor perceptions. Through this difficult period, we continued to manage the balance sheet and position the company to create a more sustainable capital structure going forward toward Future Sasol. We expect the balance sheet to remain constrained over the next two years, allowing for very little expansion or growth.

Looking forward

The current economic climate continues to remain highly volatile and uncertain, making it difficult to reliably estimate the evolving impact of the coronavirus pandemic, as well as future measures to contain it. Consequently, there is significant uncertainty regarding our near-term outlook for prices and product demand. We expect a considerable decline in sales volumes over the first quarter of 2021, with a slow recovery from the second quarter onwards. While these factors that may impact our results are outside our control, our focus remains firmly on our response strategy to strengthen our finances.

REPORT OF THE AUDIT COMMITTEE

FOCUS AREAS

- Assessing the group's response to the COVID-19 pandemic in maintaining a sound control and systems environment
- Assessing the strategic progress towards ensuring sustainability
- Assessing the robustness of management initiatives to deleverage balance sheet
- Assessing management conclusion regarding going concern assumption, including financial liquidity risks
- Considering accounting matters, with specific focus on management's conclusions on the recoverable value of assets
- Oversight of the process followed with management's accelerated asset disposal programme
- Implementation of new accounting standards, specifically IFRS 16, 'Leases', adopted on 1 July 2019
- Reviewing progress on accounting and control environment matters relating to Lake Charles Chemical Project (LCCP) as units continued to achieve beneficial operation
- Assessing the accounting impact of increasing environmental regulatory requirements on Sasol's operations

Introduction

In 2020, the Audit Committee (the Committee) faced with the unprecedented circumstances caused by the COVID-19 pandemic, focused on monitoring the integrity of financial reporting systems and disclosures through the review of judgements, estimates and accounting for significant transactions.

Areas of special focus that the Committee provided oversight on included:

- Management's progress in terms of the comprehensive response plan strategy focused on deleveraging the balance sheet and ensuring long-term sustainability in a US$45 per barrel oil price world. This included a review of the reasonability of targets set, the assumptions used and consideration of accounting implications stemming from self-help management actions, the accelerated assets disposals programme, the Sasol of the future strategic reset and a potential rights issue;
- Management's conclusion on going concern through a review of their assessment on liquidity, the debt covenants and arrangements held with financial institutions and the financial leverage of the Company. The Committee further obtained external assurance on management's comprehensive response plan strategy and the Company's ability to generate future cash flows in order to deleverage the balance sheet. On a monthly basis the Committee assessed management's proactive responses in relation to the financial liquidity risks stemming from the LCCP capital spend and volatility in the macroeconomic environment with a specific focus on the impact of COVID-19 (refer to the Integrated Report for Sasol's response to the global COVID-19 pandemic) related risks on demand and outlook in the second half of the financial year;
- Reviewed the judgement applied by management on accounting matters considering the volatility and uncertainty of the current environment, particularly as it relates to the impairment and recoverability of the carrying value of assets;
- Oversight of the process followed by management with the accelerated asset disposal programme and considered the related accounting implications on the assessment of these assets as held of sale;
- Loan covenants, loan facilities and amounts drawn down in particular bonds raised in the US capital markets and new credit facilities. The Group's debt structure, debt maturity profile and outcome of management's review of financial guarantees and the controls in place to ensure completeness thereof was also assessed;
- Progress on the LCCP in the United States and ensuring business readiness as the units continued to achieve beneficial operation. In regard to the project cost overruns identified during the prior financial year, the Committee together with the Capital Investment Committee, continued to monitor adequacy and effectiveness of the internal controls over financial reporting and project execution. Focus areas included the weaknesses identified within the project's integrated controls and procedures, and related oversight over the capital cost estimation process and the proposed control improvements.
- Accounting provisions made relating to environmental regulatory requirements; and
- Adoption of new accounting standards, specifically the implementation of IFRS 16 'Leases'.

In responding to these challenges during 2020, the Committee reviewed all significant financial risks and associated appetite statements and metrics and assessed the adequacy of controls and the combined assurance delivered over these identified risks. It monitored the effectiveness of the control environment through the review of reports from internal audit, management and the external auditor, and ensured the quality of financial reporting through review of the interim financial statements and the 2020 Annual Financial Statements.

The Committee is responsible for overseeing the:

- Quality and integrity of the Company's integrated reporting, including its financial statements and public announcements in respect of the financial results;
- Appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process as a whole, including the approval of non-audit services by the external auditor;
- Effectiveness of the Group's internal audit function, the Group's finance function, Sasol's internal financial controls and systems of internal control and risk management;
- Compliance with legal and regulatory requirements to the extent that it might have an impact on the financial statements; and
- Systems in place to enable concerns to be raised by Sasol employees about possible improprieties in financial reporting or other issues and for those matters to be investigated.

The Committee considered scenarios that might impact the Company's viability, stress testing the Sasol business against pertinent factors including global oil price and chemical prices volatility, the impacts of the COVID-19 pandemic and rand/US$ exchange rates, and identifying contingency actions for these scenarios. It further reviewed developments in the cybersecurity landscape to ensure that risk management is applied appropriately and that improvements are made to manage cyber risk.

The Committee continued to monitor key risks identified and mitigated, and how segments and functions are performing to achieve the Company's strategy.

Composition and meeting

Members of the Committee are independent Non-executive directors, all of whom are financially skilled and have extensive audit committee experience. The members consist of Messrs C Beggs, S Westwell and Mss GMB Kennealy, NNA Matyumza and KC Harper. Mr MJN Njeke resigned as Committee member effective 27 November 2019 and Ms KC Harper was appointed as Committee member effective 1 April 2020. We believe that the experience of the Committee members gives perspective and insight to the Committee's considerations and decisions.

The members have gained further knowledge and experience of the business through management presentations and various site visits since their respective appointments. Mr C Beggs has been designated as the Audit Committee financial expert in accordance with the US Securities and Exchange Commission (SEC) rules. None of the members serves on audit committees of more than three listed companies.

The Committee met five times during the financial year. All Committee members attended every meeting and were joined at these meetings by the Chairman of the Board, the President and Chief Executive Officer and the Chief Financial Officer. The Chairman reports to the Board on key matter arising after each of these meetings. At each meeting the Committee meets separately during closed sessions with the President and Chief Executive Officer, management, internal audit and external audit.

Statutory duties

The Committee is constituted as a statutory committee of Sasol Limited in line with the Companies Act and accountable in this regard to both the Board and Sasol's shareholders. It is a committee of the Board in respect of all other duties the Board and US legislation assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act and US corporate governance requirements. The Committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act. The Committee also acts as the audit committee for all South African companies within the Sasol Group.

The Committee confirms that is has executed the responsibilities set out in section 3.84(g) of the JSE Listing Requirements.

A copy of the Committee's terms of reference is available on the Sasol website (www.sasol.com).

Significant financial statement reporting issues

Assumptions and estimates or judgements are a significant part of the financial reporting process and are evaluated carefully by the Committee ahead of the finalisation of Sasol's results announcements. The Committee reviewed in detail the main judgements and assumptions made by management, relevant sensitivity analyses performed and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below. Where appropriate, the Committee sought input and views from the external auditor and encourages rigorous challenge on control, accounting and disclosure matters. In this, the Committee gave consideration to the JSE's guidance on disclosures.

In addition to these main areas of focus, the Committee also covered matters relating to cost savings programmes, budgeting and forecasting, taxation and accounting policy choices.

Significant matters considered by the Committee

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Fair, balanced and understandable reporting		• The Committee considered management's assurance processes, including internal technical committees, in ensuring that disclosures in Sasol's financial statements were fair, balanced and understandable. • The Committee evaluated the outputs of Sasol's Sarbanes Oxley Act section 404 internal control process and reviewed issues on control deficiencies and remediation efforts. • Established via reports that there were no indications of fraud relating to financial reporting matters. • Assessed disclosure controls and procedures. • Considered matters of accounting, tax and disclosure issues raised by the external auditors. • The Committee obtained assurance on the skills and capabilities of resources.	• Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of Sasol's published financial statements were appropriate. • This included an assessment of progress made on the remediation of deficiencies identified in the previous financial year arising from management's assessment of costs to completion relating the LCCP, considering the results of the internal and external auditors' confirmation thereof.
Impairment and recoverability of assets' carrying values	• Judgements and assumptions are applied by management in calculating the recoverable amount of the Cash Generating Units (CGUs) and determining the ongoing appropriateness of the CGUs being used for the purpose of impairment testing. • These include assumptions on future pricing, future feedstock costs, net cash inflows and discount rates. • Judgements are also required in assessing the recoverability of overdue receivables and in deciding whether impairments are appropriate.	• The Committee assessed the appropriateness of the review of impairment triggers. • The Committee reviewed the discount rates for impairment testing and examined the assumptions including long-term oil and gas prices, refining margins, chemical prices and exchange rates. The pricing assumptions were benchmarked against external consultant views to ensure that they are reasonable and relevant. • Key impairment assessments reviewed by the Committee includes: – A write down to fair value less costs to sell of a combination of assets within our North American business which have been classified as disposal groups held for sale; – The Southern Africa integrated value chain assets; and – The Eurasian wax businesses.	• The Committee endorsed management's recommendation to impair our US Base Chemicals assets which have been classified as a disposal group held for sale by R72,6 billion, (US$4,2 billion), reducing the carrying value of the disposable asset down to its fair value less cost to sell. • The Committee also supported management's recommendation to impair CGU's within the South African integrated value chain to the amount of R35,1 billion due to a significant decrease in the crude oil price outlook for the short- to medium-term, a softening in chemical prices, an increase in feedstock prices and lower expected refining margins. • Other impairments, including an impairment of the Eurasian wax businesses by R2,8 billion mainly due to a lower wax selling price outlook and an assessment of the investments held by Sasol Limited, was also endorsed by the Committee. • The Committee considered management's assessment on the value of the Company in relation to its current low share price, supporting management's conclusion that the Company's assets are fairly valued. • The Committee reviewed management's sensitivity analyses of recoverable amounts to obtain comfort on impairment results as described in note 10. • The committee monitored the position of any material overdue receivables and any associated provisions.

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Impact of reserves and resources on accounting	• Sasol uses judgement and estimations when accounting for oil and gas exploration, appraisal and development expenditure, and in determining the Group's estimated oil and gas reserves.	• The Committee reviewed judgemental accounting aspects of oil and gas exploration and appraisal activities. It also examined the governance framework for the oil and gas reserves process, the capabilities and objectivity of internal and external specialists involved, training for staff and developments in regulations and controls. • The Committee critically assessed the impact that any significant movements in reserves and resources estimates might have on impairment assessments, depreciation calculations and asset retirement obligations. • The Committee critically assessed the consistent application of principles and methodologies used by management for areas involving a high level of management judgement.	• The Committee supported management's disclosure of the reserves. • The Committee considered the views of the external auditor on the calculation of reserves. • The Committee considered the risks associated with oil and gas reserves, particularly in the PSA development in Mozambique and reviewed the calculations performed by management.
Accounting for provisions	• **Post-retirement benefit obligations** – Valuation of the post-retirement benefit obligation requires the use of assumptions in relation to uncertain future factors i.e. inflation rates, discount rates, salary increases and mortality rates. Judgement is also required in the measurement of the fair value of certain pension assets. • **Rehabilitation provisions** – Provisions are recognised for the full future restoration and rehabilitation of production facilities to the end of its economic lives. The majority of these activities will occur in the long-term and the requirements that will have to be met in future might be uncertain. Judgement is required in estimating future cost and cash outflows, discount rates, settlement dates, technology and legal requirements.	• The Committee received an update on the status of funding, investment and governance of pensions and other retirement benefits provided to current and former employees of Sasol. In addition, the Committee examined the assumptions used by management as part of its annual reporting process. • The Committee received briefings on the Group's rehabilitation provisions and asset retirement obligations, environmental remediation strategies, including the key assumptions used, the governance framework applied (covering accountabilities and controls), discount rates and the movement in provisions over time. • Considered the external auditors' assurance process which included the use of their Specialists in pension and environmental matters.	• The Committee reviewed the net post-retirement benefit assets in South Africa and Europe and the related surpluses. The Committee re-confirmed that Sasol is entitled to these surpluses in terms of the Pension Fund rules and supported the recognition thereof. The valuations are performed by qualifying independent third parties. • The Committee reviewed the rehabilitation provisions for compliance with legislation and consistent application of the accounting policy. • The Committee is satisfied that an external review be performed every two years to confirm the completeness of the rehabilitation provision.

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Accounting for financial instruments (in conjunction with the board's Digital, Information Management and Hedging Committee	• **Derivative financial instruments** – Valuation of derivatives requires the use of assumptions in relation to uncertain future factors i.e. forward curves, volatility assumptions and discount curves. • **Hedge accounting** – Designated hedge relationships are evaluated for effectiveness at each reporting period. Judgement is required in the measurement of effectiveness, and the methodologies utilised to calculate the effectiveness.	• The Committee reviewed the assumptions in the calculations, and critically assessed the competence, independence and objectivity of the financial instruments specialists engaged to perform the valuations. • The Committee obtains updates at each reporting date as to the effectiveness of designated hedges, as well as risk factors for potential future ineffectiveness.	• The Committee considered the second novation of the LCCP interest rate swap during July 2019 and supported management's conclusion to apply hedge accounting based on the current hedge relationship. • The Committee reviewed the valuations undertaken by the external financial instruments specialists, which supported the accounting entries. • The Committee reviewed the adequacy of the disclosures relating to derivative financial instruments.
Accounting for Income taxes	• Computation of the Group's Income tax expense and liability, provisions for potential tax liabilities, and recognition of deferred tax assets in terms of the Group's taxation policy. • Recognition of deferred tax assets in respect of accumulated tax losses and the assessment as to whether an entity has the ability to generate future taxable income, in the timeframes allowed for utilisation by country legislation. Deferred tax assets arising from impairments were carefully considered.	• The Committee reviewed the judgements exercised on tax provisions as part of its annual review of key provisions. • In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable income, specifically in the areas where impairments were recognised and in considering management's position, the Committee took into account the work and views of external audit. • The Committee reviewed adherence to the Group taxation policy including transparency and due regard to commercial and reputational risks. The effective tax rate is analysed by country to ensure accuracy and completeness. • The Committee considered management's assessment of the Group's tax exposures and the appropriateness of provisions recognised.	• The Committee reviewed a report during the year from management on the Group's tax policy, approach to tax management and status of compliance. • The Committee requested and received a report from management detailing the key tax exposures across the Group against which provisions had been made and the methodologies used to determine the appropriate level of each provision based on management's assessment of the facts, circumstances and advice from our external tax and legal advisers. • A particular focus of the Committee was on tax litigation claims related to Sasol Financing International Plc. Following advice from external legal advisors and conclusions by management and external audit the Committee agreed with the accounting treatment and disclosures set out in note 13.

Key Issues	Judgments in Financial Reporting	Audit Committee Review	Conclusions
Going concern assessment	• The conclusion by the Board to prepare the annual group financial statements on a going concern basis requires management judgement on issues which includes uncertain future forecasts of net group cash inflows, management's ability to achieve targets set as part of the comprehensive response plan strategy, net debt and financing facilities available and utilised by the Group, debt structure, debt maturity profile and covenants. The assessment was done for the foreseeable future based on current assumptions and stress tested against a number of scenarios.	• The Committee assessed the liquidity of Sasol based on the latest projected future cash flows and stress tested it using lower oil and product prices and stronger exchange rates. These projections were compared with cash balances and committed facilities available to the Group, after taking into account the Committee's assessment of management's ability to achieve targets set as part of the comprehensive response plan strategy, net debt and financing facilities utilised by the Group, debt structure, debt maturity profile and covenants. • The Committee further obtained independent assurance from external advisors over the assessment performed. • The Committee noted the emphasis of matter, relating to Going Concern, that the external auditors have raised in their audit report.	• After examining the forecast and stress tested scenarios along with Sasol's progress on asset disposals and ability to generate capital and raise funding in current market conditions, given the net debt and financing facilities available and utilised by the Group, debt structure, debt maturity profile and covenants and considering the independent assurance provided, the Committee concluded that Sasol's liquidity and capital position for the foreseeable future was adequate and that the going concern basis could be applied. • A review was performed based on a request from the Committee on the completeness of financial guarantees. • Accordingly, the Committee recommended to the Board the adoption by the Group of the going concern basis of preparation.
Internal controls over financial reporting, including IT general controls	• Management's conclusion relating to the effectiveness of internal controls over financial reporting, including IT general controls require a certain degree of judgement. • A separate Board committee, the Digital Information Management and Hedging Committee reviews the implementation of the digital roadmap for Sasol and the security control environment. • A separate Board committee, the Capital Investment Committee reviews investment decisions, reports on capital expenditure and progress on projects against budgets.	• On a quarterly basis, the Committee assesses feedback from management on the status of the effectiveness of internal controls over financial reporting, including IT general controls. This provides the Committee with an opportunity to directly challenge and question management on open and remediated material control issues and emerging risks. • The Committee scrutinises the status of specific material control issues, their associated remediation plans, including in particular those relating to segregation of duties, access management, security of confidential data, cyber risk, IT infrastructure, application issues and third party supplier management.	• Taking into account the results of combined assurance findings, the Committee considered responses to any fraudulent activity, results of SOX reviews and the remediation of weaknesses and the findings of internal and external audit. • The Committee reviewed the progress by management towards remediating the material weakness related to the LCCP control environment, reported for FY19. • The Committee also noted a material weakness in respect of the controls over the impairment assessment process, isolated to the assessment performed within one segment of the company, as further described on page 10.

Executing on our statutory duties and other areas of responsibilities

The Committee confirmed the going concern assumption as the basis of preparation of the Interim and Annual Financial Statements

- The Committee reviewed the Interim Financial Results and Annual Financial Statements and is satisfied that they fairly present the consolidated and separate results of operations, cash flows, and the financial position of Sasol Limited and comply, in all material respects, with the relevant provisions of the Companies Act, International Financial Reporting Standards (IFRS) and Interpretations of IFRS as issued by the International Accounting Standards Board.
- Together with the going concern assessment, the Committee reviewed the Group's policies on risk assessment and risk appetite as they pertain to financial reporting and found them to be sound.
- The Committee considered the solvency and liquidity tests undertaken for specific transactions and distributions and considered and made recommendations to the Board in this regard.
- The Committee considered whether any reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 2005, and determined that there were none.

The Committee is satisfied with the quality and Integrity of Sasol's integrated reporting

- The Committee guides the integrated reporting process, which includes reporting on all material matters including sustainability matters, having regard to all factors and risks, including any significant legal and tax matters and any concerns identified that may impact on the integrity of the Integrated Report or could have a material impact on the financial statements. We also considered findings and recommendations from other Board committees who contributed their oversight to aspects of the Integrated Report insofar as they are relevant to the functions of the Committee.
- The Committee approved the appointment of Deloitte Inc. to provide limited assurance for selected sustainability development indicators, supported by the internal audit function. In conjunction with the Safety, Social and Ethics Committee we considered the findings, made appropriate enquiries and, through this process, received the necessary assurances that material disclosures are reliable and do not conflict with financial information.
- The Committee relies on management, the external auditor, internal audit as well as the Group's independent ethics reporting telephone line and email to highlight any concerns, complaints or allegations relating to internal financial controls, the content of the financial statements and potential violations of the law or questionable accounting or auditing practices. Separate meetings are also held with management, the external auditor and internal audit every quarter.

The Committee is satisfied with the reporting process and confirm that where matters were raised by stakeholders, management has responded promptly

- With regards to the LCCP, the Committee in conjunction with the Capital Investment Committee, continued to monitor and review the adequacy and effectiveness of the internal controls over financial reporting and project execution, focusing on the weaknesses identified within the project's capital cost estimation controls and procedures, and related oversight, and the proposed control improvements. Input was obtained from internal and external assurance providers around the progress made in strengthening and remediating the project controls. Management, with oversight from the Committee, made considerable progress in remediating the material weakness identified and is still executing remedial actions as per the remediation plan in order to fully remediate the underlying causes that gave rise to the material weakness.
- With regards to a material weakness that has been identified in respect of the controls over the impairment assessments performed in one of the segments of the company, the Committee is satisfied that corrective action has been taken to ensure the accuracy of impairments and will assess proposed control improvements and monitor the implementation of the control remediation plan.

The Committee reviewed compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements and is satisfied that all matters with a material impact have been disclosed appropriately

- The Committee took into account, the views of internal and/or external counsel and management in considering legal and ethics matters that could have a material impact on the Group.
- The Committee reviewed reports on the Group's tax position, status of tax litigation claims and the status of the Group's tax compliance globally and relevant fiscal developments impacting the Group.
- Together with the Board's Governance Committee, the Committee reviewed the adequacy and effectiveness of the Group's procedures to ensure compliance with financial, legal and regulatory responsibilities.

The Committee is satisfied that our external auditor, PwC, is qualified and independent of the Group

- The Committee nominated PwC as the external auditor for the Company and the Group for the financial year ended 30 June 2020 and their appointment complies with the companies Act, JSE listings requirements and all other applicable legal and regulatory requirements. PwC has been the auditor since 2014 and is in compliance with the relevant external audit partner JSE qualification and the rotation rules, whereby the lead engagement partner is required to rotate every five years. The lead partner that has been in place since 2014 rotated off the audit after the end of financial year 2018 with a suitably experienced lead partner taking over.
- Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies, PwC confirmed in an annual written statement that their independence has not been impaired.
- The Committee was assured that no member of the external audit team was hired by the Company or any other Company within the Group in a financial reporting oversight role during the year under review.
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by them for the Company or any previous appointment as auditor of the company or any other Company within the Group.
- The auditor does not, except as external auditor, or in rendering of permitted non-audit services, receive any direct or indirect remuneration or other benefit from the Company or any other Company within the Group.
- The Committee satisfied itself that PwC, as well as the individual auditor determined by PwC to be responsible for performing the functions of auditor, were duly accredited as such on the JSE's list of auditors.
- PwC submitted reports relating to quality assessment reviews undertaken internally and by the Independent Regulatory Board for Auditors and the Public Company Accounting Oversight Board, together with progress on any remedial actions necessary. There are no significant matters to report to the shareholders.
- The quality of the external audit process was reviewed and the Committee concluded it to be satisfactory. It was confirmed that no unresolved issues of concern exist between the Group and the external auditors.

The Committee assessed the adequacy of the performance of the internal audit function and the adequacy of the available internal audit resources and found them to be satisfactory

- The Committee reviewed the assurance services charter and approved the risk-based integrated three-year rolling internal audit plan. We evaluated the independence, effectiveness, skills and experience and performance of the internal audit function and compliance with its charter and the Committee concluded it to be satisfactory.

The Committee assessed the Company's internal controls over financial reporting as of 30 June 2020.

- The Committee gave attention to management's evaluation of the effectiveness of the Group's disclosure controls and procedures. Other than the material weaknesses noted below, Sasol has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- The Committee also considered fraud and IT risks and controls. We considered the performance of information management, which includes IT, against an approved governance framework and are comfortable that controls are in place and effective.
- The Committee considered the reports of the internal and external auditors on the Group's systems of internal control, including financial controls, enterprise risk management and maintenance of effective internal control systems. Significant issues raised and the adequacy of corrective action in response thereto, was reviewed.
- The Committee reviewed the plans and outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

Relating to the material weaknesses identified:

- Management has determined that the Company's internal control over financial reporting was ineffective due to remediation still being in progress on the material weakness identified in the previous year relating to the capital cost estimation process at the LCCP as well as an additional material weakness that has been identified in relation to the impairment performed within one segment of the company. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of financial statements will not be prevented or detected on a timely basis.
- While significant progress has been made to remediate the material weakness related to the capital cost estimation process at the LCCP, as of 30 June 2020 the Company is still in the process of testing the operating effectiveness of certain of the new and enhanced controls, and is still in the process of implementing some of the longer-term remediation efforts to address culture and tone at the top.
- The Committee, in conjunction with the Capital Investment Committee, will continue to closely monitor the embedment and maintenance of such controls and believes that management's actions will be effective in remediating the material weakness, as they continue to devote significant time and attention to these efforts.
- The above material weaknesses will not be considered remediated until the applicable remedial controls are embedded and operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

Notwithstanding the material weaknesses, the Committee believes that the consolidated annual financial statements present fairly, in all material respects, the Company's financial position, results of operations and cash flows as of and for the periods presented in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The Committee assessed the finance function and Chief Financial Officer

- As required by JSE Listings Requirement 3.84(h), our detailed assessment included the various specialist areas across the Group's finance function, and the Committee concluded that it is satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer and the expertise, resources, succession plans and experience of Sasol's finance function.

Conclusion

The Committee is satisfied that it has complied with all its terms of reference determined by the Board and statutory and other responsibilities.

Having had regard to all material risks and factors that may impact on the integrity of the Integrated Report and the Annual Financial Statements and following appropriate review, the Committee recommended the Company and Group Annual Financial Statements of Sasol Limited and Integrated Report for the year ended 30 June 2020 for approval to the Board.

On behalf of the Audit Committee

Colin Beggs
Chairman of the Audit Committee

17 August 2020

APPROVAL OF THE FINANCIAL STATEMENTS

The Annual Financial Statements of the group and the company are the responsibility of the directors of Sasol Limited. In discharging this responsibility, the directors rely on the management of the group to prepare the consolidated and separate Annual Financial Statements presented on pages 20 to 175 in accordance with, and in compliance, in all material respects, with International Financial Reporting Standards (IFRS) and the Companies Act No 71 of 2008. As such, the consolidated and separate Annual Financial Statements include amounts based on judgements and estimates made by management.

The directors accept responsibility for the preparation, integrity and fair presentation of the consolidated and separate Annual Financial Statements and are satisfied that the systems and internal financial controls implemented by management are effective. Refer to the Directors' report on page 20.

Based on forecasts and available cash resources, the directors believe that the group and company is solvent and has adequate resources to continue operations as a going concern in the ensuing year. The Annual Financial Statements support the viability of the group and the company. These results were made public on 17 August 2020.

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the consolidated and separate Annual Financial Statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 13.

The consolidated and separate Annual Financial Statements were approved by the Board of Directors on 17 August 2020 and were signed on its behalf by:

Sipho Nkosi
Chairman

Fleetwood Grobler
President and
Chief Executive Officer

Paul Victor
Chief Financial Officer

17 August 2020

THE COMPANY SECRETARY

Ms MML Mokoka, the Senior Vice President: Governance, Compliance and Ethics, is our Company Secretary. The Board appointed her on 21 November 2019 in accordance with the Companies Act, 71 of 2008. She reports to the Executive Director and Executive Vice President: Advisory, Assurance and Supply Chain, Mr VD Kahla. Ms Mokoka is not a director. The role and responsibilities of the Company Secretary are described in the Board charter.

Having considered her competence, qualifications and experience at its meeting held on 14 August 2020, the Board is satisfied that she is competent and has the appropriate qualifications and experience to serve as the Company Secretary. Ms Mokoka has over 20 years' experience in Corporate Governance, Board Administration, Company Law and Compliance for large matrix organisations. Prior to joining Sasol, Ms Mokoka was the Group Company Secretary of Gold Fields Limited. She has extensive company secretariat experience, having also worked in multinational organisations such as MTN, Standard Bank and Tongaat Hulett. Ms Mokoka is an admitted attorney and holds BJuris and LLB degrees and has also completed various leadership courses, including a Management Development Programme at Duke University

The Board considered the interactions between the Company Secretary and the Board during the past year, and is satisfied that there is an arm's length relationship between the Board and the Company Secretary.

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, 71 of 2008, that for the year ended 30 June 2020, Sasol Limited has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act, 71 of 2008, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up-to-date.

MML Mokoka

17 August 2020

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sasol Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasol Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasol Limited's consolidated and separate financial statements set out on pages 22 to 175 comprise:

- the consolidated and separate statements of financial position as at 30 June 2020;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the document titled "Sasol Limited Annual Financial Statements for the year ended 30 June 2020", rather than in the notes to the financial statements. These are cross-referenced from the consolidated and separate financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International *Code of Ethics for Professional Accountants (including International Independence Standards).*

Material uncertainty related to going concern

We draw attention to Note 2 in the consolidated and separate financial statements, which indicates that the Group and Company incurred a net loss of R91 272 million and R32 206 million, respectively, during the year ended 30 June 2020 and that the Group's and Company's ability to meet its debt covenant requirements at 31 December 2020 and 30 June 2021 and repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations, the ability to realise cash through a combination of asset disposals, or part thereof, and the successful raising of equity. As described in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

Materially

Overall group materiality

- Overall group materiality: R1 100 million, which represents 1% of consolidated loss before tax.

Group scoping

Group audit scope

- We conducted full scope audit procedures at 12 business units and limited scope audit procedures at a further 11 business units.

Key audit matters

Key audit matters

- Material uncertainty related to going concern; and
- Impairment assessment of property, plant and equipment, assets under construction and investments in subsidiaries.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality

R1 100 million.

How we determined it

1% of consolidated loss before tax.

Rationale for the materiality benchmark applied

We chose consolidated loss before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 1% which is less than the quantitative materiality thresholds used for profit-orientated companies in this sector, due to the impact of the volatile macro-economic environment and remeasurement items on the Group's results.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In scope business units were identified based on scoping benchmarks such as the business unit's contribution to key financial statement line items (consolidated profit/loss before tax, consolidated turnover and consolidated total assets), risk associated with the business unit and known accounting matters related to the business unit. We conducted full scope audit procedures at 12 business units and limited scope audit procedures at a further 11 business units.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, or component auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

The audits undertaken for group reporting purposes are in respect of the key reporting business units of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report on the consolidated and separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of property, plant and equipment, assets under construction and investments in subsidiaries This key audit matter relates to both the consolidated and separate financial statements. Refer to note 10 (Remeasurement items affecting operating profit), note 20 (Property, plant and equipment) and note 21 (Assets under construction) to the consolidated financial statements, and to note 1 (Investments) and note 13 (Remeasurement items affecting operating profit) to the separate financial statements. At 30 June 2020, the consolidated statement of financial position includes property, plant and equipment amounting to R204 470 million, and assets under construction of R27 802 million, while the statement of financial position within the separate financial statements includes investments in subsidiaries amounting to R103 059 million. The Company's and Group's financial performance for the year ended 30 June 2020 was significantly impacted by the decline in crude oil prices, a devaluation in the Rand / US Dollar exchange rate following South Africa's credit downgrade, the impact of the COVID-19 pandemic on liquid fuel demand and an enduring volatile macro-economic environment, contributing to lower gas and chemical prices, each of which has contributed to impairment indicators which impact the Company and Group's assessment of recoverable amounts of its assets. A significant part of the Group's operations and plants in Southern Africa and North America are, by design, integrated. Significant processes throughout the value chain, from feedstock to end products, are interdependent and linked. Amongst others, management performed impairment assessments for the South African Integrated Value Chain ("SAIVC") cash-generating units ("CGUs") and the Sasol North American Operations ("SNAO") CGUs, as disclosed in note 10 to the consolidated financial statements. Impairments of R35 185 million were recognised in total for the SAIVC CGUs, while impairments of R72 768 million were recognised on the SNAO CGUs. On the separate financial statements, the Company recognised an impairment loss of R36 508 million on its investment in Sasol South Africa Limited ("SSA") as disclosed in note 13 to the separate financial statements.	**Identification of CGUs within the Southern African and North American value chains.** We assessed the appropriateness of management's defined CGUs within the Southern African and North American integrated value chains with reference to whether active markets exist for the output produced by the assets or groups of assets, the markets' ability to absorb products produced and access to the markets. We discussed the significant processes throughout the value chains with management in each of the business units to assess whether the markets available for feedstock and end products were consistent with our understanding of the business. Based on the work that we performed, we accepted management's defined CGUs within the Southern African and North American integrated value chains. **Impairment assessments of property, plant and equipment, assets under construction for all CGUs and investments in subsidiaries.** We benchmarked management's main assumptions used in the impairment calculations against external market and third party data and found management's assumptions to be comparable with such data. Management engaged external and internal experts to assess the reserves and resources used in the impairment calculations for reasonability. Through inspection of CVs, membership certificates from professional bodies and competent persons reports, we assessed the objectivity, competence and experience of management's experts. Making use of our corporate finance and financial modelling expertise: • we assessed the Company and Group's valuation models used in management's impairment assessments and found they were materially consistent with best practice; and • we independently recalculated management's WACC with reference to relevant third party sources and found management's WACC to be within an acceptable range. We assessed the mathematical accuracy of the cash flow models and agreed relevant data to the latest long-term business plans used by management to manage and monitor the performance of the business, whilst also performing a retrospective comparison of forecasted cash flows to actual past performance and previous forecasts. We noted no material differences.

Key audit matter	How our audit addressed the key audit matter
The impairment of property, plant and equipment, assets under construction and investments in subsidiaries was considered to be a matter of most significance to the current year audit for the following reasons: • The identification of CGUs within the Southern African and North American value chains and the related active market assessments as outlined in the Group's principal accounting policies in note 10 to the consolidated financial statements incorporates significant judgement; • The assets (and/or CGUs) and their related recoverable amounts are impacted by their own operational performance and the main assumptions and estimates used by management (such as crude oil prices, gas prices, chemical prices, growth rates, exchange rates and weighted average cost of capital ("WACC")), global economic conditions and market trends; • The impact of assets classified as a disposal group held-for-sale on their recoverable amount; and • The magnitude of the current year's impairment charges recognised.	We tested the operating effectiveness of internal controls relating to management's impairment of property plant and equipment, assets under construction and investments in subsidiaries. These procedures included, amongst others, controls over: • management's budgeting process to prepare, review and approve the long-term business plans; and • management's impairment trigger assessment and the preparation, review and approval of the impairment calculation. In addition to our overall response to impairment risk described above, we performed the following procedures over specific CGUs/assets: **SNAO Base Chemicals Assets** We assessed whether the Group's Base Chemicals Assets in the United States of America held-for-sale had been appropriately valued at the lower of their carrying value and their fair value less costs of disposal at 30 June 2020, given the external non-binding offers received in July 2020. We recalculated the resulting impairment loss and noted no material differences. **Investments in subsidiaries** Following a similar approach as described above, we assessed the appropriateness of management's identification of CGU's and which legal entities these form part of, and noted no exceptions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sasol Limited Annual Financial Statements for the year ended 30 June 2020", which includes the Directors' Report, the Report of the Audit Committee and the Certificate of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the documents titled "Sasol Limited Integrated Report for the year ended 30 June 2020", "Sasol Limited Sustainability Report 30 June 2020" and "Sasol Limited Climate Change Report 2020", which are expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Sasol Limited for seven years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Johan Potgieter
Registered Auditor
Johannesburg

17 August 2020

SHAREHOLDERS' INFORMATION

Shareholders' diary

Financial year-end	30 June 2020
Annual General Meeting	Friday, 20 November 2020

Dividends

Dividend payments are a fundamental part of shareholder returns. However, given Sasol's current financial leverage and the risk of a prolonged period of economic uncertainty, the Board believes that it would be prudent to continue with the suspension of dividends for financial year 2020. Refer to the Directors' Report on page 20.

SHARE OWNERSHIP

at 30 June 2020

Public and non-public shareholding of Sasol ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public[1]	175 700	99,99	527 429 729	84,25
Non-public	24	0,01	98 604 681	15,75
Directors and their associates	2		25 180	
Directors of subsidiaries and their associates	18		112 273	
The Sasol Khanyisa Employee Share Ownership Plan	1		2 082 520	
Sasol Employee Share Savings Trust	1		114 391	
Sasol Pension Fund	1		2 079 248	
Government Employees Pension Fund	1		94 191 069	
	175 724	100	626 034 410	100

1 The Sasol Foundation Trust forms part of Public.

Public and non-public shareholding of Sasol BEE ordinary shares*	Number of shareholders	% of shareholders	Number of shares	% of Sasol BEE ordinary shares
Public[1]	203 689	100,00	3 935 044	62,15
Non-public	5	0,00	2 396 303	37,85
Directors and their associates	3		211	
Directors of subsidiaries and their associates	1		44	
The Sasol Khanyisa Employee Share Ownership Plan	1		2 396 048	
	203 694	100	6 331 347	100

* The Sasol BEE Ordinary shares were listed on the JSE with effect from 7 February 2011.

1 The Sasol Foundation Trust forms part of Public.

Major categories of shareholders	Number of shares	% of total issued securities[1]
Category		
Unit trusts	152 842 811	24,17
Pension and provident funds	155 977 110	24,67
Government of South Africa	53 266 887	8,42
Sovereign wealth funds	22 893 699	3,62
Insurance companies	22 111 964	3,50
American Depository Receipt holders	52 112 426	8,24
Black Economic Empowerment transaction participants[2]	6 331 347	1,00

1 Includes 626 034 410 Sasol Ordinary shares and 6 331 347 Sasol BEE Ordinary shares.

2 Comprises Sasol BEE Ordinary shares held by the public, The Sasol Khanyisa Employee Share Ownership Plan Trust and The Sasol Foundation Trust.

Major shareholders

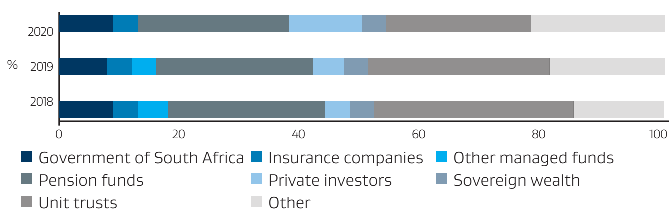
Pursuant to Section 56(7) of the South African Companies Act, 2008, the following beneficial shareholdings equal to or exceeding 5% as at 30 June 2020 were disclosed or established from enquiries:

Major categories of shareholders	Number of shares	% of total issued securities
Government Employees Pension Fund	94 191 069	14,90
Industrial Development Corporation of South Africa Limited	53 266 887	8,42

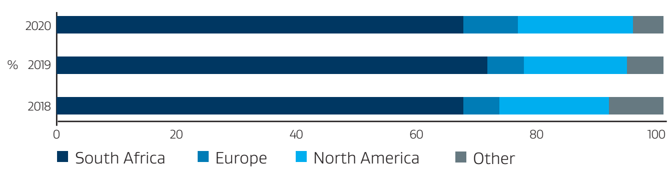
Furthermore, the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 30 June 2020, the following fund managers were responsible for managing investments of 3% or more of the share capital of Sasol Limited.

Fund Manager	Number of shares	% of total issued securities
PIC Equities	82 936 805	13,12
Industrial Development Corporation of South Africa Limited	53 266 887	8,42
Allan Gray Investment Counsel	42 806 974	6,77
Prudential Investment Managers	25 929 878	4,10
BlackRock Incorporated	22 888 455	3,62
The Vanguard Group Incorporated	20 452 547	3,23
Old Mutual Limited	18 968 517	3,00

Beneficial ownership by fund type



Beneficial ownership by geographic region



DIRECTORS' REPORT

(Sasol Limited: Company registration number 1979/003231/06)

Dear stakeholder,

The Board continued to closely consider our strategic direction and longer-term decisions to ensure we preserve and enhance the value of Sasol and, in so doing, protect the interests of all our stakeholders.

Nature of business

Sasol Limited, listed on the JSE Limited (JSE) on 31 October 1979 and on the New York Stock Exchange (NYSE) on 9 April 2003[1], is incorporated and domiciled in the Republic of South Africa and the ultimate holding company of the Group.

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

More detail on the nature of our business and the businesses of our significant operating subsidiaries and incorporated joint arrangements (set out on pages 114 to 116) can be found in our Integrated Report.

Group results

Sasol delivered a satisfactory set of business results for the first half of the year, driven by oil prices averaging US$62,62/bbl and a solid production performance. During the second half of the year our earnings were severely impacted by the sudden collapse in oil prices and the economic consequences of the COVID-19 pandemic.

The combined effects of unprecedented low oil prices, destruction of demand for products, impairments and write down of assets of R111,6 billion resulted in a loss of R91,3 billion for the year compared to earnings of R6,1 billion in the prior year. Within a volatile and uncertain macroeconomic environment, our foundation businesses still delivered resilient results with a strong volume, cash fixed cost and working capital performance.

Our gross margin percentage decreased by 3% compared to the prior year driven by an 18% decrease in the rand per barrel price of Brent crude oil, further softening of global chemical prices and refining margins, and lower demand for products as a result of the COVID-19 lockdowns in South Africa and globally. The adverse medium and longer term macroeconomic outlook associated with these factors resulted in impairments of R38,8 billion and a fair value write down of R72,8 billion (US$4,2 billion) related to our base chemical assets within Sasol Chemicals USA which have been classified as disposal groups held for sale.

The Lake Charles Chemicals Project (LCCP) delivered an improved earnings performance in the second half of the year with earnings before interest taxation, depreciation and amortisation (EBITDA) of approximately R100 million, despite a very challenging macroeconomic environment. This compares to a loss before interest, taxation, depreciation and amortisation of R1,1 billion recorded in the first half of the year. Earnings were further impacted by R3,9 billion in additional depreciation charges and approximately R6,0 billion in finance charges for the year as the LCCP units reached beneficial operation.

Our Energy business's gross margin percentage decreased from 43% in the prior year to 38% due to the significant impacts of supply and demand shocks that led to lower crude oil prices and product differentials. We expect that oil prices will remain low for the next 12 to 18 months as the impact of COVID-19 becomes better understood. Oil markets also continued to remain exposed to shifts in geopolitical risks as well as supply and demand movements.

Despite experiencing softer commodity chemical prices across most of our sales regions due to weaker global demand and increased global capacity, our Base Chemicals and Performance Chemicals businesses reported increased sales volumes of 19% and 8% respectively, and maintained robust results on certain products, ensuring a level of resilience in our cash flows.

Total cash fixed costs for the first half of the year were trending above 10% compared to the prior period, however, in the second half, we significantly improved our total cash fixed costs performance which remained flat for the full year when compared to the prior year. This was largely attributable to the implementation of our comprehensive response plan focusing on cash fixed cost reduction and enhanced cash flow.

Financial position

As at 30 June 2020, our total debt was R189,7 billion compared to R130,9 billion as at 30 June 2019, with approximately R174,6 billion (US$10,1 billion) denominated in US dollars.

The Group's gearing increased from 56,3% at 30 June 2019 to 114,5% mainly due remeasurement items (39%) recognised, a weaker closing Rand/US dollar exchange rate (6%) and the adoption of the IFRS 16 'Leases' accounting standard (4%).

At 30 June 2020, the Group reported a net debt to EBITDA of 4,3 times. The Group has agreed with lenders to waive the covenant in June 2020 and lift the December 2020 covenant from 3,0 times to 4,0 times. The covenant at 30 June 2021 is 3,0 times.

This covenant flexibility is subject to conditions which are customary when agreeing such amendments. These include provisions to prioritise debt reduction, commitments that there will be no dividend payments nor acquisitions while Sasol´s leverage is above 3,0 times Net Debt : EBITDA and that 2021 capital expenditure will not exceed the forecast level of R21 billion by more than 10%. Sasol will also reduce the size of its facilities as debt levels are reduced, whilst continuing to maintain a strong liquidity position.

The Group's credit rating was downgraded as a result of the impact of the COVID-19 pandemic on global growth and the volatility in the oil price. The cost of some of the Group´s floating rate debt is partly linked to the credit rating. The revised credit rating profile will therefore result in an increase in finance costs from existing facilities of approximately US$50 million per annum.

Cash generated by operating activities decreased by 18% to R42,4 billion compared to the prior year. This was largely due to the softer macroeconomic environment during the first six months of the year which was further impacted by the severe economic consequences from the COVID-19 pandemic and lower oil prices during the second half of the year, coupled with the LCCP still being in a ramp-up phase. The decrease was partially negated by another strong working capital and cost performance from the foundation business. Working capital decreased by R5,8 billion during the year mainly as a result of focused management actions.

The Group's net cash on hand position increased from R15,8 billion as at 30 June 2019 to R34,1 billion mainly due to proceeds received from the US$1,0 billion syndicated loan as well as draw downs on the revolving credit facility negated by LCCP capital expenditure for the year.

Share capital

Share repurchase programme

No shares were repurchased during the year.

Shares held in reserve

682 041 814 authorised but unissued ordinary shares of the company are held in reserve.

Note 16 of the consolidated financial statements provides further details regarding the share capital of Sasol Limited.

American depositary shares

At 30 June 2020, SASOL's ADR program (managed by J.P. Morgan Chase Bank, and listed on the NYSE) had 52 112 426 (2019 – 16 330 737) American depositary shares (ADS) in issue. Each ADS represents one ordinary share.

Share schemes

Note 38 and 39 provides detail on the various share-based payment schemes in place, including the Sasol Share Incentive schemes, Sasol Khanyisa transaction and cash settled share-based payment arrangements.

Details on the material shareholdings for the group, including any shareholdings of directors, are provided under shareholder's information on pages 18 to 19.

Dividends

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

Going concern

Based on the going concern assessment (refer to note 2), the Board is of the view that the company and group have adequate resources to continue in operation for the foreseeable future and accordingly, the annual financial statements have been prepared on a going concern basis. The Board is not aware of any new material changes that may adversely impact the company and group other than those disclosed in the going concern note to the financial statements. The Board is not aware of any material non-compliance with statutory or regulatory requirements. The Board is not aware of any pending changes in legislation in any of the major countries in which it operates that may affect the company and group.

Subsequent events

There were no events that occurred subsequent to 30 June 2020.

Change in directorate

Dr MSV Gantsho and Mr MJN Njeke retired from the Board, as Chairman and Lead Independent Director respectively, following Sasol's Annual General Meeting held on 27 November 2019. Mr SA Nkosi, who joined the Board during May 2019 as independent non-executive director and Chairman-designate, assumed the Board Chairmanship on 27 November 2019. The Board elected Mr S Westwell, who has served the Board since 2012, as Lead Independent Director. The Board appointed Ms KC Harper as independent non-executive director and member of the Audit Committee effective 1 April 2020.

Auditors

PricewaterhouseCoopers Inc. (PwC) was the external auditor of Sasol Limited and its significant subsidiaries for the financial year ended 30 June 2020.

At the Annual General Meeting of 20 November 2020, shareholders will be requested to reappoint PwC as auditor of Sasol Limited and to note that Mr J Potgieter will be the individual responsible for performing the functions of the auditor, following the Audit Committee's decision to nominate the firm PwC as its independent auditor for the financial year commencing 1 July 2020.

Company Secretary

The company secretary of Sasol Limited is Ms MML Mokoka. Her business and postal addresses appear on the inside back cover.

1 Listed only in connection with the registration of American Depositary Shares pursuant to the requirements of the United States Securities and Exchange Commission.

REPORT OF THE REMUNERATION COMMITTEE

KEY MESSAGES

- **Feedback on the 2019 Remuneration Policy and Implementation Report**
- **The impact of business performance** on leadership and remuneration
- **Key remuneration decisions** for 2020 and 2021

Dear stakeholder

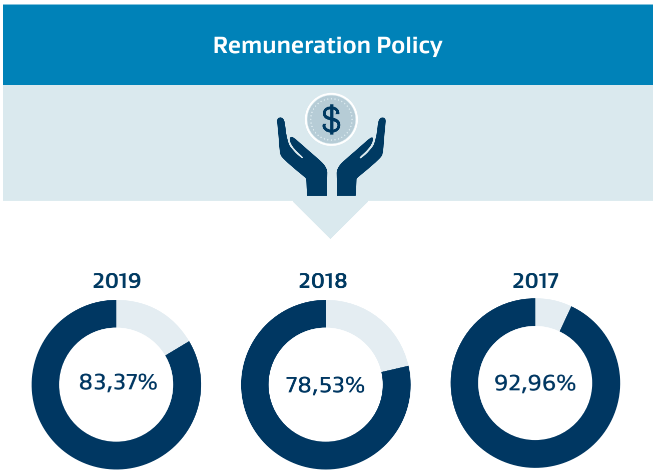
This report highlights key components of Sasol's Remuneration Policy which we believe are aligned with the Group's strategy. It illustrates how the policy translated into reward outcomes in 2020 and where the Committee had to use its discretion to deviate from the policy. The Committee reviews the policy annually to ensure that it remains relevant and continuously enables the attraction, motivation and retention of skilled resources while maintaining a balance with the interests of our many stakeholders.

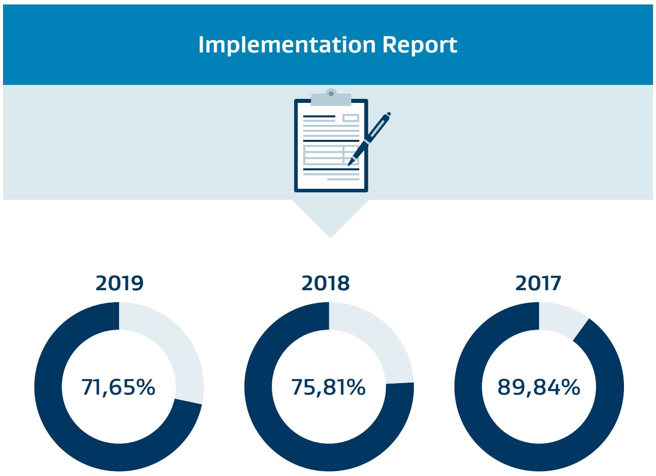
In the past two years, I have engaged with a number of interested parties on Sasol's Remuneration Policy and its implementation. This constructive dialogue has informed many decisions on remuneration. Some of these decisions were in the process of being implemented when the business was faced with additional challenges in the form of extreme market volatility as COVID-19 spread across the world. As Sasol started to feel the impact of high levels of debt related to the Lake Charles Chemicals Project (LCCP) in the US, it had to make many difficult decisions and had to do so swiftly. With no one able to forecast exactly how long it will take for the world to recover from the pandemic which together with the sharp decrease in the Brent crude oil price has had a significantly negative impact on Sasol in the last quarter specifically, we reconsidered our Remuneration Policy and reset it where appropriate.

Feedback on the Remuneration Policy and Implementation Report

At our last annual general meeting, support for the Remuneration Policy increased from 78,53% to 83,37%. However, the Committee is disappointed that only 71,65% of shareholder votes were in favour of the 2019 Implementation Report. As we did not meet the 75% threshold of support, we embarked on a virtual roadshow to understand dissenting investors' concerns. This was so that we could understand the reasons for votes against the Implementation Report, explain the context for the decisions that were taken, and ensure in the planning for the next year that we thoroughly consider the feedback from our investors to improve the level of support from our shareholders.

Non-binding advisory votes on the Remuneration Policy and Implementation Report





The following table categorises shareholder concerns in broad themes as well as our responses to these concerns both for the year under review as well as the next financial year:

Shareholder concerns	Our responses in 2020 and 2021
Insufficient weighting on environmental targets and the exclusion of emission-reduction targets from our incentive plans	**2021:** We will increase the weighting of environmental targets to 20% of the STI scorecard. Measures that directly relate to the reduction of carbon emissions over the next few years will be included in the STI and LTI plans
The inclusion of core headline earnings rather than a measure over which management has more direct control	**2020:** The weighting attached to this target was reduced **2021:** This target will be removed from the STI scorecard
The weightings attached to the return on invested capital (ROIC) and the project delivery targets were too low	**2020:** The weightings for both targets were increased **2021:** The weighting attached to ROIC will be further increased
The threshold for relative total shareholder return (TSR) at the 40th percentile should be increased to the median of the comparator group	**2020/21:** The threshold for vesting to start will be the median TSR of the comparator group vs Sasol's TSR
The peer group used for remuneration benchmarking is no longer relevant	**2021:** The peer group to be reviewed to include more South African mining companies and smaller energy and chemical companies in Europe and the USA
Insufficient details provided regarding the setting of the cost reduction and volumes targets and the achievement thereof	**2020:** The volumes target was reviewed to only include volumes from key production facilities and the cost reduction target was reviewed – both should aid the disclosure of performance against these targets **2021:** Volumes produced will be changed to sales volumes and the cost reduction targets are aligned with the commitments made to shareholders regarding the strengthening of Sasol's financial situation

Unfortunately, we were not able to include more environmental targets other than energy efficiency and the measure for fires, explosions and releases (FERs) in our incentive plans for 2020. Sasol will publish a climate change roadmap within the first half of 2021. This will inform the inclusion of more environmental targets in our short-term and long-term incentive plans. We take seriously our responsibility to ensure safe and profitable operations with a reduced impact on the environment. Indeed, reducing our carbon footprint is a key reason for the revision of the Group's strategy in the year.

We were encouraged by feedback that shareholders appreciated the detailed disclosures in our Remuneration Report, and that they supported the Board's decision to not pay short-term incentives to senior and executive management in respect of 2019 due to the cost and schedule overruns at the LCCP. In addition, from our recent engagements we gathered support for better alignment between our incentive plan targets and the Group's key priorities for 2021.

The impact of business performance on remuneration decisions

The 2020 year commenced with the investigation into the overruns at the LCCP, which resulted in an almost three-month delay in the release of our 2019 financial results. The Board appointed Mr Fleetwood Grobler as the new President and Chief Executive Officer (CEO), Mr Vuyo Kahla as an Executive Director, Mr Marius Brand as Executive Vice President (EVP) for Group Technology and Mr Brad Griffith as EVP for the Chemicals Business.

In October 2019, Mr Bongani Nqwababa and Mr Stephen Cornell, then Joint CEOs, agreed to an amicable mutual separation with the company. Effective 31 October 2019, Mr Nqwababa and Mr Cornell stepped down as Joint CEOs, and as executive directors of Sasol and its subsidiaries. As announced on 28 October 2019, the Board has identified neither misconduct nor incompetence on the part of the Joint CEOs. The Board mandated the Committee to agree on the separation terms for these two executives of which the details are disclosed in this report.

The Committee ensured that the agreed separation packages were in line with market practice for executive separations. Both executives were placed on garden leave during the contractual six months' notice period and we granted an additional two months' employment on full salary to Mr Cornell to accommodate his school-going children before their repatriation to the US. We agreed a separation package equal to approximately 12 months' salary for Mr Cornell and Mr Nqwababa respectively.

As the collapse in oil prices and weak economic activity due to the spread of COVID-19 exacerbated Sasol's stretched balance sheet, our new CEO acted swiftly to put in place a comprehensive response plan to stabilise the business. With employee-related costs making up approximately 50% of our cash fixed costs, we needed to make difficult remuneration-related decisions as part of the self-help measures to manage balance sheet challenges.

In April, the Board approved the following measures as part of a comprehensive response plan:

- no short-term incentives for 2020, despite the fact that some of the targets had been met in respect of the targets set for 2020;
- immediate termination of all monetary recognition plans and employee support programmes;
- no salary increases for employees outside of collective bargaining units in October 2020;
- a headcount freeze on all permanent positions and a review of all non-permanent positions;
- a salary sacrifice of between 10% and 24% for 6 900 of our employees effective 1 May 2020 for a period of up to eight months which was suspended on 4 August due to the company's improved liquidity position; and
- the suspension of the employer's contribution towards retirement funds for employees falling outside the collective bargaining structures, for a period up to eight months (subject to rule amendments being approved and this being a feasible lever in countries where we have operations). Following a review on 4 August 2020, the employer retirement fund contribution was reinstated due to the company's improved liquidity position.



The Board also agreed to a fee sacrifice of 20% on the NED Board and Committee fees for a period up to eight months.

These decisions were not taken lightly, particularly as 4 000 of our senior employees had not received a short-term incentive the previous year despite the fact that many targets had been met, as well as the diminished value of long-term incentives. The Committee is grateful for the united support of employees during this extraordinarily challenging period and is concerned about the potential negative effect that these extreme measures could have on the retention of key employees. As a result, we are considering retention measures to prevent a potential exodus of scarce and critical skills.

Aligned with market practice, the Committee further recommended to the Board a differentiated approach to minimum shareholding requirements for the President and CEO, the Chief Financial Officer and other executive directors. The annual LTI award to members of the GEC was postponed from the ordinary period following shortly after the disclosure of the annual financial statements, to March 2020. The Committee wanted to ensure that all matters addressed in the Board review were closed out before the annual LTI awards were made. The vesting of the entire award will be subject to performance and time vesting conditions.

The short-term actions to ensure Sasol's survival in 2020 are clearly not sustainable for the long term. As a result, the CEO announced a strategic reset and appointed a new leadership team to enable more focused portfolios, reducing the GEC by 25%. The revised strategy and new operating model will allow for a streamlined, more focused and efficient organisation that is sustainably profitable at oil prices of US$45/barrel and is able to withstand shock events. This will also have an impact on the workforce.

2021 focus

Over the next year, we will focus on:

- Reviewing our Remuneration Policy given the impact of the macroeconomic challenges on reward practices globally. This includes simplification of the short-term incentive plan design and the inclusion of incentive targets to support efforts to strengthen the financial situation, our pursuit of zero harm and the climate change roadmap.
- Review of the long-term incentive plan design and the inclusion of environmental targets.
- Reviewing the combination of LTI instruments to include restricted share units (RSUs).
- Reviewing the minimum shareholding requirements for executives.
- Reviewing the peer group we use for benchmarking purposes.

Future considerations

Globally, there is an increased focus on pay gap reporting as many consider this to be a measure that promotes a fairer and more equal society. Many countries have made the disclosure of pay gaps and CEO pay ratios obligatory. The Committee has approved a methodology to track internal pay equity. Tracking pay ratios together with our commitment to ensuring at least a living wage to our employees, as well as many of our other human resources policies, form part of our commitment to social justice.

Use of consultants

During 2020, the Committee appointed Alvarez & Marsal Taxand UK LLP (A&M) as independent external advisors, the previous advisors to the Committee were AON. A&M is a UK-based firm that is a signatory to the UK Remuneration Consultants' Code of Conduct, that provides the Committee with input on Remuneration Policy, advice on global trends and assists in decision-making on proposals made by management. The Committee was comfortable with the advisors' independence over the past year.

In closing

The Committee is committed to ensuring that Sasol's Remuneration Policy and the implementation thereof is fair and responsible. There is no doubt that in the new year all of us will need to reset our expectations and look at reward-related matters in a different way. On behalf of the Committee, I would like to thank all our shareholders for your support, and trust that you will endorse our Remuneration Policy and Implementation Report at the next AGM.

Mpho Nkeli
Chairman of the Remuneration Committee

12 August 2020

This first part of the report describes the roles and responsibilities of management at Sasol and provides an overview of Sasol's remuneration philosophy and policy, as well as remuneration elements.

For clarity, the following terms are used for reporting purposes:

Role	President and CEO	GEC – CFO, other Directors and Prescribed Officers	Senior Vice President (SVP) – Group Leadership	Vice President (VP) – Leadership	Senior Management
Description	Enterprise-wide accountability for the Group, reporting to the Board.	The GEC has the ultimate authority within the organisation to set the strategy and direction for the Group.	SVPs have global or end-to-end responsibility for an operating model entity or group function. Positions an operating model entity or function within the broadly defined business direction. Sets Group policy and frameworks. Contributes to the formulation of organisation-wide strategies.	VPs have regional or sector-specific responsibility for a portion of an operating model entity or Group function. Contributes to strategy formulation and then translates this into tactical plans, policies and processes.	Experienced professional, specialists and experienced tactical leaders. Drives the achievement of objectives through specialisation or management of resources.
Number of permanent employees	1	8	36	195	1 061

Remuneration Philosophy

- Sasol's remuneration philosophy is to use internally equitable and externally competitive salary, benefits and incentive structures to attract, retain and motivate qualified, skilled and engaged employees to work towards achieving our group strategic objectives in a values-driven manner and create stakeholder value responsibly and sustainably.
- We strive to offer a balanced mix of remuneration programmes to all our employees – benchmarked to the market median, linked to performance-based outcomes and applied competence.
- Executive remuneration has a strong relationship with shareholders' interests.
- Entry-level salaries are determined by the company and negotiated through collective bargaining structures and further enhanced by value-added benefits aligned with our employee value proposition. In all sectors our minimum wage is higher than what is generally considered a living wage in the geography or location.
- The mix and flexibility of our remuneration options depend on the type of positions in our organisational structure as well as geographical practices.
- Appropriate approval processes are in place to prevent conflicts of interest and to mitigate any risks that may unintentionally result from our remuneration programmes.
- The Committee is empowered to intervene in exceptional circumstances when formulaic outcomes appear to be inappropriate and/or not aligned with business performance.
- No form of unfair discrimination will be tolerated, and salary differentials are substantiated through defensible principles included in our Remuneration Policy.

Remuneration Policy

Our Remuneration Policy is a crucial enabler of Sasol's strategy. The objectives of our policy are sustainable high performance based on a values-driven organisational culture and aligning behaviour with the company's risk management framework. The policy is designed in such a way that it strives to provide competitive, market-aligned pay while balancing the need for cost containment. Additionally, the policy aligns top management's interests with stakeholders' by promoting and measuring performance that drives long-term growth and sustainable value creation.

Remuneration Committee governance

Sasol complies with the relevant remuneration governance codes and statutes that apply in the various jurisdictions within which it operates. We apply recommended practices stated under Principle 14 of the King IV Code™. The Committee is appointed by the Board to assist in ensuring that the Group remunerates its employees fairly, responsibly and transparently by implementing affordable, competitive and fair reward practices to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term. A copy of the Committee's Terms of Reference as well as the Group Remuneration Policy is available on the Group's website.

The President and CEO, the EVP: Human Resources and Corporate Affairs and the Vice President: Global Rewards attend meetings of the Committee by invitation. Members of the Group Executive Committee recuse themselves when their own remuneration is discussed. The Committee is supported by Mr David Tuch, A&M.

The CEO tables the performance outcomes of all Prescribed Officers to the Committee to inform the award and vesting of annual increases and incentives. The Chairman of the Board tables the performance outcomes and proposed rewards for the Executive Directors at the Committee which recommends it to the Board.

The Committee has used its discretion twice in the past year: to not award short-term incentives despite some of the targets being met, and the adjustment, for reasons of COVID-19, of the production volumes achievement in the long-term incentive vesting percentage for those LTIs that will vest in 2021.

Enabling the achievement of key strategic priorities

Our Remuneration Policy sets the foundation for the development of fixed salary, variable pay plans and benefit structures that address our talent needs and enables the achievement of our strategy. Through our variable pay plans, we drive a high-performance culture where employees are encouraged to achieve targets set at an individual, Operating Model Entity (OME) and Group level. The Committee annually reviews the targets set for our short-term incentives (STIs) and long-term incentives (LTIs) to ensure that these are relevant and aligned with the business priorities.

The following table provides an overview of the remuneration elements and strategic intent of each component.

Fixed pay – Policy and strategic intent	Fixed Pay – Application	Outcomes 2020
Base Salary, Basic Salary or Total Guaranteed Package (TGP) depending on the location. Broad pay bands set with reference to location and sector median benchmarks that reflect the complexity and scale of our business to ensure that we attract and retain the talent required for successful operations. The Committee approves the cost of annual increases and considers market and economic data as well as affordability when making this decision. Mandates are provided for salary increase negotiations with recognised trade unions. **Strategic intent:** • Attraction and retention of key employees • Internal equity and external competitiveness • Recognition of competence and individual performance	Employees in countries other than South Africa and employees in the South African bargaining sectors are paid a base salary rather than a TGP. In South Africa, the minimum wage paid to our employees in the different sectors is compared with the living wage for a family as provided by Trading Economics to ensure that we pay a living wage to our employees. Salaries are paid monthly to all employees except for employees in the United States and Canada who receive salary payments on a bi-weekly basis in line with local market practice. Employees who are promoted are considered for salary adjustments where justified. Performance aligned annual increases are processed for employees outside the collective bargaining sectors with effect from 1 October. Across the board increases for other employees are implemented with effect from 1 July.	An increased cost of 5,3% was approved for South African employees falling outside of the bargaining units and implemented on 1 October 2019. The total cost of increases for members of the Group Executive Committee was also within this approved cost. For our international jurisdictions, increases were aligned to the local market conditions and closely aligned with the forecast market movement. No annual increases will be awarded in 2021 to employees falling outside the bargaining units. 6 900 employees were asked to take a salary sacrifice effective 1 May 2020 for up to eight months; the sacrifice varied between 10% and 24% depending on the role category. This sacrifice has contributed significantly to our cash conservation efforts resulting in the suspension on 4 August 2020 due to the company's improved liquidity position.

Benefits and allowances – Policy and strategic intent	Benefits and allowances – Application	Outcomes 2020
Benefits include, but are not limited to, membership of a retirement plan, healthcare and risk cover to which contributions are made by both the company and the employee. Allowances are paid in terms of statutory compliance or as is applicable in a sector/jurisdiction. A number of special allowances including inter alia housing, cost of living, home leave and child education are included in the group's expatriate policy. **Strategic intent:** • **Compliance with legislation** • **Negotiated and contractual agreements** • **Strengthening of the employee value proposition**	Benefits are offered on retirement for reasons of sickness, disability or death. The beneficiaries of employees who pass away while in service receive an additional insurance cover of which the quantum depends on the retirement plan of which they were a member during service. Allowances are linked to roles within specific locations and are paid together with salaries. Expatriate allowances and benefits are offered to protect quality of life in the host country.	Sasol utilises different options to provide healthcare to employees and their families by means of medical insurance and/or public health plans, as well as additional insurance in countries where appropriate and market-related. All employees have healthcare cover in the event that they are infected by COVID-19. Special leave categories were introduced in 2020 to accommodate the lockdowns in the respective countries where we have a presence. No employees were asked to go on unpaid leave during lockdown periods or shutdown of operations. Sasol confirms that, in all countries where we have employees located that participate in retirement funds, the governance of these funds meets all local fiduciary requirements. All Defined Benefit Fund liabilities are appropriately detailed in Sasol's Statement of Financial Position. The employer contributions to retirement funds in the US and SA were suspended for a period of up to eight months starting 1 May 2020 to assist with cash flow. Following a review on 4 August 2020, the employer retirement fund contribution was reinstated due to the company's improved liquidity position.

Short-term incentive (STI) Policy	Short-term incentive (STI) Application	Outcomes 2020
A single structure is applied globally and paid annually in September after Committee approval. Most mining employees earn a production bonus which is accrued bi-weekly, linked to safely produce against mining targets. Target incentives align with market median. The STI structure consists of Group, entity, and individual performance targets set in advance of every financial year. The Committee can exercise its discretion to vary incentive outcomes as deemed appropriate, and based on affordability.	Group, entity and individual performance targets are reviewed annually to ensure relevance, continuous improvement and alignment with the Group's Strategic objectives which include safe, sustainable performance. Sustainability is a key performance objective and measured at Group and entity levels. In addition to the group targets, the following objectives are included in entity and individual STI scorecards as applicable: safe transportation of hazardous chemicals, occupational health measures, carbon emissions and leaks or spills of hazardous materials. These measures balance safety, environmental sustainability and operational performance criteria. Individual targets are agreed in the annual individual performance contracts, and performance against objectives is assessed bi-annually. See Page 38 for detailed targets.	As part of the self-help measures announced in March 2020, a decision was supported not to pay short-term incentives to any employee for 2020, despite performance targets being achieved on group, entity and individual level. This decision has reduced the cash fixed costs for the group by approximately R2,5bn.

Long-Term Incentives – Policy and strategic intent	Long-Term Incentives – Application	Outcomes 2020
Equity- or cash-settled awards linked to the market value of a Sasol ordinary share (or American Depository Receipts (ADR) for the international employees), subject to vesting conditions for participants. The Committee governs LTI awards and considers these in respect of : • Internal promotions to qualifying roles and external appointments • Annual awards to eligible employees; and • Ad hoc discretionary awards Awards are linked to the role complexity and individual performance, and vesting is subject to service and additionally corporate performance targets for participants in leadership, senior leadership and top management positions. The vesting period is three years for participants in leadership and senior management. A split vesting period of three and five years applies to participants in group leadership and top management. **Strategic intent:** • **Alignment with group performance** • **Attraction and retention of senior employees and scarce and critical skills** • **Alignment with shareholders' long term interests and experience**	LTIs form an important part of our pay mix and annual target LTI awards are annually reviewed to ensure market competitiveness. The equity- or cash-settled LTI plans give participants the opportunity, subject to vesting conditions, to receive Sasol ordinary shares or ADRs or the equivalent cash value of share linked LTI awards. Participants have the option to sell or retain the shares after the vesting period. Executive directors are required to retain vested shares until minimum shareholding requirements have been met. The Committee annually considers the corporate performance targets and the vesting of the 2020 LTI awards are subject to the following targets: • Return on Invested Capital • Total shareholders' return • Increase in production volumes over headcount More detail on the targets is included on page 38. In 2020, the annual LTI award was granted to participants excluding members of the GEC, on 29 October 2019. The annual LTI award for members of the GEC was delayed to 4 March 2020 until all matters raised in the Board review were closed out. The on-appointment awards for the President and CEO as well as the newly appointed EVPs were also made on this date.	100% of LTIs awarded to members of the GEC are subject to the achievement of corporate performance targets. The Committee assessed that overall performance of the LTI awards made in 2016 was achieved at 47% of target. Of these, 50% vested and were delivered to the Executives in the form of equity or cash with the remaining 50% due to vest after a further two years in 2022. Participants who leave the service of the group for reasons other than retirement, retrenchment, by death, disability or ill-health, or for any other reason approved by the Committee, will forfeit the awards not vested or of which all performance and time conditions have not been met.

Risk management

Remuneration risk is viewed in accordance with the terms of reference of the Committee. In the normal course of business, Sasol aligns remuneration decisions with strategic business objectives.

The Remuneration Committee ensures effective risk management oversight in relation to material risks within the Committee's scope and will exercise its discretion within the Group's overall risk framework.

The remuneration policy is transparent to all stakeholders.

All incentive plans and the remuneration mix are reviewed annually.

Executives do not approve their own benefits or remuneration.

All exceptions are approved by the Committee and by the Board in the case of Executive Directors.

We have a Clawback and malus policy in place.

Our LTI plan design ensures that top management's awards are subject to split vesting of 50% after three years and the balance after five years.

Maximum vesting opportunities exist through the design of our STI and LTI plans.

Details of key remuneration components

The use and application of remuneration benchmarks

We use benchmark data from the approved peer group for purposes of developing pay bands and incentive plans as well as for the comparison of employee benefits. One of the Committee's key tasks is to preserve the relevance, integrity and consistency of benchmarking. Management also consults survey reports from various large remuneration firms. For members of the GEC as well as for the setting of Non-Executive Director (NED) fees, a peer group of companies with a similar geographic footprint, operating model and market capitalisation is selected. This peer group will be reviewed for application in 2021. For the rest of our employees, we acquire local surveys from reputable companies to ensure locally suitable and appropriate salary bands.

Base salary/total guaranteed package (TGP) and benefits

South African employees who are not covered by collective bargaining agreements receive a TGP which includes employer contributions towards retirement, risk and healthcare benefits. In terms of this model, all changes to benefit contribution levels are cost neutral to the employer. Increases in the benefit pricing of employee and employer contributions reduce the net cash salary of employees. All other employees receive a basic salary. In some jurisdictions, a thirteenth cheque is payable.

Performance-based increases are not applied for the South African collective bargaining sectors as across-the-board increases are applied with effect from 1 July every year. In all other jurisdictions, annual increases are distributed with reference to merit and the positioning in the pay band. Outside of South Africa, annual salary increases are also negotiated with trade unions and works councils in the US, Germany and Italy.

In the South African mining sector, 2020 was the final year of a three-year wage increase agreement for Sasol. The revised minimum monthly salary translates to an annual minimum total guaranteed package excluding incentives and overtime, of R221 146 or R18 429 per month.

Short-term incentive plan (STI)

The configuration and weightings attached to the different parts of the STI formula differ to the extent that employees can influence the achievement of performance objectives either directly or indirectly as indicated in the diagram:

Members of the GEC

STI Target %
Derived from benchmarking positions of similar complexity in the comparator group

X

Group performance factor (0% to 150%)
Performance measured against financial and non-financial drivers

X

Individual portfolio performance factor (0% to 150%)*
Assessment of individual performance against project milestones, individual and OME targets

Employees below the GEC

STI Target %
Derived from benchmarking positions of similar complexity in the comparator group

X

Group performance factor (0% – 150% or 80% – 120% depending on level)
Performance measured against financial and non-financial drivers

X

OME Score (0% to 100%)
Performance measured against financial and non-financial drivers for the specific OME

X

Individual portfolio performance factor (0% to 150%)*
Assessment of individual performance against project milestones, individual and individual targets

*The IPF must balance at 100% across the organisation.

Sasol offers eligible employees in middle management, senior management and top management the opportunity to participate in an LTI plan to enhance retention over the long term and align these participants' interests with that of our stakeholders. LTIs form an important part of our pay mix.

Equity-settled LTI plan

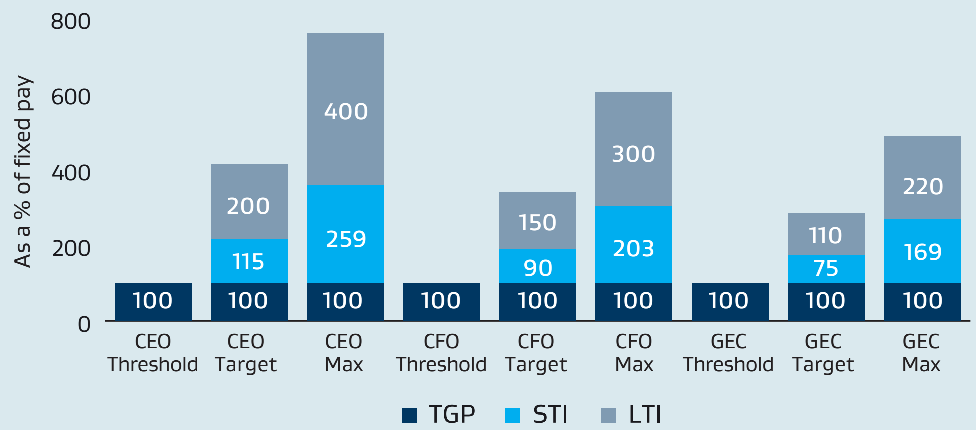
The equity-settled LTI plan gives participating employees the opportunity, subject to the vesting conditions, to receive Sasol ordinary shares or American Depository Receipts (ADRs). Participants have the option to sell or retain the shares after the vesting period. A split vesting period applies to top management, where 50% of the award vests subject to the achievement of corporate performance targets (CPTs) after three years from the date of grant (performance period). The balance is released to the participant after a five-year period, subject to the vesting conditions. Accelerated vesting principles in cases of termination for 'good leavers' do not apply to top management. A service penalty is applied for all participants whose services are terminated under 'good leaver' conditions.

Cash-settled LTI plan

In regions where we do not offer an equity-settled award due to legislative restrictions or logistical reasons or where we choose not to make an equity-settled award, eligible employees may participate in a cash-settled LTI plan with the same conditions that are applicable to equity instruments, except that they are settled with cash.

Pay mix – minimum, on-target, and maximum performance for executive management

The threshold, target and maximum reward outcomes under the terms of the 2020 policy are indicated in the following graph:



*Only TGP will be paid in the event of Below Threshold performance.

The graphs indicate that a substantial portion of the reward mix is from incentives that only vest or are paid out subject to the achievement of rigorous targets and at the approval of the Committee. For 2019 and 2020, no short-term incentive was paid out despite some of the targets having been met which has substantially reduced the reward pay-out. The pay mix is reviewed annually.

Retention and sign-on payments

The sign-on payment and retention policy may be used in the recruitment of candidates in specialised or scarce skill positions, or to retain critical skills, mostly in senior levels. Sign-on payments are (usually) used to compensate joiners for the loss of incentive payments from their previous employer. Cash retention payments are linked to retention periods of at least two years. Retention shares are granted under the LTI plan.

Minimum shareholding requirements

On 1 November 2019, Mr VD Kahla was appointed as Executive Director and was replaced as Company Secretary for Sasol Limited by Ms MML Mokoka. The Committee recommended to the Board that the share ownership requirement for the positions of President and Chief Executive Officer, the Chief Financial Officer and other Executive Directors, be differentiated, and approved the following requirements:

- **President and Chief Executive Officer:** 300% of annual pensionable remuneration
- **Chief Financial Officer:** 200% of annual pensionable remuneration
- **Other Executive Directors:** 100% of annual pensionable remuneration

The requirement must typically be achieved within five years from the date of appointment unless otherwise agreed by the Board. Due to the extended voluntary closed period that the Group was in during 2020, it was agreed that for Mr VD Kahla, the five-year period will only start once the closed period lifts in 2021. The Board has further considered that due to the low levels of achievement against the CPTs over the past five years in particular, that the five-year period for Mr P Victor, be extended. In the meantime, the Board expects that all after-tax vested shares from previously granted LTI awards be retained until the minimum shareholding requirement has been met.

Executive service contracts

- The President and Chief Executive Officer is appointed on a three-year contract which can be extended by 12 months if mutually agreed.
- Members of the Group Executive Committee have permanent employment contracts with notice periods of three to six months. The contracts provide for salary and benefits as well as participation in incentive plans on the basis of Group and individual performance as approved by the Board. Executive Vice Presidents who are members of the South African Sasol Pension Fund are required to retire from the Group and as Directors of the Board at the age of 60, unless they are requested by the Board to extend their term. Perquisites available to the members of the GEC are disclosed in the implementation report.

Termination arrangements applicable to GEC

The following table sets out the guideline followed by the Committee when executive separations are considered. Expatriate benefits are determined by the Sasol long-term assignment policy.

Remuneration policy component	Voluntary termination i.e. resignation	Involuntary termination i.e. retrenchment, redundancy, retirement or other reasons included under the definition of 'good leaver'
Base salary	Payable up to the last day of service including the notice period either in exchange for service or in lieu of the notice period.	Payable up to the last day of service including a three- to six-month notice period.
Health insurance	Benefit continues up to the last day of service.	Benefit continues up to the last day of service; employees who qualify for post-retirement subsidy continue to receive the employer's contribution.
Retirement and risk plans	Employer contributions are paid up to the last day of service. The employee is entitled to the full value of the investment fund credit and any returns thereon.	
Other benefits	Not applicable.	A severance package equal to three weeks' salary per completed year of service is offered which may be increased for voluntary retrenchments or mutually agreed terminations.
Short-term incentive	The executive resigns on or after 30 June, there is an entitlement for consideration of the STI which may be applicable for the past financial year, subject to the achievement of performance targets. No pro-rata incentive is due if the executive leaves prior to the end of the financial year for reasons of dismissal, resignation or mutual separation.	A pro-rata incentive may be considered for the period in service during the financial year subject to the meeting of performance targets.
Long-term incentive	All vested Share Appreciation Rights (SARs) to be exercised by the last date of service. All unvested LTIs are forfeited.	The original vesting period remains unchanged up to the normal date of retirement and then vests subject to the achievement of CPTs as well as application of a service penalty for the period not worked during the performance period. No accelerated vesting applies to long-term incentives but a service penalty will be applied at the end of the vesting period. No pro-rata awards are made.

The following shows the alignment between the Group's key priorities, the targets set for 2020 STI and LTI awards, and the KPIs aligned with the Group key priorities for 2021

Short-Term Incentives

2020 Group Strategic Priorities

Our incentive targets align with the following group priorities:

- Pursue Zero harm
- Nurture foundation business
- Sustainable growth and future investment
- Resilient organisation
- Drive customer, operational and capital excellence

2020 Incentive Targets

STI targets for 2020:

STI Targets

- Cost efficiency to support continuous improvement
- Growth in core headline earnings
- Growth in production volumes
- Project Delivery
  - Schedule
  - Costs compared to approved budget
- Safety and Environment
  - High Severity Injuries
  - Fires, explosions and releases (FERs)
  - Energy efficiency Index
- B-BBEE (applicable to SA entities only)
  - Preferential procurement
  - Employment equity

A penalty of 3 percentage points per fatality is deducted from the final score.

Performance against these targets are included in the Implementation report on page 38.

2021 Key Performance Indicators

For 2021, key performance indicators in the Short-Term Incentive plan will include the following:

- Achievement of key milestones towards realising Future Sasol
- Sales volumes
- Reduction in cash fixed costs
- Reduction in capital expenditure
- Asset disposals
- Improved net working capital
- Environmental targets
- Safety

2021 Group Strategic Priorities

Our 2021 incentive targets will enable the following group priorities:

- Pursue zero harm
- Strengthen financial position
- Deliver LCCP
- Advance sustainability
- Transition to Future Sasol

Long-Term Incentives

2020 Group Strategic Priorities

- Through production improvements and an efficient workforce we increase earnings for our shareholders
- ROIC reflects an earnings return measure in respect of capital investments effective capital allocation and driving timely project completion
- Total Shareholder Return (TSR) is a measure of the value delivered to shareholders over time relative to peers, and combines both the share price appreciation and dividends paid to indicate total value to shareholders

2020 Incentive Targets

Application of LTI targets is over a period of three years (1 July 2019 – 30 June 2022) with 50% of the awards vesting after three years and 50% vesting after five years.

LTI Targets

- Growth in Production volumes/headcount (30%)
- Return on Invested Capital (excluding AUC) split as follows
  - Rest of Sasol: ROIC (excl. AUC) (20%)
  - US business: ROIC (excl. AUC) (10%)
- TSR vs MSCI World energy Index (20%)
- TSR vs MSCI Chemicals Index (20%)

The above corporate performance targets are applicable to GEC, SVP and VPs and the performance will be assessed at the end of 2023.

2021 Key Performance Indicators

Our 2021 Long-term incentive targets will consist of:

- Environmental targets
- Total shareholders return
- Return on invested capital

2021 Group Strategic Priorities

Our long-term incentive targets will align with the longer term priorities of Sasol which include achievement of our longer term targets under the Future Sasol roadmap and achievement of our aspirations to reduce our carbon footprint aligned with the Emissions Reduction Roadmap and our second Climate Change Report.

Non-Executive Director fees

Non-Executive Directors (NEDs) are appointed to the Sasol Limited Board based on their competencies as well as insight and experience appropriate to assist the Group in setting the strategy and assessing performance against key priorities. Consequently, fees are set at levels to attract and retain the calibre of directors necessary to contribute to a highly effective board. They do not receive short-term incentives, nor do they participate in long-term incentive plans. No arrangement exists for compensation in respect of loss of office.

NEDs are paid a fixed annual fee in respect of their Board membership, as well as supplementary fees for Committee membership and an additional Committee fee for special purpose Committees of the Board. Actual fees and the fee structure are reviewed annually. A travel allowance, approved by shareholders, is payable for international travel but will only be implemented in 2021 to the extent that NEDs will be required to travel internationally.

In 2018, following consultations with our large institutional investors, the Committee proposed a single currency fee structure which was approved at the 2018 November AGM. The new structure has been phased in for our resident NEDs. The Board agreed to defer the last adjustment to the new fee structure by one year to 1 July 2021. Where current NEDs' fees are higher than the new single currency fee structure, their fees are kept unchanged.

Following the outbreak of COVID-19 across the world, NEDs volunteered fee sacrifices of between 20% and 40% in support of our cash conservation efforts effective from April 2020.

No increase in fees will be requested at the November 2020 AGM.

Annual Non-Executive Directors' fees:

	2020		
	Fees incl. VAT with effect from 16 November 2018[2, 3]		
	Chairman[1]	**Member**	**Rate**
Board	**$445 000**	**$150 000**	Annual
Audit Committee	**$25 000**	**$20 000**	Annual
Remuneration Committee	**$20 000**	**$12 000**	Annual
Capital Investment Committee	**$16 000**	**$11 000**	Annual
Digital, IM and Hedging Committee	**$16 000**	**$11 000**	Annual
Nomination and Governance Committee	**$16 000**	**$11 000**	Annual
Safety, Social and Ethics Committee	**$16 000**	**$11 000**	Annual
Lead Independent Director	**–**	**$40 000**	Annual
Travel allowance – Less than 10 hours travel[4]	**–**	**$5 000**	Once off payable per cycle
Travel allowance – Between 10 and 15 hours travel[4]	**–**	**$10 000**	Once off payable per cycle
Travel allowance – More than 15 hours travel[4]	**–**	**$15 000**	Once off payable per cycle
Special purpose Ad hoc Committee meetings	**$2 000**	**$2 000**	Per meeting

1. Chairman of the Board fee, inclusive of all fees payable for attendance or membership of Board Committees and directorship of the company.
2. Fees including VAT are being phased in over a period of two to three years with effect from 16 November 2018.
3. For the fee structure applicable from 16 November 2018 for non-resident Non-Executive Directors, the following rules apply: where the total prior year fees inclusive of VAT (on a like-for-like basis), are higher that the new structure, the previous fee will be retained to ensure that the Non-Executive Director is not financially worse off with the implementation of the new fee structure.
4. Travel allowance implemented with effect from 2021 as appropriate, when international travel is required.

Implementation report

The section that follows provides an overview of the implementation of the remuneration policy. It also sets out the relationship between company performance and Executive Directors' and Prescribed Officers' remuneration outcomes against incentive plan targets as well as progress against minimum shareholding requirements. The report also details the remuneration paid to the former Joint-CEOs in terms of the mutual separation agreements concluded.

The tables in this section provide information on all amounts received or receivable by members of the GEC (including the current President and CEO and the former Joint CEOs and Presidents, other Directors and Prescribed Officers).

The structure of the implementation report, is as follows:

General

- Resultant outcomes of the group performance factor for 2020 as well as an overview of performance against targets for the past three financial years
- Resultant outcomes for the CPTs set for the LTIs that are due to vest in 2021, as at 30 June 2020 as well as an overview of the performance against the CPTs set for the past financial years and unvested LTIs

Executive Directors

- Remuneration and benefits paid disclosed in terms of the single total figure methodology
- Outstanding LTI holdings
- Progress against minimum shareholding requirements

Prescribed Officers

- Remuneration and benefits paid disclosed in terms of the single total figure methodology
- Outstanding LTI holdings

Former Joint CEOs and Presidents

- Remuneration and benefits paid or payable disclosed in terms of the single total figure methodology
- Outstanding LTI holdings

Non-Executive Directors

- Fees paid over for 2020

The remuneration policy includes the details of the STI and LTI plan, and any value derived from these are tied to value creation in different forms.

The following table provides the outcomes against the 2020 group performance targets that were set for the STI plan:

		KPI – Key Performance Indicator	Unit of Measure	Weightings: GEC	Threshold (Rating = 0%)	Target (Rating = 100%)	Stretch (Rating = 150%)	Achievement	Weighted Achievement
FINANCIAL	60%	**Cost efficiency to support Continuous Improvement**[1]	YoY Increase in Cash Fixed Costs excl LCCP (Foundation business)	20%	FY19 CFC + 6,5%	FY19 CFC + 5,5%	FY19 CFC + 5%	**Increased by 0%**	30%
		YoY Growth in Core Headline Earnings[1]	% Core Headline Earnings growth	25%	FY20 Core Headline Earnings = FY19	FY19 + 2%	FY19 + 4%	**Decreased by 38%**	0%
		YoY growth in Production Volumes of key production plants[3]	Volume growth in fuel equivalent tons	15%	2% below target production volumes for key plants	On target production volumes for key plants	1% above target production volumes for key plants	**Decreased by 5%**	0%
PROJECTS	15%	**Project delivery**	% on time and budget delivery	Schedule: 7.5% Cost: 7.5%	LCCP: Delivery of Ethane Cracker and/or derivative units 30 calendar days late (on May 2019 market guidance) $12,9bn	LCCP: Delivery of Ethane Cracker and/or derivative units within May 2019 market guidance $12,6bn	LCCP: Delivery of Ethane Cracker and/or derivative units 30 calendar days early (on May 2019 market guidance) $12,5bn	**Did not achieve the committed schedule but costs remained within approved budget**	3%
ESG MEASURES	25%	**Safety and Environment**	High severity injuries	5%	0%: ≥ 6 category 2 and 3 injuries	100% = 4 category 2 and 3 injuries	150%: ≤ 2 category 2 and 3 injuries	**6 Fatalities**[2] **3 HSIs**	6%
			Significant FERs	5%	≥ 18 FERs	16 FERs	≤ 14 FERs	**23 FERs**	0%
			Energy Efficiency Index (SA Ops)	5%	Consolidated Improvement from FY19 to FY20 ≥ 0%	Consolidated Improvement from FY19 to FY20 = 1%	Consolidated Improvement from FY19 to FY20 = 1,5%	**0.2% energy improvement year-on-year**	1%
		B-BBEE (Group)	Preferential Procurement (PP)	5%	Preferential Procurement: 21.63 out of 27 on PP scorecard	Preferential Procurement: 22.63 out of 27 on PP scorecard	Preferential Procurement: 23.63 out of 27 on PP scorecard	**Over-achieved against the preferential procurement target but under-achieved against the employment equity target due to employment and promotion freeze**	6%
			Placement of African and Coloured Males and Females in Specialisation and higher (external + internal promotions)	5%	**50%** of all opportunities employed in the targeted groups	**70%** of all opportunities employed in the targeted groups	**80%** of all opportunities employed in the targeted groups		
		Safety adjustment – penalty for fatalities							(18%)
		Final score		**100%**					**28%**

1. The cost of STIs not paid, added back to ensure a consistent baseline for 2020.
2. Penalty applied for fatalities of 3 percentage points per fatality deducted from the final score.
3. Key Production plants:
   - SA Secunda tonnes- Synfuels total
   - SA Sasolburg Wax Basket
   - Lake Charles ethylene
   - EU Brunsbüttel gross Ziegler alcohol
   - EU Marl – Gross ethylene oxide
   - EU Italy OXO alcohols

For comparative purposes the following table sets out the Group's performance on a weighted basis against STI targets for the previous two years.

Period	Growth in headline earnings	Production volumes	Growth in cash fixed costs	Cost-efficiency	Project delivery	Safety and enviroment	Preferential procurement and employment equity	Total
2019	45,0%	0,0%	0,0%	0,0%	0,0%	12,5%	8,2%	**66%**
2018	0,0%	13,5%	18,2%	3,7%	5,0%	15,1%	7,5%	**63%**

Outcomes against the corporate performance targets (CPTs) which were linked to the 2018 Long-Term Incentive awards, which are due to vest in 2021. The vesting percentage is determined by the Group's performance against CPTs over the period 1 July 2017 to 30 June 2020.

Measure	Weighting	Threshold (0%)	Target (100%)	Stretch (200%)	Achievement	Weighted achievement
Increase in Tons produced/headcount[4]	25%	0% improvement on base	1% improvement on base	2% improvement on base	**1 % Growth year on year**	**26%**
Return on Invested Capital (ROIC)	25%	3 year average ROIC (excl AUC[3]) at 1 x times WACC (hurdle)	3 year average ROIC (excl AUC[3]) at 1,3 times WACC	3 year average ROIC (excl AUC[3]) at 1,5 times WACC	**8%, 3 year average**	**0%**
TSR – MSCI World Energy Index	25%	Below the 40th percentile of the Index	60th percentile of the Index	75th percentile of the Index	**Below threshold**	**0%**
TSR – MSCI Chemicals Index	25%	Below the 40th percentile of the Index	60th percentile of the Index	75th percentile of the Index	**Below threshold**	**0%**
Achievement						**0% – 200% range[1] = 26%** **40% – 160% range[2] = 56%**

On the basis of the scoring in the above table, the FY17 LTI awards to vest in FY20 are:

1. In respect of LTIs issued to members of the group executive committee including the executive directors @ 26% of which 50% will be released (100% of the award linked to CPTs).
2. In respect of LTIs issued to SVPs and lower @ 56% (60% of the award linked to CPTs).
3. AUC = Assets under construction.
4. Increase in Tons produced/headcount adjusted from 15 666kt to 16 552kt to accommodate the requested reduction in production due to COVID-19.

The following table sets out the outstanding unvested LTI awards that are in issue (where performance has not yet been assessed) as well as the weightings linked to the respective CPTs.

Outstanding unvested LTI awards

Financial year of allocation	Vesting year (financial year)	Vesting range	Return on invested capital	Increase in tons produced/head	TSR vs MSCI World Chemicals index	TSR vs MSCI World Energy Index
2019	2022 to 2024	0% to 200%[1] 40% to 160%[2]	25%	25%	25%	25%
2020	2023 to 2025	0% to 200%[3, 4, 5, 6]	30%	30%	20%	20%

1. All members of the group executive committee including executive directors: 100% of the award subject to the achievement of CPTs.
2. In 2019, 60% of the award to participants below GEC is subject to the achievement of CPTs.
3. CEO and President, CFO, EVPs: 100% linked to the achievement of CPTs.
4. SVPs: 50% linked to the achievement of CPTs.
5. VPs: 30% linked to the achievement of CPTs.
6. All other participants subject to time-based vesting criteria.

The vesting of LTIs awarded during 2020, are subject to the achievement of the following CPTs. The percentage of LTIs tied to these CPTs depends on the position of the participant. 100% of GEC LTI awards vest subject to achievement of these CPTs.

2020 LTI Corporate Performance Targets (CPTs)

Measure	Target (100%)	Weighting
Increase in tons produced/headcount	2% compound improvement on baseline	30%
Return on Invested Capital (ROIC)	Rest of Sasol – ROIC (excl.AUC) @WACC +1% = 14,5% per annum	20%
	US: ROIC (excl.AUC) @ US WACC + 0,5% = 8,5% per annum	10%
TSR – MSCI World Energy Index	60th percentile of the Index	20%
TSR – MSCI Chemicals Index	60th percentile of the Index	20%

The following section provides information on how the reward outcomes were determined for Executive Directors:

Executive Directors:

a. Remuneration and benefits approved and paid in respect of 2020 for Executive Directors

	FR Grobler[3,4,5] (CEO and President)		P Victor[6,8] (CFO)		VD Kahla[7,8] (Executive Director)	
Executive Directors	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Salary	**7 114**	–	**6 678**	4 655	**4 143**	–
Risk and Retirement funding	**501**	–	**919**	2 686	**428**	–
Vehicle benefit	**57**	–	**100**	100	**–**	–
Healthcare	**130**	–	**100**	94	**68**	–
Vehicle insurance fringe benefit	**4**	–	**6**	6	**4**	–
Security benefits	**–**	–	**–**	–	**484**	–
Other benefits	**2 176**	–	**31**	7	**1**	–
Total salary and benefits	**9 982**	–	**7 834**	7 548	**5 128**	–
Annual short-term incentive[1]	**–**	–	**–**	–	**–**	–
Long-term incentive gains[2]	**725**	–	**1 143**	6 880	**789**	–
Total annual remuneration	**10 707**	–	**8 977**	14 428	**5 917**	–

1. No STI payment was approved for 2020.
2. Long-term incentives for 2020 represent the award made on 22 September 2017. The illustrative amount is calculated in terms of the number of LTIs x Corporate performance target achieved (26%) x closing share price on 12 August 2020. The actual vesting date for the annual awards is 22 September 2020; subject to the company being in an open period. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTIs vest. 50% of the vested LTIs and accrued dividends will be released on 22 September 2020 and the balance in September 2022, subject to the rules of the LTI plan. As there are no further performance conditions attached to the balance of the 50%, the full amount is disclosed in the single figure table.
3. Mr Grobler was appointed as CEO and President effective 1 November 2019.
4. Mr Grobler agreed to a voluntary contribution of 30% of his salary to the South Africa Solidarity Fund with effect from 1 May 2020 until 31 July 2020.
5. Other benefits for Mr Grobler relate to his period as an expatriate and include accommodation (R331 152), utilities (R9 677), home leave allowance (R250 169), relocation expenses (R463 663), subsidised business transport (R3 699), tax consulting fees (R73 319), employer contributions to German statutory funds (R8 074) and tax on expatriate benefits (R1 036 479).
6. Other benefits for Mr Victor include meals on premises (R6 750) and subsidised business transport (R24 455).
7. Mr Kahla was appointed as an Executive Director with effect from 1 November 2019.
8. Messrs Victor and Kahla have voluntarily agreed to a salary sacrifice of 20% with effect from 1 May 2020 to assist with the Sasol self-help measures announced in March 2020. This is in addition to the suspension of employer contributions to the pension fund.

b. Unvested LTI holdings (number):

Executive Directors	Cumulative balance at the beginning of the year	Granted in 2020[1]	Effect of corporate performance targets	Dividend equivalents	Long-term incentives settled[2]	Effect of changes in Executive Directors	Cumulative balance at the end of the year
FR Grobler[3]	–	**99 569**	(9 542)	1 146	(5 375)	50 424	136 222
P Victor	93 671	**63 497**	(23 856)	2 866	(13 438)	–	122 740
VD Kahla[4]	–	**43 628**	(9 542)	1 146	(5 375)	53 389	83 246
Total	93 671	**206 694**	(42 940)	5 158	(24 188)	103 813	342 208

1. LTIs granted on 4 March 2020.
2. 50% of the award that vests in 2020 is still subject to a continued employment period of two years.
3. Mr Grobler was appointed as the CEO and President with effect from 1 November 2019.
4. Mr Kahla was appointed as Executive Director with effect from 1 November 2019.

c. Unvested LTI holdings (intrinsic value):

Executive Directors	Intrinsic cumulative value at beginning of year[4,5] '000	Intrinsic value of awards made during the year[1] '000	Change in intrinsic value for the year[5] '000	Effect of corporate performance targets '000	Dividend equivalents '000	LTIs settled[6] '000	Effect of changes in Executive Directors '000	Intrinsic cumulative value at end of year[4,5] '000
FR Grobler[2]	–	R18 545	(R14 269)	(R2 721)	R327	(R1 533)	R17 660	R18 009
P Victor	R32 807	R11 826	(R18 590)	(R6 803)	R817	(R3 832)	–	R16 225
VD Kahla[3]	–	R8 126	(R11 887)	(R2 721)	R327	(R1 533)	R18 693	R11 005

1. LTIs granted on 4 March 2020.
2. Mr Grobler was appointed as the CEO and President with effect from 1 November 2019.
3. Mr Kahla was appointed as Executive Director with effect from 1 November 2019.
4. Intrinsic values at the beginning and end of the year have been determined using the closing price of:
   30 June 2020 R132,20
   30 June 2019 R350,21
5. Change in intrinsic value for the year results from changes in share price.
6. Long-term incentives settled represent long-term incentives that vested with reference to the group results for 2019 that was settled in the 2020 financial year. Difference between the long-term incentive gains disclosed in 2019 and the amount settled in 2020 is due to difference in actual share price at vesting date and the share price at date of disclosure.

d. Share appreciation right holding – outstanding (vested but unexercised)[3]

Executive Directors	Balance at beginning of year (number)	SARs exercised (number)	Effect of change in Executive Directors	Balance at end of year (number)
FR Grobler	–	–	35 413	35 413
Total	**–**	**–**	**35 413**	**35 413**

e. Fair Value of share appreciation right holdings (vested but unexercised)[3]

Executive Directors	Fair value at beginning of year[1] R'000	Gain on exercise of share appreciation rights R'000	Change in fair value for the year[2] R'000	Effect of change in Executive Directors R'000	Fair value at end of year R'000
FR Grobler	–	–	(1 573)	1 947	374
Total	**–**	**–**	**(1 573)**	**1 947**	**374**

1. Fair values at the beginning and end of year have been determined using the IFRS 2 option values on 30 June 2019 and 30 June 2020.
2. Change in intrinsic value for the year results from changes in the share price.
3. No further awards have been made since 2015.

f. Progress against minimum shareholding requirement (MSR):

							Unvested awards subject to continued employment only until 2021/2022 (excluding accrued dividend equivalents[2])			
Beneficial Shareholding	**Minimum Shareholding Requirement (MSR)**	**MSR Achievement period (CY)**	**Beneficial share-holding – 30 June 2020[1]**	**Post tax vesting – September 2020[3]**	**Beneficial shareholding value (including September 2020 post tax vesting)**	**% MSR Achieved**	**Number of shares to vest – 26 September 2021**	**Number of shares to vest – 22 September 2022**	**Total number of vested shares subject only to continued employment**	**Pre-tax value of vested shares subject only to continued employment[3]**
FR Grobler	R22 050 000	2024	R5 887 153	R611 221	R6 498 374	29%	4 230	1 933	6 163	R814 749
P Victor	R8 680 000	2021	R3 000 034	R498 078	R3 498 112	40%	10 575	3 047	13 622	R1 800 828
VD Kahla	R5 098 706	2025	R0	R708 168	R708 168	14%	4 230	2 105	6 335	R837 487

1. Beneficial shareholding balance as at 30 June 2020 valued at the acquisition price at vesting date.
2. Corporate performance conditions have been applied, the shares are subject to continued employment. This table excludes LTIs to vest in 2022 and 2023 that are subject to CPTs.
3. Value at closing price on 30 June 2020 (R132,20).

The following section provides information on how the reward outcomes were determined for the Prescribed Officers:

Prescribed Officers

a. Remuneration and benefits approved and paid in respect of 2020 for Prescribed Officers

Mr Grobler was on an expatriate assignment from South Africa to Germany and earned his salary in Euro for the period 1 July 2019 to 31 October 2019. Mr Harris is on an expatriate assignment from the UK to South Africa and earns his salary in British pounds sterling.

The salary lines for expatriates include the cost of tax equalisation and additionally reflect the depreciation of the South African currency against the currency of payment.

	HC Brand[4]		BV Griffith[5, 6]		FR Grobler[7, 8]		JR Harris[9]	
Prescribed Officers	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Salary[3]	**2 789**	766	**4 804**	–	**3 113**	8 391	**9 831**	9 458
Risk and Retirement funding	**1 770**	224	**279**	–	**295**	823	**516**	462
Vehicle benefit	**234**	58	**–**	–	**77**	228	**319**	254
Healthcare	**89**	22	**218**	–	**64**	195	**223**	195
Vehicle insurance fringe benefit	**6**	2	**–**	–	**2**	6	**–**	–
Security benefit	**–**	–	**–**	–	**–**	–	**12**	14
Other benefits	**502**	188	**268**	–	**552**	2 037	**2 622**	2 180
Total salary and benefits	**5 390**	1 260	**5 569**	–	**4 103**	11 680	**13 523**	12 563
Annual short-term incentive[1]	**–**	–	**–**	–	**–**	–	**–**	–
Long-term incentive gains[2]	**709**	3 028	**811**	–	**–**	2 752	**764**	–
Total annual remuneration	**6 099**	4 288	**6 380**	–	**4 103**	14 432	**14 287**	12 563

a. Remuneration and benefits approved and paid in respect of 2020 for Prescribed Officers (continued)

Prescribed Officers	VD Kahla[10] 2020 R'000	VD Kahla[10] 2019 R'000	BE Klingenberg 2020 R'000	BE Klingenberg 2019 R'000	CK Mokoena[11] 2020 R'000	CK Mokoena[11] 2019 R'000	M Radebe[12] 2020 R'000	M Radebe[12] 2019 R'000
Salary[3]	**2 047**	5 901	**5 885**	5 771	**4 954**	4 789	**4 849**	4 726
Risk and Retirement funding	**245**	772	**1 958**	1 971	**736**	772	**755**	764
Vehicle benefit	**–**	–	**212**	212	**–**	–	**264**	264
Healthcare	**32**	94	**100**	94	**23**	–	**100**	94
Vehicle insurance fringe benefit	**2**	6	**6**	6	**–**	–	**6**	6
Security benefit	**–**	490	**384**	363	**71**	103	**44**	–
Other benefits	**–**	–	**–**	–	**774**	13	**110**	–
Total salary and benefits	**2 326**	7 263	**8 545**	8 417	**6 558**	5 677	**6 128**	5 854
Annual short-term incentive[1]	**–**	–	**–**	–	**–**	–	**–**	–
Long-term incentive gains[2]	**–**	2 752	**942**	3 363	**357**	2 229	**618**	2 752
Total annual remuneration	**2 326**	10 015	**9 487**	11 780	**6 915**	7 906	**6 746**	8 606

Prescribed Officers	SJ Schoeman[13, 14] 2019 R'000
Salary	9 533
Risk and Retirement funding	585
Vehicle benefit	264
Healthcare	283
Vehicle insurance fringe benefit	6
Security benefit	–
Other benefits	4 103
Total salary and benefits	14 774
Annual short-term incentive	–
Long-term incentive gains	2 752
Total annual remuneration	17 526

1. No STI payment was approved for 2020.
2. Long-term incentives for 2020 represent the award made on 22 September 2017. The illustrative amount is calculated in terms of the number of LTIs x Corporate performance target achieved (GEC:26%; SVP:56%) x closing share price on 12 August 2020. The actual vesting date for the annual awards is 22 September 2020 subject to the company being in an open period. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTIs vest. 50% of the vested LTIs and accrued dividends will be released on 22 September 2020 and the balance in September 2022, subject to the rules of the LTI plan. As there are no further performance conditions attached to the balance of the 50%, the full amount is disclosed in the single figure table.
3. Prescribed Officers have voluntarily agreed to a salary sacrifice of at least 20% with effect from 1 May 2020 to assist with the company self- help measures announced in March 2020. This is in addition to the suspension of employer contributions to the pension fund.
4. Mr Brand was appointed as the Acting EVP: Group Technology for the period 1 July 2019 to 29 February 2020 and included in Other benefits is an Acting Allowance of R500 000 for this period, meals on premises (R1 500). Mr Brand was appointed as EVP: Sustainability and Technology with effect from 1 March 2020.
5. Mr Griffith was appointed as EVP: Chemicals Business with effect from 1 November 2019.
6. Other benefits for Mr Griffith include tax advisory services (R43 825) and employer contributions to US statutory funds (R224 635).
7. Mr Grobler's earnings are reflected for the period until 31 October 2019. He was appointed as CEO and President with effect from 1 November 2019.
8. Other benefits for Mr Grobler relate to his period as an expatriate and include accommodation (R196 465), utilities (R13 097), transport allowance (R1 309), social security (R10 969), tax consulting fees (R14 010), and tax on expatriate benefits (R316 199).
9. Other benefits for Mr Harris under his expatriate contract include home leave allowance (R118 740), utilities allowance (R31 372), tax consulting fees (R10 449), accommodation (R800 052) and tax on expatriate benefits (R1 661 326).
10. Mr Kahla's earnings are reflected for the period until 31 October 2019. He was appointed as an Executive Director with effect from 1 November 2019.
11. Other benefits for Ms Mokoena include meals on premises (R7 000), subsidised business transport (R17 221) and the final portion of a staggered sign on award (R750 000).
12. Other benefits for Mr Radebe include subsidised business transport (R110 281).
13. Mr SJ Schoeman stepped down as a Prescribed Officer with effect from 31 March 2019. Pursuant to his stepping down, Sasol took certain actions against him which Mr Schoeman challenged. The dispute went into private arbitration in September 2019 and was settled in April 2020 for an amount of R7,6 m. The details of the settlement are confidential between the parties.
14. Other benefits for Mr SJ Schoeman include accommodation (R1 079 715), home leave allowance (R368 239), tax consulting fees (R176 024), social security taxes (R227 590), medicare taxes (R660 988) and tax on expatriate benefits and allowances (R1 590 168).

The following tables set out the number and intrinsic value of the unvested LTI holdings that have been awarded to the Prescribed Officers.

b. Unvested LTI holdings (number):

Prescribed Officers	Cumulative balance at beginning of year (number)	Granted in 2020[1] (number)	Effect of corporate performance targets (number)	Dividend equivalents (number)	Long-term incentives settled (number)	Effect of change in Prescribed Officers (number)	Cumulative balance at the end of the year (number)
HC Brand[2]	21 608	56 348	(1 909)	–	(2 045)	–	74 002
BV Griffith[3]	–	24 230	(2 386)	–	(2 557)	44 228	63 515
FR Grobler[4]	50 424	–	–	–	–	(50 424)	–
JR Harris	29 965	44 302	–	–	–	–	74 267
VD Kahla[5]	53 389	–	–	–	–	(53 389)	–
BE Klingenberg	64 035	46 010	(11 664)	1 401	(6 569)	–	93 213
CK Mokoena	34 190	32 424	(7 952)	–	–	–	58 662
M Radebe	47 265	31 953	(9 542)	1 146	(5 375)	–	65 447
Total	**300 876**	**235 267**	**(33 453)**	**2 547**	**(16 546)**	**(59 585)**	**429 106**

1. LTIs were awarded on 4 March 2020.
2. Mr Brand was appointed as the Acting EVP: Group Technology for the period 1 July 2019 to 29 February 2020 and as EVP: Sustainability and Technology with effect from 1 March 2020.
3. Mr Griffith was appointed as EVP: Chemicals Business with effect from 1 November 2019.
4. Mr Grobler was appointed as CEO and President with effect from 1 November 2019.
5. Mr Kahla was appointed as an Executive Director with effect from 1 November 2019.

c. Unvested LTI holdings (intrinsic value):

Prescribed Officers	Cumulative intrinsic value at beginning of year[4, 5] $'000 and R'000	Intrinsic value of awards made during the year[1] $'000 and R'000	Change in intrinsic value for the year[4] $'000 and R'000	Effect of corporate performance targets $'000 and R'000	Dividend equivalents $'000 and R'000	LTIs settled[6] $'000 and R'000	Effect of change in Prescribed Officers $'000 and R'000	Cumulative intrinsic value at end of year[5] $'000 and R'000
HC Brand[2]	R7 567	R11 068	(R7 708)	(R552)	–	(R591)	–	R9 783
BV Griffith[3]	–	$294	($521)	($46)	–	($50)	$812	$490
FR Grobler[7]	R17 660	–	–	–	–	–	(R17 660)	–
JR Harris	$745	$538	($711)	–	–	–	–	$573
VD Kahla[8]	R18 693	–	–	–	–	–	(R18 693)	–
BE Klingenberg	R22 422	R8 569	(R13 869)	(R3 326)	R400	(R1 873)	–	R12 323
CK Mokoena	R11 976	R6 039	(R7 992)	(R2 268)	–	–	–	R7 755
M Radebe	R16 551	R5 951	(R9 923)	(R2 721)	R327	(R1 533)	–	R8 652

1. LTIs were awarded on 4 March 2020.
2. Mr Brand was appointed as the Acting EVP: Group Technology for the period 1 July 2019 to 29 February 2020 and as EVP: Sustainability and Technology with effect from 1 March 2020.
3. Mr Griffith was appointed as EVP: Chemicals Business with effect from 1 November 2019.
4. Intrinsic values at the beginning and end of the year have been determined using the closing price of:
   30 June 2020 R132,20 ($7,71)
   30 June 2019 R350,21 ($24,85)
5. Change in intrinsic value for the year results from changes in share price.
6. Long-term incentives settled represent long-term incentives that vested with reference to the group results for 2019 that was settled in the 2020 financial year. Difference between the long-term incentive gains disclosed in 2019 and the amount settled in 2020 is due to difference in actual share price at vesting date and the share price at date of disclosure.
7. Mr Grobler was appointed as CEO and President with effect from 1 November 2019.
8. Mr Kahla was appointed as an Executive Director with effect from 1 November 2019.

d. Share appreciation right holding – outstanding (vested)[1]

Prescribed Officers	Balance at beginning of year (number)	SARs exercised (number)	Effect of change in Prescribed Officers (number)	Balance at end of year (number)
HC Brand	16 724	–	–	16 724
BV Griffith[3]	–	–	21 988	21 988
FR Grobler[2]	35 413	–	(35 413)	–
BE Klingenberg	83 442	–	–	83 442
Total	**135 579**	**–**	**(13 425)**	**122 154**

1. No further awards have been made since 2015.
2. Mr Grobler was appointed as CEO and President with effect from 1 November 2019.
3. Mr Griffith was appointed as EVP: Chemicals Business with effect from 1 November 2019.

e. Fair Value of share appreciation right holding[3]

Prescribed Officers	Fair value at beginning of year[1] R'000	Gain on exercise of share appreciation rights R'000	Change in fair value for the year[2] R'000	Effect of change in Prescribed Officers R'000	Fair value at end of year[2] R'000
HC Brand	909	–	(671)	–	238
BV Griffith[5]	–	–	(512)	933	421
FR Grobler[4]	1 947	–	–	(1 947)	–
BE Klingenberg	4 603	–	(3 914)	–	689
Total	**7 459**	**–**	**(5 097)**	**(1014)**	**1 348**

1. Fair values at the beginning and end of the year have been determined using IFRS 2 option values on 30 June 2019 and 30 June 2020.
2. Change in intrinsic value for the year results from changes in the share price.
3. No further awards have been made since 2015.
4. Mr Grobler was appointed as CEO and President with effect from 1 November 2019.
5. Mr Griffith was appointed as EVP: Chemicals Business with effect from 1 November 2019.

f. Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2020 of the Directors of the company and the Prescribed Officers and their associates (none of whom have a holding greater than 1%) in the issued ordinary share capital of the company are detailed in the following tables:

Beneficial shareholding	2020 Total beneficial shareholding	2019 Total beneficial shareholding
Executive Directors[1]		
FR Grobler[2]	**16 441**	13 500
P Victor	**8 739**	1 549
Non-Executive Directors[4]		
SA Nkosi[3]	**6**	–
MDN Dube	**24**	24
NNA Matyumza	**–**	6
ZM Mkhize	**181**	181
Total	**25 391**	15 260

1. Unvested Long-term incentives for Executive Directors not included.
2. Mr Grobler appointed as CEO and President with effect from 1 November 2019.
3. Mr Nkosi joined the board on 1 May 2019 and was appointed Chairman on 27 November 2019.
4. Direct beneficial shareholding comprises of Sasol BEE ordinary shares.

Beneficial shareholding[1]	2020 Total beneficial shareholding[1]	2019 Total beneficial shareholding[1]
Prescribed Officers		
HC Brand[2]	**17 700**	17 700
M Radebe	**15 762**	15 762
Total	**33 462**	33 462

1. Unvested Long-term incentives not included.
2. Mr Brand was appointed as the Acting EVP: Group Technology for the period 1 July 2019 to 29 February 2020 and as EVP: Sustainability and Technology with effect from 1 March 2020.

Former Joint CEOs and Presidents

Messrs. Cornell and Nqwababa agreed with the Board to terminate their employment. The Board has acknowledged, following an external investigation, that there was no personal wrongdoing on their part. The remuneration and benefits earned during their tenure as Joint CEOs and Presidents in addition to the mutual separation detail is set out in the table below:

a. Remuneration and benefits approved and paid in respect of 2020 for the former Joint CEOs and Presidents

	SR Cornell[1, 2, 3]		B Nqwababa[4, 5]	
Executive Directors	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Salary	**20 808**	17 918	**8 470**	9 621
Risk and Retirement funding	**10 773**	825	**909**	1 029
Vehicle benefit	**400**	332	**–**	–
Healthcare	**453**	362	**76**	87
Vehicle insurance fringe benefit	**–**	–	**5**	6
Security benefit	**1 008**	1 228	**588**	467
Other benefits	**11 698**	7 498	**909**	27
Mutual separation	**21 658**	–	**14 389**	–
Total salary and benefits	**66 798**	28 163	**25 346**	11 237
Annual short-term incentive	**–**	–	**–**	–
Long-term incentive gains[6]	**1 861**	8 972	**1 904**	9 173
Total annual remuneration	**68 659**	37 135	**27 250**	20 410

1. Mr Cornell exited with effect from 30 June 2020.
2. Mr Cornell participated in an individual Senior Executive Retirement Plan (SERP) in order to adjust for differences between the benefits that would have been payable under his previous employer's Defined Benefit retirement fund and the benefits payable under the retirement programmes of Sasol (USA) Corporation. The SERP benefit (R9 707 538) is included in Risk and Retirement funding and was payable following his mutual separation.
3. Other benefits for Mr Cornell under his expatriate contract include accommodation (R1 380 514), subsidised business transport (R27 469), school fees (R225 209), private accommodation (R52 309), leave encashment on termination (R1 348 852), relocation expenses (R1 746 021), employer contributions to US statutory funds (R712 160), final tranche of a staggered sign on payment (R2 984 416), tax assistance (R71 801) and tax on expatriate benefits (R3 149 125).
4. Mr Nqwababa exited with effect from 30 April 2020.
5. Other benefits for Mr Nqwababa include leave encashment on termination (R853 039), subsidised business transport (R31 184) and private accommodation (R25 156).
6. In terms of the LTI Plan rules, Messrs Cornell and Nqwababa retain their LTI awards subject to the normal vesting criteria and corporate performance targets; the LTIs are not subject to accelerated vesting. Long-term incentives for 2020 represent the award made on 22 September 2017. The illustrative amount is calculated in terms of the number of LTIs x Corporate performance target achieved (26%) x closing share price on 12 August 2020. The actual vesting date for the annual awards is 22 September 2020; subject to the company being in an open period. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTIs vest. 50% of the vested LTIs and accrued dividends will be released on 22 September 2020 and the balance in September 2022, subject to the rules of the LTI plan. As there are no further performance conditions attached to the balance of the 50%, the full amount is disclosed in the single figure table.

b. Unvested LTI holdings (number):

Executive Directors	Cumulative balance at the beginning of the year (number)	Granted (number)	Effect of corporate performance targets (number)	Dividend equivalents (number)	Long-term incentives settled[2] (number)	Effect of changes in Executive Directors (number)	Cumulative balance at the end of the year (number)
SR Cornell	153 862	–	(31 806)	3 373	(17 470)	(107 959)	–
B Nqwababa	148 290	–	(31 806)	3 821	(17 918)	(102 387)	–

c. Unvested LTI holdings (intrinsic value):

Executive Directors	Intrinsic cumulative value at beginning of year[1] $'000 and R'000	Intrinsic value of awards made during the year $'000 and R'000	Change in intrinsic value for the year[2] $'000 and R'000	Effect of corporate performance targets $'000 and R'000	Dividend equivalents $'000 and R'000	LTIs settled[3] $'000 and R'000	Effect of changes in Executive Directors $'000 and R'000	Intrinsic cumulative value at end of year $'000 and R'000
SR Cornell	$3 824	–	($941)	($643)	$68	($353)	($1 954)	–
B Nqwababa	R51 935	–	(R10 764)	(R9 070)	R1 090	(R5 109)	(R28 082)	–

1. Intrinsic values at the beginning and end of the year have been determined using the closing price of:
   30 June 2020 R132,20 ($7,71)
   30 June 2019 R350,21 ($24,85)
2. Change in intrinsic value for the year results from changes in share price.
3. Long-term incentives settled represent long-term incentives that vested with reference to the group results for 2019 that was settled in the 2020 financial year. Difference between the long-term incentive gains disclosed in 2019 and the amount settled in 2020 is due to difference in actual share price at vesting date and the share price at date of disclosure.
4. 50% of the award that vest in 2020 is still subject to a continued holding period of two years.

d. Non-Executive Directors' remuneration

Non-Executive Directors	Board Meeting Fees[2, 3, 4] R'000	Lead Independent Director Fees[2, 3, 4] R'000	Committee fees[2, 3, 4] R'000	Ad Hoc or special purpose board committee[2, 3, 4] R'000	Other[5] R'000	Total 2020[1] R'000	Total 2019[1] R'000
SA Nkosi (Chairman)[7]	4 628	–	67	61	–	**4 756**	399
MSV Gantsho (former Chairman)[6]	2 672	–	–	–	–	**2 672**	6 030
S Westwell (new Lead Independent Director)[9]	2 102	423	1 539	246	–	**4 310**	3 683
MJN Njeke (former Lead Independent Director)[8]	859	214	190	122	–	**1 385**	2 004
C Beggs	2 060	–	692	510	–	**3 262**	2 010
MJ Cuambe	2 400	–	592	27	13	**3 032**	2 725
MDN Dube	2 230	–	825	–	–	**3 055**	2 794
M Floël	2 230	–	855	–	–	**3 085**	3 024
K Harper[10]	445	–	59	24	–	**528**	–
GMB Kennealy	2 001	–	443	31	–	**2 475**	1 569
NNA Matyumza	2 060	–	633	–	–	**2 693**	1 774
ZM Mkhize	2 060	–	162	–	10	**2 232**	1 361
MEK Nkeli	2 060	–	618	91	–	**2 769**	1 788
PJ Robertson	2 145	–	1 284	60	–	**3 489**	3 294
Total	29 952	637	7 959	1 172	23	**39 743**	32 455

1. Phase-in of fees approved on 16 November 2018.
2. Fees include VAT where applicable.
3. Board and Committee fees are based in USD, thus impacted by USD/ZAR foreign exchange rates at date of payment for resident non-executive directors.
4. Members of the Board agreed to a voluntary reduction of fees effective Q4 2020 of at least 20% for a period of eight months.
5. "Other" relates to tax advisory services.
6. Mr Gantsho retired from the Board on 27 November 2019.
7. Mr Nkosi joined the Board on 1 May 2019 and was appointed Chairman on 27 November 2019.
8. Mr Njeke retired from the Board on 27 November 2019.
9. Mr Westwell was appointed as LID on 27 November 2019.
10. Ms Harper joined the Board on 1 April 2020.

Sasol Limited Group

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INCOME STATEMENT

for the year ended 30 June

2018* US$m	2019* US$m	2020* US$m		Note	2020 Rm	2019 Rm	2018 Rm
14 121	14 336	**12 133**	**Turnover**	3	**190 367**	203 576	181 461
(5 961)	(6 380)	**(5 743)**	Materials, energy and consumables used	4	**(90 109)**	(90 589)	(76 606)
(549)	(552)	**(535)**	Selling and distribution costs		**(8 388)**	(7 836)	(7 060)
(713)	(720)	**(669)**	Maintenance expenditure		**(10 493)**	(10 227)	(9 163)
(2 138)	(2 108)	**(1 955)**	Employee-related expenditure	5	**(30 667)**	(29 928)	(27 468)
(27)	(47)	**(39)**	Exploration expenditure and feasibility costs		**(608)**	(663)	(352)
(1 278)	(1 265)	**(1 439)**	Depreciation and amortisation		**(22 575)**	(17 968)	(16 425)
(1 192)	(1 344)	**(1 745)**	Other expenses and income		**(27 376)**	(19 097)	(15 316)
(1)	43	**(417)**	Translation (losses)/gains	6	**(6 542)**	604	(11)
(1 191)	(1 387)	**(1 328)**	Other operating expenses and income	7	**(20 834)**	(19 701)	(15 305)
112	76	**(22)**	Equity accounted (losses)/profits, net of tax	24	**(347)**	1 074	1 443
2 375	1 996	**(14)**	**Operating (loss)/profit before remeasurement items and Sasol Khanyisa share-based payment**		**(196)**	28 342	30 514
(771)	(1 313)	**(7 064)**	Remeasurement items affecting operating profit	10	**(110 834)**	(18 645)	(9 901)
(223)	–	**–**	Sasol Khanyisa share-based payment affecting operating profit**	39	**–**	–	(2 866)
1 381	683	**(7 078)**	**(Loss)/earnings before interest and tax (EBIT)**		**(111 030)**	9 697	17 747
133	55	**59**	Finance income	8	**922**	787	1 716
(292)	(88)	**(465)**	Finance costs	8	**(7 303)**	(1 253)	(3 759)
1 222	650	**(7 484)**	**(Loss)/earnings before tax**		**(117 411)**	9 231	15 704
(432)	(222)	**1 666**	Taxation	13	**26 139**	(3 157)	(5 558)
790	428	**(5 818)**	**(Loss)/earnings for the year**		**(91 272)**	6 074	10 146
			Attributable to				
679	303	**(5 807)**	Owners of Sasol Limited		**(91 109)**	4 298	8 729
111	125	**(11)**	Non-controlling interests in subsidiaries		**(163)**	1 776	1 417
790	428	**(5 818)**			**(91 272)**	6 074	10 146
US$	US$	**US$**			**Rand**	Rand	Rand
			Per share information				
1,11	0,49	**(9,40)**	Basic (loss)/earnings per share	9	**(147,45)**	6,97	14,26
1,10	0,49	**(9,40)**	Diluted (loss)/earnings per share	9	**(147,45)**	6,93	14,18

* Supplementary non-IFRS information. US dollar convenience translation, converted at average exchange rate of R15,69/US$1 (2019 – R14,20/US$1; 2018 – R12,85/US$1). The income statement has been translated from rand to US dollar for convenience purposes in order to enable offshore shareholders to interpret the financial performance in an universally measured currency. This constitutes pro-forma financial information in terms of the JSE Listings Requirements and should be read in conjunction with the basis of preparation see note 1.

** 2018 relates to the implementation of Sasol Khanyisa in relation to SOLBE1, Inzalo Public, Inzalo Groups and Khanyisa Public participants.

The notes on pages 53 to 158 are an integral part of these Consolidated Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	2020 Rm	2019 Rm	2018 Rm
(Loss)/earnings for the year	**(91 272)**	6 074	10 146
Other comprehensive income, net of tax			
Items that can be subsequently reclassified to the income statement	**24 123**	1 353	6 068
Effect of translation of foreign operations	**26 720**	1 533	5 237
Effect of cash flow hedges*	**(2 192)**	(287)	1 233
Fair value of investments available-for-sale	**–**	–	13
Foreign currency translation reserve on disposal of business reclassified to the income statement****	**(801)**	–	–
Tax on items that can be subsequently reclassified to the income statement**	**396**	107	(415)
Items that cannot be subsequently reclassified to the income statement	**(205)**	(265)	(54)
Remeasurement on post-retirement benefit obligation***	**(147)**	(531)	(80)
Fair value of investments through other comprehensive income	**(112)**	136	–
Tax on items that cannot be subsequently reclassified to the income statement	**54**	130	26
Total comprehensive (loss)/income for the year	**(67 354)**	7 162	16 160
Attributable to			
Owners of Sasol Limited	**(67 220)**	5 377	14 727
Non-controlling interests in subsidiaries	**(134)**	1 785	1 433
	(67 354)	7 162	16 160

* The interest rate swap was redesignated as a hedging instrument in a cash flow hedge during the current year, with hedge accounting resumed. Losses incurred on the movement in the swap derivative are recognized in other comprehensive income and amounted to R2 192 million (2019 – R1 400 million; 2018 – R286 million). 2019 included a gain of R115 million relating to the reclassification of the swap to profit and loss on termination of the hedge relationship.

** The amount is mainly on the cash flow hedge.

*** Includes the effect of a loss of R604 million (2019 – R58 million; 2018 – R1 051 million) relating to the movement in the asset limitation, as well as a gain of R2 million (2019 – R83 million; 2018 – R1 million) on reimbursive rights related to post-retirement benefits, recognised in long-term receivables.

**** Includes the reclassification of the foreign currency translation reserve relating to the divestment from our 50% equity interest in Sasol Huntsman GmbH & co KG, the sale of Sasol's share in Sasol Wilmar Alcohol Industries, as well as the sale of our indirect beneficial interest in the Excravos GTL (EGTL) plant in Nigeria.

The notes on pages 53 to 158 are an integral part of these Consolidated Financial Statements.

STATEMENT OF FINANCIAL POSITION
at 30 June

2019* US$m	2020* US$m		Note	2020 Rm	2019 Rm
		Assets			
16 587	**11 799**	Property, plant and equipment	20	**204 470**	233 549
9 074	**1 604**	Assets under construction	21	**27 802**	127 764
–	**797**	Right of use assets	22	**13 816**	–
238	**162**	Goodwill and other intangible assets		**2 800**	3 357
701	**682**	Equity accounted investments	24	**11 812**	9 866
88	**111**	Other long-term investments		**1 926**	1 248
91	**27**	Post-retirement benefit assets	37	**467**	1 274
449	**371**	Long-term receivables and prepaid expenses	23	**6 435**	6 317
1	**–**	Long-term financial assets	43	**–**	15
608	**1 827**	Deferred tax assets	15	**31 665**	8 563
27 837	**17 380**	**Non-current assets**		**301 193**	391 953
2 105	**1 604**	Inventories	27	**27 801**	29 646
52	**313**	Tax receivable	14	**5 419**	730
2 029	**1 448**	Trade and other receivables	28	**25 097**	28 578
45	**37**	Short-term financial assets	43	**645**	630
1 128	**2 005**	Cash and cash equivalents	31	**34 739**	15 877
5 359	**5 407**	**Current assets**		**93 701**	75 461
182	**4 862**	Assets in disposal groups held for sale	12	**84 268**	2 554
33 378	**27 649**	**Total assets**		**479 162**	469 968
		Equity and liabilities			
15 619	**8 904**	Shareholders' equity		**154 307**	219 910
418	**285**	Non-controlling interests		**4 941**	5 885
16 037	**9 189**	**Total equity**		**159 248**	225 795
9 045	**8 512**	Long-term debt	17	**147 511**	127 350
529	**913**	Lease liabilities**	18	**15 825**	7 445
1 251	**1 261**	Long-term provisions	35	**21 857**	17 622
902	**848**	Post-retirement benefit obligations	37	**14 691**	12 708
66	**49**	Long-term deferred income		**842**	924
102	**324**	Long-term financial liabilities	43	**5 620**	1 440
1 959	**1 180**	Deferred tax liabilities	15	**20 450**	27 586
13 854	**13 087**	**Non-current liabilities**		**226 796**	195 075
269	**2 508**	Short-term debt***	19	**43 468**	3 783
233	**127**	Short-term provisions	36	**2 202**	3 289
74	**38**	Tax payable	14	**665**	1 039
2 803	**2 063**	Trade and other payables	29	**35 757**	39 466
15	**34**	Short-term deferred income		**579**	210
54	**247**	Short-term financial liabilities	43	**4 271**	765
4	**37**	Bank overdraft	31	**645**	58
3 452	**5 054**	**Current liabilities**		**87 587**	48 610
35	**319**	Liabilities in disposal groups held for sale	12	**5 531**	488
33 378	**27 649**	**Total equity and liabilities**		**479 162**	469 968

* Supplementary non-IFRS information. US dollar convenience translation, converted at a closing exchange rate of R17,33/US$1 (2019 – R14,08/US$1).
The statement of financial position has been translated from rand to US dollar for convenience purposes in order to enable offshore shareholders to interpret the financial performance in an universally measured currency. This constitutes pro-forma financial information in terms of the JSE Listings Requirements and should be read in conjunction with the basis of preparation see note 1.

** 2019 includes finance leases under IAS 17.

*** Includes short-term portion of long-term debt and lease liabilities.

The notes on pages 53 to 158 are an integral part of these Consolidated Financial Statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June

	Share capital Note 16 Rm	Share repurchase programme Note 16 Rm	Share-based payment reserve Note 39 Rm	Investment fair value reserve Rm	Foreign currency translation reserve Rm	Cash flow hedge accounting reserve Rm	Remeasurement on post-retirement benefits Rm	Retained earnings Rm	**Shareholders' equity Rm**	Non-controlling interests Rm	**Total equity Rm**
Balance at 30 June 2017	**29 282**	**(2 641)**	**(12 525)**	**33**	**23 285**	**(647)**	**(1 790)**	**176 714**	211 711	5 523	217 234
Transactions with non-controlling shareholders	–	–	–	–	–	–	–	–	**–**	(51)	**(51)**
Movement in share-based payment reserve	–	–	989	–	–	–	–	–	**989**	–	**989**
Unwind of Sasol Inzalo transaction	(12 698)	–	6 999	–	–	–	–	6 256	**557**	(557)	**–**
Long-term incentives vested and settled	–	–	(605)	–	–	–	–	605	**–**	–	**–**
Implementation of Sasol Khanyisa transaction	1 832	–	1 121	–	–	–	–	–	**2 953**	–	**2 953**
Repurchase of shares	(2 641)	2 641	–	–	–	–	–	–	**–**	–	**–**
Total comprehensive income for the year	–	–	–	10	5 215	827	(54)	8 729	**14 727**	1 433	**16 160**
profit	–	–	–	–	–	–	–	8 729	**8 729**	1 417	**10 146**
other comprehensive income for the year	–	–	–	10	5 215	827	(54)	–	**5 998**	16	**6 014**
Dividends paid	–	–	–	–	–	–	–	(7 952)	**(7 952)**	(725)	**(8 677)**
Balance at 30 June 2018	**15 775**	**–**	**(4 021)**	**43**	**28 500**	**180**	**(1 844)**	**184 352**	222 985	5 623	228 608
Disposal of business	–	–	–	–	(52)	–	–	–	**(52)**	–	**(52)**
Movement in share-based payment reserve	–	–	1 552	–	–	–	–	–	**1 552**	–	**1 552**
Share-based payment expense	–	–	707	–	–	–	–	–	**707**	–	**707**
Sasol Khanyisa transaction	–	–	952	–	–	–	–	–	**952**	–	**952**
Deferred tax	–	–	(107)	–	–	–	–	–	**(107)**	–	**(107)**
Unwind of Sasol Inzalo transaction	(5 887)	–	3 452	–	–	–	–	1 063	**(1 372)**	–	**(1 372)**
Repurchase of shares	(5 887)	–	5 887	–	–	–	–	–	**–**	–	**–**
Final distribution to Sasol Inzalo Public	–	–	–	–	–	–	–	(1 372)	**(1 372)**	–	**(1 372)**
Share-based payment reserve to retained earnings	–	–	(2 435)	–	–	–	–	2 435	**–**	–	**–**
Long-term incentives vested and settled	–	–	(573)	–	–	–	–	573	**–**	–	**–**
Total comprehensive income for the year	–	–	–	89	1 530	(180)	(360)	4 298	**5 377**	1 785	**7 162**
profit	–	–	–	–	–	–	–	4 298	**4 298**	1 776	**6 074**
other comprehensive income for the year	–	–	–	89	1 530	(180)	(360)	–	**1 079**	9	**1 088**
Dividends paid	–	–	–	–	–	–	–	(8 580)	**(8 580)**	(1 523)	**(10 103)**
Balance at 30 June 2019	**9 888**	**–**	**410**	**132**	**29 978**	**–**	**(2 204)**	**181 706**	219 910	5 885	225 795
Adjustment on initial application of IFRS 16, net of tax*	**–**	**–**	**–**	**–**	**–**	**–**	–	**(290)**	**(290)**	**–**	**(290)**
Restated balance at beginning of period	**9 888**	**–**	**410**	**132**	**29 978**	**–**	**(2 204)**	**181 416**	219 620	5 885	225 505
Movement in share-based payment reserve	**–**	**–**	**1 938**	**–**	**–**	**–**	–	**–**	1 938	**–**	1 938
Share-based payment expense	**–**	**–**	**878**	**–**	**–**	**–**	**–**	**–**	878	**–**	878
Sasol Khanyisa transaction	**–**	**–**	**1 068**	**–**	**–**	**–**	**–**	**–**	1 068	**–**	1 068
Deferred tax	**–**	**–**	**(8)**	**–**	**–**	**–**	**–**	**–**	(8)	**–**	(8)
Long-term incentives vested and settled	**–**	**–**	**(614)**	**–**	**–**	**–**	**–**	**614**	–	**–**	–
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(83)**	**25 871**	**(1 771)**	**(128)**	**(91 109)**	(67 220)	**(134)**	(67 354)
loss	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(91 109)**	(91 109)	**(163)**	(91 272)
other comprehensive income for the year	**–**	**–**	**–**	**(83)**	**25 871**	**(1 771)**	**(128)**	**–**	23 889	**29**	23 918
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(31)**	(31)	**(810)**	(841)
Balance at 30 June 2020	**9 888**	**–**	**1 734**	**49**	**55 849**	**(1 771)**	**(2 332)**	**90 890**	154 307	**4 941**	159 248

* The adjustment on initial application of IFRS 16 'Leases' relates to the derecognition of the IAS 17 finance lease of Oxygen Train 17 and the recognition of the embedded derivative in the Oxygen Train 17 agreement with Air Liquide. Refer to note 1 for the impact of the adoption of IFRS 16.

The notes on pages 53 to 158 are an integral part of these Consolidated Financial Statements.

STATEMENT OF CASH FLOWS
for the year ended 30 June

	Note	2020 Rm	2019 Rm	2018 Rm
Cash receipts from customers		**196 798**	203 613	178 672
Cash paid to suppliers and employees		**(154 414)**	(152 215)	(135 795)
Cash generated by operating activities	32	**42 384**	51 398	42 877
Dividends received from equity accounted investments	24	**208**	1 506	1 702
Finance income received	8	**792**	682	1 565
Finance costs paid*	8	**(7 154)**	(6 222)	(4 797)
Tax paid	14	**(5 659)**	(3 946)	(7 041)
Cash available from operating activities		**30 571**	43 418	34 306
Dividends paid	34	**(31)**	(9 952)	(7 952)
Dividends paid to non-controlling shareholders in subsidiaries		**(810)**	(1 523)	(725)
Cash retained from operating activities		**29 730**	31 943	25 629
Additions to non-current assets		**(41 935)**	(56 734)	(55 891)
additions to property, plant and equipment	20	**(601)**	(1 229)	(714)
additions to assets under construction	21	**(34 544)**	(54 552)	(52 635)
additions to other intangible assets		**(19)**	(19)	(35)
decrease in capital project related payables		**(6 771)**	(934)	(2 507)
Cash movements in equity accounted investments		**(284)**	66	(164)
Proceeds on disposals and scrappings	11	**4 285**	567	2 316
Net cash disposed of on disposal of businesses	11	**–**	–	(36)
Acquisition of interest in equity accounted investments	24	**(512)**	–	–
Purchase of investments		**(121)**	(222)	(124)
Proceeds from sale of investments		**483**	142	114
Increase in long-term receivables		**(466)**	(231)	(194)
Cash used in investing activities		**(38 550)**	(56 412)	(53 979)
Proceeds from long-term debt	17	**36 487**	93 884	24 961
Repayment of long-term debt	17	**(28 335)**	(69 655)	(9 199)
Payment of lease liabilities	18	**(2 061)**	(345)	–
Proceeds from short-term debt	19	**19 998**	977	1 957
Repayment of short-term debt		**(977)**	(1 730)	(2 607)
Cash generated by financing activities		**25 112**	23 131	15 112
Translation effects on cash and cash equivalents		**3 607**	162	954
Increase/(decrease) in cash and cash equivalents		**19 899**	(1 176)	(12 284)
Cash and cash equivalents at the beginning of year		**15 819**	17 039	29 323
Reclassification to disposal groups held for sale and other long-term investments		**(1 624)**	(44)	–
Cash and cash equivalents at the end of the year	31	**34 094**	15 819	17 039

* Included in finance costs paid is amounts capitalised to assets under construction. Refer note 8.

The notes on pages 53 to 158 are an integral part of these Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

The Annual Financial Statements outlined below provide a full overview of our financial results, in the context of our strategy, while enabling more effective analysis of the group's performance.

SEGMENT INFORMATION

	Mining		Exploration and Production International		Energy		Base Chemicals		Performance Chemicals		Group Functions		Total		Deferred tax assets and liabilities		Tax receivable and payable		Post-retirement benefit assets		Total per statement of financial position	
	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm	2020 Rm	2019 Rm
Statement of financial position																						
Non-current assets	**27 096**	26 485	**17 733**	13 542	**47 270**	67 325	**50 821**	141 160	**116 830**	126 949	**9 311**	6 655	**269 061**	382 116	**31 665**	8 563	**–**	–	**467**	1 274	**301 193**	391 953
Current assets*	**2 169**	1 809	**2 114**	2 475	**23 793**	19 727	**72 236**	19 478	**43 589**	25 007	**28 649**	8 789	**172 550**	77 285	**–**	–	**5 419**	730	**–**	–	**177 969**	78 015
Non-current liabilities	**1 815**	1 701	**12 130**	6 782	**8 731**	11 561	**13 168**	10 612	**19 006**	11 763	**151 496**	125 070	**206 346**	167 489	**20 450**	27 586	**–**	–	**–**	–	**226 796**	195 075
Current liabilities*	**2 286**	2 601	**961**	1 685	**16 158**	13 160	**10 162**	10 234	**11 316**	12 462	**51 570**	7 917	**92 453**	48 059	**–**	–	**665**	1 039	**–**	–	**93 118**	49 098

	Mining			Exploration and Production International			Energy			Base Chemicals			Performance Chemicals			Group Functions			Total		
	2020 Rm	2019 Rm	2018 Rm	2020 Rm	2019 Rm	2018 Rm	2020 Rm	2019 Rm	2018 Rm	2020 Rm	2019 Rm	2018 Rm	2020 Rm	2019 Rm	2018 Rm	2020 Rm	2019 Rm	2018 Rm	2020 Rm	2019 Rm	2018 Rm
Income statement																					
External turnover	**1 343**	3 222	3 446	**1 829**	1 815	1 610	**66 994**	82 977	69 110	**51 868**	48 113	43 269	**68 333**	67 389	63 986	**–**	60	40	**190 367**	203 576	181 461
Total turnover	**19 891**	20 876	19 797	**5 204**	5 184	4 198	**67 901**	83 803	69 773	**52 683**	48 813	43 951	**69 197**	68 296	64 887	**30**	78	52	**214 906**	227 050	202 658
Intersegmental turnover	**(18 548)**	(17 654)	(16 351)	**(3 375)**	(3 369)	(2 588)	**(907)**	(826)	(663)	**(815)**	(700)	(682)	**(864)**	(907)	(901)	**(30)**	(18)	(12)	**(24 539)**	(23 474)	(21 197)
(Loss)/earnings before interest and tax	**2 756**	4 701	5 244	**1 197**	(889)	(3 683)	**(6 678)**	16 566	14 081	**(70 804)**	(1 431)	918	**(24 455)**	(7 040)	7 853	**(13 046)**	(2 210)	(6 666)	**(111 030)**	9 697	17 747
(Loss)/earnings attributable to owners of Sasol Limited	**1 679**	3 021	3 336	**409**	(1 800)	(4 168)	**(4 784)**	11 970	8 558	**(51 334)**	1 622	2 075	**(16 713)**	(3 516)	7 434	**(20 366)**	(6 999)	(8 506)	**(91 109)**	4 298	8 729
Effect of remeasurement items**	**113**	45	34	**(30)**	1 976	4 241	**11 987**	247	971	**70 670**	3 190	4 512	**27 863**	13 182	103	**231**	5	40	**110 834**	18 645	9 901
Depreciation and amortisation	**2 080**	1 805	1 677	**1 478**	1 582	1 465	**5 333**	5 331	4 817	**6 481**	4 788	4 422	**6 322**	3 739	3 299	**881**	723	745	**22 575**	17 968	16 425
Statement of cash flows																					
Cash flow from operations (note 33)	**5 143**	7 025	6 877	**3 238**	2 528	2 665	**12 980**	23 247	17 158	**5 954**	6 343	9 017	**11 343**	9 743	12 303	**(2 112)**	102	(1 382)	**36 546**	48 988	46 638
Additions to non-current assets***	**2 859**	2 912	3 729	**1 389**	1 086	2 525	**5 380**	7 484	6 650	**10 697**	23 065	20 299	**13 961**	20 403	19 384	**878**	850	797	**35 164**	55 800	53 384
Other disclosures																					
Capital commitments**	**2 352**	2 372	2 640	**3 597**	19 795	18 811	**9 237**	10 390	10 320	**11 013**	16 504	21 125	**5 326**	10 434	16 432	**425**	600	599	**31 950**	60 095	69 927

* Includes assets/liabilities in disposal groups held for sale.
** Excludes equity accounted investments.
*** Includes capital accruals.

GEOGRAPHIC SEGMENT INFORMATION

External turnover*	Mining 2020 Rm	Mining 2019 Rm	Mining 2018 Rm	Exploration and Production International 2020 Rm	Exploration and Production International 2019 Rm	Exploration and Production International 2018 Rm	Energy 2020 Rm	Energy 2019 Rm	Energy 2018 Rm
South Africa	–	–	–	–	–	–	62 568	77 345	65 827
Rest of Africa	–	–	–	488	652	341	3 792	4 665	3 282
Europe	1 158	2 819	2 691	655	924	985	634	967	1
North America	–	–	–	686	239	284	–	–	–
South America	–	–	–	–	–	–	–	–	–
Asia, Australasia and Middle East	185	403	755	–	–	–	–	–	–
Total operations	1 343	3 222	3 446	1 829	1 815	1 610	66 994	82 977	69 110

External turnover*	Base Chemicals 2020 Rm	Base Chemicals 2019 Rm	Base Chemicals 2018 Rm	Performance Chemicals 2020 Rm	Performance Chemicals 2019 Rm	Performance Chemicals 2018 Rm	Group Functions 2020 Rm	Group Functions 2019 Rm	Group Functions 2018 Rm	Total 2020 Rm	Total 2019 Rm	Total 2018 Rm
South Africa	20 696	22 561	21 336	1 264	1 049	1 297	–	–	–	84 528	100 955	88 460
Rest of Africa	2 483	2 573	2 142	1 013	900	790	–	24	–	7 776	8 814	6 555
Europe	8 494	7 324	7 037	33 339	33 168	33 008	–	–	–	44 280	45 202	43 722
North America	11 498	8 039	5 894	19 869	19 459	16 926	–	–	–	32 053	27 737	23 104
South America	721	584	513	1 292	1 501	1 415	–	–	–	2 013	2 085	1 928
Asia, Australasia and Middle East	7 976	7 032	6 347	11 556	11 312	10 550	–	36	40	19 717	18 783	17 692
Total operations	51 868	48 113	43 269	68 333	67 389	63 986	–	60	40	190 367	203 576	181 461

* The analysis of turnover is based on the location of the customer.

(Loss)/earnings before interest and tax*	Mining 2020 Rm	Mining 2019 Rm	Mining 2018 Rm	Exploration and Production International 2020 Rm	Exploration and Production International 2019 Rm	Exploration and Production International 2018 Rm	Energy 2020 Rm	Energy 2019 Rm	Energy 2018 Rm
South Africa	2 570	3 273	3 796	1 001	1 458	1 008	(8 098)	15 243	13 064
Rest of Africa	–	–	–	(84)	164	(1 282)	1 423	259	926
Europe	160	1 249	1 131	185	223	194	(338)	14	–
North America	–	–	–	98	(2 739)	(3 595)	59	–	(1 010)
South America	–	–	–	–	–	–	–	–	–
Asia, Australasia and Middle East	26	179	317	(3)	5	(8)	276	1 050	1 101
Total operations**	2 756	4 701	5 244	1 197	(889)	(3 683)	(6 678)	16 566	14 081

(Loss)/earnings before interest and tax*	Base Chemicals 2020 Rm	Base Chemicals 2019 Rm	Base Chemicals 2018 Rm	Performance Chemicals 2020 Rm	Performance Chemicals 2019 Rm	Performance Chemicals 2018 Rm	Group Functions 2020 Rm	Group Functions 2019 Rm	Group Functions 2018 Rm	Total 2020 Rm	Total 2019 Rm	Total 2018 Rm
South Africa	(14 756)	(843)	(3 213)	(2 743)	449	1 547	(14 107)	(1 004)	(7 617)	(36 133)	18 576	8 585
Rest of Africa	(280)	120	416	71	189	22	691	(25)	553	1 821	707	635
Europe	57	526	812	(742)	2 754	3 530	783	251	345	105	5 017	6 012
North America	(55 160)	(1 724)	430	(21 370)	(11 844)	1 809	65	(1 436)	50	(76 308)	(17 743)	(2 316)
South America	(114)	7	141	(77)	111	138	–	–	–	(191)	118	279
Asia, Australasia and Middle East	(551)	483	2 332	406	1 301	807	(478)	4	3	(324)	3 022	4 552
Total operations**	(70 804)	(1 431)	918	(24 455)	(7 040)	7 853	(13 046)	(2 210)	(6 666)	(111 030)	9 697	17 747

* Includes equity accounted profits/(losses) remeasurement items and once-off share-based payment expenses.

** Sasol adopted IFRS 16 with effect from 1 July 2019 using the modified retrospective approach, comparative numbers have not been restated.

Non-current assets

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
South Africa	111 549	147 688	143 493
Rest of Africa	18 896	19 323	18 443
Europe	18 948	15 944	15 389
North America	107 700	189 560	165 742
South America	1	1	1
Asia, Australasia and Middle East	11 967	9 600	9 316
Total operations	269 061	382 116	352 384
Deferred tax asset	31 665	8 563	4 096
Post-retirement benefit assets	467	1 274	1 498
Total non-current assets	301 193	391 953	357 978

REPORTING SEGMENTS

The group has six main reportable segments that reflects the structure used by the President and Chief Executive Officer to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market (referred to as business segments). The group evaluates the performance of its reportable segments based on earnings before interest and tax (EBIT).

The operating model structure reflects how the results are reported to the Chief Operating Decision Maker (CODM). The CODM for Sasol is the President and Chief Executive Officer.

Operating business units

Mining

Mining is responsible for securing coal feedstock for the Southern African value chain, mainly for gasification, but also to generate electricity and steam. Coal is sold for gasification and utility purposes to Secunda Synfuels, for utility purposes to Sasolburg Operations; and to third parties in the export market.

Mining sells coal under both long- and short-term contracts at a price determinable from the agreements. Turnover is recognised upon delivery of the coal to the customer, which, in accordance with the related contract terms is the point at which the control passes to the customer. Prices are fixed or determinable and collectability is probable.

The date of delivery related to Mining is determined in accordance with the contractual agreements entered into with customers. These are summarised as follows:

Delivery terms	Control passes to the customer
Free on Board	At the point in time when the coal is loaded onto the vessel at Richards Bay Coal Terminal; the customer is responsible for shipping and handling costs.

The related costs of sales are recognised in the same period as the supply of the coal and include any shipping and handling costs incurred. All inter-segment sales are conducted at market related prices.

Exploration and Production International

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

E&PI sells Mozambican gas under long-term contracts to both Sasol and external customers, condensate on short-term contracts and Canadian gas into the market at spot prices. Oil is sold to customers under annual contracts. Prices are determinable from the agreements and on the open market.

Delivery terms	Control passes to the customer
On-delivery	At the point in time when the: • Gas reaches the inlet coupling of the customer's pipeline. • Condensate is loaded onto the customer's truck. • Oil passes into the inlet flange of the customer vessel's intake pipe. These are the points when the customer controls the gas, condensate, or oil, or directs the use of it. The customer is responsible for transportation and handling costs in terms of gas, condensate and oil.

Strategic business units

Performance Chemicals

Performance Chemicals markets commodity and differentiated performance chemicals. The key product lines are organics, waxes and advanced materials. These are produced in various Sasol production facilities around the world.

Base Chemicals

Base Chemicals markets commodity chemicals based on the group's upstream Fischer-Tropsch, ethylene, propylene and ammonia value chains. The key product lines are polymers, solvents and ammonia-based explosives and fertilisers. These are produced in various Sasol production facilities around the world.

The Base and Performance Chemicals businesses sell the majority of their products under contracts at prices determinable from such agreements. Turnover is recognised upon delivery which, in accordance with the related contract terms, is the point at which control transfer to the customer. Prices are determinable and collectability is probable.

The point of delivery is determined in accordance with the contractual agreements entered into with customers which are as follows:

Delivery terms	Control passes to the customer:
Ex-tank sales	At the point in time when products are loaded into the customer's vehicle or unloaded from the seller's storage tanks.
Ex-works	At the point in time when products are loaded into the customer's vehicle or unloaded at the seller's premises.
Carriage Paid To (CPT); Cost Insurance Freight (CIF); Carriage and Insurance Paid (CIP); and Cost Freight Railage (CFR)	Products – CPT: At the point in time when the product is delivered to a specified location or main carrier.
	Products – CIF, CIP and CFR: At the point in time when the products are loaded into the transport vehicle.
	Carriage, freight and insurance: Over the period of transporting the products to the customer's nominated place – where the seller is responsible for carriage, freight and insurance costs, which are included in the contract.
Free on Board	At the point in time when products are loaded into the transport vehicle; the customer is responsible for shipping and handling costs.
Delivered at Place	At the point in time when products are delivered to and signed for by the customer.
Consignment Sales	As and when products are consumed by the customer.

Energy

Energy is responsible for the sales and marketing of liquid fuels, pipeline gas and electricity. In South Africa, Energy sells approximately nine billion liters of liquid fuels annually, blended from fuel components produced by the Secunda Synfuels operations, crude oil refined at Natref, as well as some products purchased from other refiners. Energy markets approximately 55 billion standard cubic feet (bscf) of natural and methane-rich gas a year.

Energy sells liquid fuel products under both short- and long-term agreements for both retail sales and commercial sales, including sales to other oil companies. The prices for retail sales are regulated and fixed by South African law. For commercial sales and sales to other oil companies, the prices are fixed and determinable according to the specific contract, with periodic price adjustments.

Turnover for the supply of fuel is based on measurement through a flow-meter into customers' tanks. Turnover is derived from the sale of goods produced by the operating facilities and is recognised when, in accordance with the related contract terms, control passes to the customer. Prices are fixed or determinable and collectability is probable. Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of the products. Turnover is also derived from the rendering of engineering services to external partners in joint ventures upon the proof of completion of the service.

Gas is sold under long-term contracts at a price determinable from the supply agreements in accordance with the pricing methodology used by the National Energy Regulator of South Africa (NERSA). Gas analysis and tests of the specifications and content are performed prior to delivery.

Turnover is recognised under the following arrangements:

Service/good	Delivery terms	Control passes to the customer:
Sale of fuel	**On-delivery**	At the point in time when the fuel is delivered onto the rail tank car, road tank truck or into the customer pipeline.
	Free Carrier	At the point in time when the goods are unloaded to the port of shipment; Sasol is not responsible for the freight and insurance.
	Carriage Paid To	Products: At the point in time when the product is delivered to a specified location or main carrier.
		Freight: Over the period of transporting the goods to the customer's nominated place – where the seller is responsible for freight costs, which are included in the contract.
Sale of gas	**On-delivery**	At the point in time when the gas has reached the inlet coupling of the customer's pipeline.
Sale of electricity	**On-delivery**	At the point in time when the electricity passes through the supply points to the customer's transmission line.

The Energy business also develops, implements and manages the group's international business ventures based on Sasol's proprietary gas-to-liquids (GTL) technology. Sasol holds 49% in ORYX GTL in Qatar. We disposed of our indirect shareholding in Escravos GTL (EGTL) in Nigeria during June 2020.

Group Functions

Group Functions includes head office and centralised treasury operations.

1 Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The consolidated financial statements were approved for issue by the Board of Directors on 17 August 2020 and will be presented to shareholders at the Annual General Meeting on 20 November 2020.

Basis of preparation of financial results

The consolidated financial statements are prepared using the historic cost convention except that, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and financial assets designated at fair value through other comprehensive income, are stated at fair value. The consolidated financial results are presented in rand, which is Sasol Limited's functional and presentation currency, rounded to the nearest million.

The consolidated financial statements are prepared on the going concern basis. Refer to note 2.

The comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

Certain additional disclosure has been provided in respect of the current year, as described on page 177 "Pro-forma financial information". To the extent practicable, comparative information has also been provided.

Accounting policies

The accounting policies applied in the preparation of these consolidated financial statements are in terms of IFRS and are consistent with those applied in the consolidated annual financial statements for the year ended 30 June 2019, except for the adoption of IFRS 16 'Leases' and the Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosure', and IFRIC 23 'Uncertainty Over Income Tax Treatments' with effect from 1 July 2019. The amendments to IFRS 9, IAS 39, IFRS 7 and IFRIC 23 were applied prospectively. These accounting policies are consistently applied throughout the group.

Accounting standards, interpretations and amendments to published accounting standards

IFRS 16 'Leases'

IFRS 16 replaces IAS 17 'Leases' as well as three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases – Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

IFRS 16 introduces a single lease accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Sasol adopted IFRS 16 with effect from 1 July 2019 using the modified retrospective approach, which allows the cumulative effect of initially applying the standard to be recognised in equity as an adjustment to the opening retained earnings at adoption date, with no restatement of comparative financial information required. The adoption of the standard has a material effect on the group's financial statements, significantly increasing the group's recognised assets and liabilities.

IFRS 16 provides a revised definition for leases whereby contracts that convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for as leases.

Sasol reviewed contracts previously classified as leases under IAS 17 to determine whether the contract contains a lease on adoption date, and evaluated whether any significant contracts not previously accounted for as leases contained a lease under IFRS 16.

At 1 July 2019, additional lease liabilities were recognised for leases previously classified as operating leases under IAS 17. These lease liabilities were measured at the present value of lease payments over the remaining reasonably certain lease period, discounted using entity-specific incremental borrowing rates as of 1 July 2019. The discount rates incorporate factors such as the lessee's country of operation, the lease term, the nature of the asset and the commencement date of the lease. On transition, the incremental borrowing rates applied in deriving the total lease liability range from 8,2% to 11,5% (South African rand denominated leases), 0,9% to 8,1% (Eurasia) and 3,7% to 5,6% (United States).

On 1 July 2019, a corresponding right of use asset was recognised for an amount equal to the aforementioned lease liability, adjusted for any prepaid or accrued lease payment on the contract as at 30 June 2019, as well as for any restoration obligation. In terms of the transition options allowed by IFRS 16, leases with a remaining contract period of less than 12 months from adoption date were not recognised on the statement of financial position but continue to be expensed through the income statement on a straight-line basis. As allowed practical expedients in IFRS 16, initial direct costs were excluded from the measurement of the right of use asset at adoption date, a single discount rate was used in certain instances for a portfolio of leases with reasonably similar characteristics, hindsight was used in the determination of the lease term in the case of renewal or termination options and relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review to determine that no onerous contracts existed at 1 July 2019.

With the application of the definition of leases contained in IFRS 16, certain contracts previously accounted for as operating or finance leases under IAS 17 are no longer accounted for as leases, but rather as service contracts. This was mainly where it was determined that Sasol do not control how and for what purpose the asset is used. For leases previously classified as finance leases, the respective right of use assets and lease liabilities were measured at adoption date at the same amounts as under IAS 17 immediately preceding the adoption of IFRS 16.

The impact of the adoption of IFRS 16 on the group's statement of financial position at 1 July 2019 is as follows:

	30 June 2019 Rm	IFRS 16 Impact Rm	1 July 2019 Rm
Assets			
Property, plant and equipment	233 549	(7 417)	226 132
Assets under construction	127 764	(71)	127 693
Right of use assets	–	16 045	16 045
Goodwill and other intangible assets	3 357	–	3 357
Equity accounted investments	9 866	–	9 866
Other long-term investments	1 248	–	1 248
Post-retirement benefit assets	1 274	–	1 274
Long-term receivables and prepaid expenses	6 317	(191)	6 126
Long-term financial assets	15	–	15
Deferred tax assets	8 563	–	8 563
Non-current assets	391 953	8 366	400 319
Assets in disposal groups held for sale	2 554	–	2 554
Inventories	29 646	–	29 646
Tax receivable	730	–	730
Trade and other receivables	28 578	(13)	28 565
Short-term financial assets	630	–	630
Cash and cash equivalents	15 877	–	15 877
Current assets	78 015	(13)	78 002
Total assets	469 968	8 353	478 321
Equity and liabilities			
Shareholders' equity	219 910	(290)	219 620
Non-controlling interests	5 885	–	5 885
Total equity	225 795	(290)	225 505
Long-term debt	127 350	(1 005)	126 345
Lease liabilities	7 445	7 933	15 378
Long-term provisions	17 622	–	17 622
Post-retirement benefit obligations	12 708	–	12 708
Long-term deferred income	924	(152)	772
Long-term financial liabilities	1 440	624	2 064
Deferred tax liabilities	27 586	(111)	27 475
Non-current liabilities	195 075	7 289	202 364
Liabilities in disposal groups held for sale	488	–	488
Short-term debt	3 783	1 383	5 166
Short-term provisions	3 289	–	3 289
Tax payable	1 039	–	1 039
Trade and other payables	39 466	(29)	39 437
Short-term deferred income	210	–	210
Short-term financial liabilities	765	–	765
Bank overdraft	58	–	58
Current liabilities	49 098	1 354	50 452
Total equity and liabilities	469 968	8 353	478 321

1 Statement of compliance continued

The application of the new standard has a significant impact on the presentation and timing of expenditure.

Under IFRS 16, expenses related to leases previously classified as operating leases are now recognised in the income statement over the lease term as amortisation of the right of use asset and interest expense relating to the lease liability, whereas these expenditures were previously predominantly disclosed as expenditure on 'Selling and distribution costs', 'Maintenance expenditure' and 'Other operating expenses' on a straight-line basis.

Following the adoption of IFRS 16, payments relating to leases previously classified as operating leases are presented under cash flow from financing activities, representing the payment of principal, and as operating cash flows, representing the payment of interest. Under IAS 17, these payments were primarily reflected as cash flows from operating activities.

The following table provides a reconciliation of the operating lease commitments and finance lease liabilities recognised as at 30 June 2019 to the total lease liability recognised on the group balance sheet in accordance with IFRS 16 as at 1 July 2019.

	Rm
Operating lease commitments disclosed as at 30 June 2019	24 081
Short-term leases not recognised as a liability	(144)
Low-value leases not recognised as a liability	(18)
Discounting at lessee's incremental borrowing rate	(11 835)
Discounted operating lease commitments as at 30 June 2019	12 084
Finance lease liabilities recognised as at 30 June 2019	7 770
Contracts reassessed as not being lease contracts	(3 850)
Adjustments as a result of different treatment of extension and termination options	1 408
Other	(305)
Lease liabilities recognised as at 1 July 2019	17 107
Non-current	15 378
Current	1 729

Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosure'

These amendments provide certain reliefs in connection with interest rate benchmark (IBOR) reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. The IBOR reform amendment was early adopted. The adoption of these amendments had no impact on the group's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments'

IFRIC 23 clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. The adoption of IFRIC 23 had no impact on the group at 30 June 2020.

Accounting standards, interpretations and amendments not yet effective

Amendments to IFRS 3 'Business Combination'

The amendments narrow and clarify the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments are effective for the group from 1 July 2020, will be applied prospectively and are not expected to significantly impact the group.

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendments are effective for the group from 1 July 2020, will be applied prospectively and are not expected to significantly impact the group.

IFRS 17 'Insurance Contracts'

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 'Insurance Contracts'. IFRS 17 is effective for the group from 1 July 2023, will be applied prospectively and is not expected to significantly impact the group.

Amendments to IAS 1 'Presentation of Financial Statements'

The amendments provide guidance on the classification of liabilities as current or non-currents in the statement of financial position and does not impact the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in place at the end of the reporting period which enable the reporting entity to defer settlement by at least twelve months. The amendments further make it explicit that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are effective for the group from 1 July 2023, will be applied retrospectively and are not expected to significantly impact the group.

2 Going concern

Introduction

In determining the appropriate basis of preparation of the annual financial statements, the Directors are required to consider whether the Sasol Group (Group) and Sasol Limited (Company) can continue in operational existence for the foreseeable future.

Financial performance during the year

The financial performance of the Group was significantly impacted by an unprecedented set of combined challenges driven by significant decline in global oil and chemical prices and the global COVID-19 pandemic. Due to the global economic lockdowns associated with COVID-19, the Group experienced a substantial decline in demand for products, particularly in South Africa, and therefore temporarily reduced production rates at SSO in Secunda and suspended production at Natref in Sasolburg.

These events came at a time when the balance sheet was under severe pressure due to the additional expenditure required to complete the LCCP. At 30 June 2020, the balance sheet reached peak gearing at 114,5% and Net debt EBITDA, of 4,3 times (based on the Revolving Credit facility and US dollar Term Loan covenant definition).

The ability of the Group to meet its debt covenant requirements at 31 December 2020 and 30 June 2021 and repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations, the ability to realise cash through a combination of asset disposals, or part thereof, and the successful raising of equity.

The Group and Company reported a loss for the year of R91,3 billion and R32,2 billion, respectively, which compares to earnings of R6,1 billion and R9,0 billion, respectively, for the prior year. The loss in 2020 is mainly attributable to:

- Lower oil prices with Brent crude oil averaging US$51,22/bbl, and reaching a high of US$69,96/bbl and a low of US$13,24/bbl and a moderately weak average exchange rate of R15,69/US dollar. The rand per barrel price of Brent crude oil decreased by 18% to R803,64/bbl compared to R974,55/bbl in the prior year;
- The 18% decrease in the rand per barrel price of Brent crude oil coupled with softer global chemical prices and lower refining margins negatively impacted the total realised gross margins particularly during the second half of the year;
- Impairments of R111,6 billion due to the lower oil and chemicals price outlook. R72,6 billion (US$4,2 billion) of this amount related to an impairment of the Base Chemicals portfolio within Sasol Chemicals USA which has been classified as a disposal group held for sale as a result of the advanced stage of the partnering process. The remaining amount of R38,8 billion relates to impairments of other assets mainly in South Africa. An impairment of investment in subsidiary of R36,5 billion as a result of the lower valuation of the entity, impacted the results of the Company;
- Lower production volumes across the value chain mainly due to COVID-19. SSO reported a 3% decline in volumes and Natref production decreased by 22% compared to the prior year. At both of these operations, production was cut back due to the lower demand in South Africa;
- Outside of South Africa, the ORYX GTL joint venture reported a 57% utilisation which is significantly lower than the historical performance of between 80% to 110%. The lower utilisation rate was due to a planned extended shutdown. In the US, the operations performed in line with expectations. However, the Group's earnings were impacted by the mismatch between full year depreciation charges and costs with revenue being disproportionate due to the ramping up of most of the LCCP units which reached beneficial operations during 2020; and
- This performance was partially offset by a resilient performance by the chemicals businesses which reported an increase in volumes, largely due to higher demand for surfactants and LCCP volumes.

In March 2020, Sasol announced a comprehensive response plan to stabilise the Group in the short-term. This entailed:

- Conserving cash through self-help management actions in operational and capital expenditure of US$1 billion in 2020, with a further US$1 billion in 2021;
- Accelerating asset disposals and delivering proceeds in excess of the targeted US$2 billion; and
- Pursuing a rights issue of up to US$2 billion.

By 30 June 2020, the Group had exceeded the self-help management actions target of US$1 billion by reducing external expenditure and saving costs across various human capital levers, optimising working capital and capital expenditure by curtailing discretionary capital and keeping sustenance capital at the minimum level required to ensure safe and reliable operations.

At 30 June 2020, the group had cash and cash equivalents (excluding restricted cash) of R32,3 billion and available facilities of R10,5 billion. Refer note 17.

The Board has considered management's plans and appointed an international external advisor to provide an independent opinion on the risks related to going concern, the timing and successful execution of asset disposal transactions to ensure that the debt covenants are met as well as the credibility of the plans presented by management.

The Board has appointed capital market advisors and is considering various capital raising alternatives. In assessing the various options available to reduce debt, the Board is mindful of the impact that different potential disposals may have on the business's cash flow generation thereafter and believes that a rights issue of up to US$2 billion will still be required.

The Board has no intention to cease trading, curtail operations or liquidate the businesses, other than planned asset disposals which are aligned with the Group's revised strategy to create a more focused portfolio.

Timing and success of asset disposals

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

2 Going concern continued

The Group has made good progress on the expanded and accelerated asset disposal programme by securing US$600 million of proceeds. In 2020, the Group sold 51% of its interest in the explosives business by establishing a joint venture with Eneax and sold its indirect equity interest in the Escravos GTL project in Nigeria. Subsequent to 30 June 2020, Sasol signed an exclusive negotiation agreement with Air Liquide for the sale of 16 air separation units, including the cooling tower linked to train 16, located in Secunda. The proceeds of this disposal will amount to approximately R8,5 billion.

The Group has classified R78,7 billion as net assets and liabilities in disposal groups held for sale at 30 June 2020 and expects these disposal transactions will be completed within the next 12 months. Included in net assets and liabilities in disposal groups held for sale is R68,6 billion relating to the Base Chemicals portfolio within Sasol Chemicals USA. Partnering in the Base Chemicals portfolio represents a significant step forward in delivering the asset disposal lever of the Group's comprehensive response plan announced on 17 March 2020. Proceeds from the disposal, combined with the progress with self-help measures, should make a meaningful and positive impact on Sasol's financial prospects, principally as a result of the intended use of disposal proceeds to settle debt with payment obligations within the next 12 to 24 months.

The next debt maturity is the syndicated loan of R17,3 billion (US$1 billion) which matures in June 2021. This loan will be repaid from asset disposal proceeds. Refer to Note 17 for details of other loans and facilities.

As the Group operates in different businesses and geographies, the future cash generation and resultant debt levels could vary vastly in cases where different asset disposal options are decided on. Proceeds from assets sold in South Africa would require approval from the South African Reserve Bank to pay off US Dollar denominated debt and therefore the matching of currency from proceeds to reduce debt has to be carefully considered. It is also not clear on the timing of asset disposals, given the current economic conditions.

Rights issue

The Company will also pursue a rights issue of up to US$2 billion in the second half of financial year 2021 as the final step of the comprehensive response plan. The rights issue should allow Sasol to operate sustainably within its covenant thresholds and deliver on its strategy going forward. The exact amount of the rights issue and its timing is subject to prevailing operating and market conditions as well as other initiatives, such as further disposals, that Sasol may implement consistent with its Future Sasol strategic reset.

Strategic reset

A key part of the comprehensive response plan was to look beyond near-term measures and position the business for sustained profitability in a low oil price environment. This entailed reviewing and updating the strategy to bring greater focus to the portfolio and transition Sasol to a lower-carbon future. The Future Sasol will comprise two market focused businesses, Chemicals and Energy. A key decision as a result of this is the discontinuation of all oil growth activities in West Africa and resizing the upstream portfolio to focus on gas. The revision of the strategy aims to have a greater focus on enhanced cash generation, value realisation for all stakeholders and business sustainability.

The Group is in the process of developing credible targets with plans to reset the capital structure, improve business performance and margins and reduce the overheads by streamlining the Corporate Centre. As part of the strategic reset plan presented to the Board, future profitability and cash generation forecasts support a sustainable business going forward. The forecasts and process followed to develop the targets have been reviewed by independent international external advisors appointed by the Board. Management expects to share these targets with stakeholders during November 2020, once the formal review processes have been completed.

Solvency and Liquidity

As a result of the liquidity constraints, weak trading environments and the risk of a second COVID-19 outbreak, the Board undertook a comprehensive assessment of the Group and Company, including their solvency and liquidity statuses.

Solvency

At 30 June 2020, after impairments, the valuations of the Group's assets indicate that their fair values exceed their carrying values as well as the external debt. The asset base of the Group comprises mainly tangible assets with significant value, reflected in the records of the underlying businesses.

As such, the Board is of the view that given the significant headroom in the fair value of the assets over the fair value of the liabilities (including contingent liabilities), the Company and Group are solvent as at 30 June 2020 and at the date of this report.

Liquidity management

Although still cash positive, the Group has limited cash flow available to cover operating expenses, interest and capital expenditure at 30 June 2020. As outlined to stakeholders previously, this was mainly due to the oil price collapse and COVID-19 economic impacts which came at a time when the balance sheet was at peak gearing due to expenditure incurred to complete the LCCP. Additionally, the Group's credit rating was downgraded as a result of the impact of the COVID-19 pandemic on global growth and the volatility in the oil price. The cost of some of the Group's floating rate debt is partly linked to the credit rating. The revised credit rating profile will therefore result in an increase in finance costs from existing facilities of approximately US$50 million per annum.

The ability of the Group to meet its debt covenant requirements at 31 December 2020 and 30 June 2021 and repay debt as it becomes due is dependent on the timing and quantum of cash flows from operations, the ability to realise cash through a combination of asset disposals, or part thereof, and the successful raising of equity.

To address the risk of short-term cash pressure, management has prepared budgets for 2021 and 2022, as well as a robust liquidity model which includes cash flow forecasts covering a period of nine months from the date of these financial statements.

The Group liquidity model is a monthly consolidation of the Group's individual business cash flow forecasts. The cash flows forecasts are based on estimated free cash flow from operations, on a monthly basis, for the upstream Mining and Oil and Gas Exploration entities, the manufacturing operations globally and the selling business units, being Base Chemicals, Performance Chemicals and Energy. The cash flow forecasts have been adjusted for planned disposals over the next 12 months.

The cash flow forecasts are prepared monthly and reviewed by management. They are evaluated against forecasted expectations and variances are monitored and scrutinised. Various scenarios and stress testing analysis are performed to test the robustness of the cash flow forecasts. To address future possible cash outflows, detailed performance and operational liquidity improvement initiatives have been developed, with their implementation regularly monitored. The forecasts and any variances are presented to the Board at least on a quarterly basis or more frequently as required.

Performance and liquidity improvement initiatives undertaken during 2020 and will continue into 2021:

The following steps were taken to stabilise the business and improve the liquidity position:

- **Revising the strategy** – Clear portfolio choices, including a decision to stop all oil growth activities in West Africa has resulted in immediate cash and capital savings which will be sustainable, beyond 2020;
- **Weekly "cash war room"** – On a weekly basis, management reviewed the monthly cash forecast relative to actions being taken to reduce or defer cash outflows, and understand the forecast cash position of the Company for the next six months;
- **Hedging activities** – The Group continued to execute on its hedging programme and focused on covering its exposure to oil, the Rand/US dollar exchange rate and ethane prices as the three key drivers which impact on profitability;
- **Cost reduction** – The necessity and quantum of expenditure in this fiscal year was challenged on a top down and bottoms up basis and a substantial cost reduction work stream was implemented to reduce external spend with a focus on all discretionary expenditure;
- **Human capital levers** – A moratorium was implemented on external recruitment to fill non-critical vacancies and on the use of hired labour and consultants for non-critical activities. In parallel, short-term incentive payments were ceased for 2020 whilst salary sacrifices were implemented on a sliding scale with suspension of employer contributions to the various retirement funds for an initial period of eight months up to December 2020;
- **Capital optimisation** – Capital expenditure was reduced substantially by curtailing discretionary capital whilst keeping sustenance capital at the minimum level required to ensure safe and reliable operations. Capital in excess of R5 billion was deferred in 2020 through prioritisation using a risk-based approach and use of digitalisation;
- **Working capital** – The Group has been able to contribute positively to cash on hand through the recovery of long-outstanding debtors, managing of payables and maintaining an optimal inventory levels. Working capital is, and continues to be, tracked and measured on a monthly basis; and
- **Tax** – Certain tax payments were deferred as part of a COVID-19 cash relief measures as agreed with the relevant tax authorities.

In addition, the Company and Group signed a covenant waiver with its lenders in June 2020. In the waiver agreement, the lenders agreed to waive the covenant at June 2020 and lift the December 2020 covenant from a Net debt: EBITDA of 3,0 times to 4,0 times. The Net debt: EBITDA covenant at 30 June 2021 is 3,0 times.

This additional flexibility is consistent with Sasol's broader capital allocation framework and subject to conditions which are customary for such covenant amendments. These include provisions to prioritise debt reduction at this time, commitments that there will be no dividend payments nor acquisitions while Sasol's leverage is above 3,0 times Net debt: EBITDA and that the 2021 capital expenditure will not exceed the forecast level of R21 billion by more than 10%. Sasol will also reduce the size of its facilities as debt levels are reduced, whilst continuing to maintain a strong liquidity position.

At 30 June 2020, the Group had access to facilities of R199,9 billion, of which R189,4 billion was utilised. Refer to note 17 for more detail.

Estimates and judgements considered within the liquidity assessment

Management has considered a number of estimates, judgements and assumptions in performing the liquidity assessments, the most significant of which are listed and expanded upon below:

- The Group has applied conservative macroeconomic assumptions in the cash flow forecast and has modelled a Brent crude oil price of US$42/bbl (in real terms) and a Rand/US dollar exchange rate of R15,47 in 2021. These assumptions are applied across the Group to ensure a consistent forecasting base;
- The Group assumed a working capital percentage of 16%, which is conservative in relation to the 12% achieved in 2020. The Group will monitor if the initiatives implemented in 2020 to reduce working capital are sustainable before adjusting this assumption;
- Sasol has applied a 50% partnering of the Base Chemicals portfolio adjustment within Sasol Chemicals USA in 2021 and as such has proportionately downward adjusted the earnings contribution from this asset. The potential proceeds have been assumed to be applied to the repayment of debt in the cash flow forecast. The transaction is at an advanced stage and management believes that the closing of the transaction by December 2020 is probable. In the event that the disposal transaction is not successful, the Board will consider the sale of other enabling and core assets to meet its covenants requirements in December 2020 and June 2021. The standby underwriting agreement entered into in March 2020 is subject to a number of conditions including significant progress in Sasol's expanded and accelerated asset disposal programme measured from March 2020. The timing and successful execution of the disposal of the Base Chemicals portfolio within Sasol Chemicals USA therefore places doubt on the Group's going concern assumption. The Board has engaged with two corporate finance advisors to assist with reviewing and executing of this disposal transaction and receives feedback on a weekly basis from management. A committee of the Board, led by the Chairman of the Board, has been established to oversee the asset disposal process. The independent valuations of the assets considered for disposal and results of the due diligence are presented to the this committee for review. The focus of the committee is to ensure that assets are sold at fair value;
- Continue with the oil hedging programme. For the first quarter of 2021, approximately 80% of SSO's liquid fuels exposure was hedged, translating to 6 million barrels. Oil hedges for the remainder of 2021 are in progress with 5,5 million hedged barrels using put options;
- LCCP units ramp up in line with expectation and ethane prices are between 30 to 35 cents per gallon;
- Continued positive results in the short-term from the comprehensive response plan in 2021;

2 Going concern continued

- The reduction in debt through the sale of assets and/or equity raising to meet the debt reduction milestones;
- The availability of working capital facilities to cover any shortfall during planned annual shutdowns of operations;
- Business operations resume to pre-COVID-19 levels in 2021; and
- Full current liability repayments are forecast and considered within the liquidity model as an outflow, based on the expected timing of outflow, and a normalised working capital, relevant to the reduced business size, introduced due to asset disposals.

The Board remains focused on and committed to the strategic reset (Future Sasol) that is aimed at sustainably unlocking cash through gross margin improvements, cash cost reduction, significant reduction in overheads at the Corporate Office and optimisation of capital expenditure by 2025. The planned asset disposals combined with a rights issue and the Future Sasol are expected to result in a more sustainable and resilient capital structure and improved shareholder returns.

Conclusion

The events, conditions, judgements and assumptions described above inherently include material uncertainty on the timing of future cash flows and therefore any significant deviations may cast significant doubt on the Group and Company's ability to continue as a going concern and its ability to realise assets and discharge liabilities in the normal course of business.

Whilst there are material uncertainties, the directors have, based on the information available to them, considered the financial plans and forecasts, the actions taken by the Company, the historic track record of the Group to deliver on previous response plans and cost optimisation targets and the skills and acumen of management to execute on asset disposals.

Based on the above, the Directors are of the opinion that the going concern assumption is appropriate in the preparation of the consolidated and separate financial statements.

EARNINGS GENERATED FROM OPERATIONS

OPERATING AND OTHER ACTIVITIES

for the year ended 30 June	2020 Rm	2019 Rm	2018* Rm
3 Turnover			
Revenue by major product line			
Base Chemicals	**51 868**	48 113	43 262
Polymers	**30 275**	25 864	22 332
Solvents	**13 226**	13 178	12 948
Fertilisers and explosives	**3 820**	4 718	4 145
Other base chemicals[1]	**4 547**	4 353	3 837
Performance Chemicals	**68 316**	67 228	63 916
Organics	**52 189**	51 405	49 005
Waxes	**8 927**	8 474	8 456
Advanced materials	**7 200**	7 349	6 455
Upstream, Energy and Other			
Coal	**1 343**	3 222	3 446
Liquid fuels and crude oil[2]	**59 775**	75 819	62 555
Gas (methane rich and natural gas) and condensate[2]	**5 953**	5 986	5 411
Other (Technology, refinery services)[3]	**2 313**	2 308	1 933
Revenue from contracts with customers[4]	**189 568**	202 676	180 523
Revenue from other contracts (franchise rentals, use of fuel tanks and fuel storage)	**799**	900	938
	190 367	203 576	181 461

* Sale of goods (2018 – R178 463 million), services rendered (2018 – R1 612 million) and other trading income (2018 – R1 386 million).

1 Phenolics, Ammonia and Speciality Gases.

2 Relate to the Exploration and Production International and Energy segments.

3 Other includes revenue in relation to different insignificant performance obligations mainly for the Energy segment.

4 Total turnover from our North American operations increased with 15,6% year-on-year, while the total turnover from the rest of the world decreased with 10%.

Accounting policies:

IFRS 15 applicable from 2019 onwards:

Revenue from contracts with customers is recognised when the control of goods or services has transferred to the customer through the satisfaction of a performance obligation. Group performance obligations are satisfied at a point in time and over time, however the group mainly satisfies its performance obligations at a point in time.

Revenue recognised reflects the consideration that the group expects to be entitled to for each distinct performance obligation after deducting indirect taxes, rebates and trade discounts and consists primarily of the sale of oil, natural gas and chemical products, services rendered, license fees and royalties. The group allocates revenue based on stand-alone selling price.

The group enters into exchange agreements with the same counterparties for the purchase and sale of inventory that are entered into in contemplation of one another. When the items exchanged are similar in nature, these transactions are combined and accounted for as a single exchange transaction. The exchange is recognised at the carrying amount of the inventory transferred.

Revenue from arrangements that are not considered contracts with customers, mainly pertaining to franchise rentals, use of fuel tanks and fuel storage, is presented as revenue from other contracts.

The period between the transfer of the goods and services to the customer and the payment by the customer does not exceed 12 months and the group does not adjust for time value of money.

For further information on revenue recognition, refer to Segment information on pages 58 to 59.

IAS 18 applicable to 2018:

Revenue is recognised at the fair value of the consideration received or receivable net of indirect taxes, rebates and trade discounts and consists primarily of the sale of products, services rendered, licence fees and royalties.

Revenue is recognised when the following criteria are met:

- evidence of an arrangement exists;
- delivery has occurred or services have been rendered and the significant risks and rewards of ownership have been transferred to the purchaser;
- transaction costs can be reliably measured;
- the selling price is fixed or determinable; and
- collectability is reasonably assured.

The timing of revenue recognition is as follows. Revenue from:

- the sale of products is recognised when the group has substantially transferred all the risks and rewards of ownership and no longer retains continuing managerial involvement associated with ownership or effective control;
- services rendered is based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total cost of the project; and
- licence fees and royalties are recognised on an accrual basis.

The group enters into exchange agreements with the same counterparties for the purchase and sale of inventory that are entered into in contemplation of one another. When the items exchanged are similar in nature, these transactions are combined and accounted for as a single exchange transaction. The exchange is recognised at the carrying amount of the inventory transferred.

4 Materials, energy and consumables used*

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
Cost of raw materials	**78 030**	79 774	66 928
Cost of energy and other consumables used in production process	**12 079**	10 815	9 678
	90 109	90 589	76 606

* Materials, energy an consumables used at our North American operations increased with 34,9% year-on-year, while these costs from the rest of the world decreased 5,4%. The cost increase in the North American operations relates mainly to utilities and raw material cost associated with the increased volumes due to the LCCP ramp-up.

Costs relating to items that are consumed in the manufacturing process, including changes in inventories and distribution costs up until the point of sale.

Other commitments

for the year ended 30 June	2020 Rm	2019 Rm
Secunda Synfuels Operations		
Within one year	**1 386**	173
One to five years	**6 444**	713
More than five years	**31 108**	1 416
	38 938	2 302

Other commitments relate to the Oxygen Train 17 oxygen supply agreement and the water reticulation long-term water supply agreement. The increase in the current year relates to the Oxygen Train 17 payments which consist of an oxygen supply and fixed management fee component. The contract period runs to 2037, with an option to renew the contract to 2050. The renewal option is not taken into account in the calculation of the commitments. The water reticulation payments are determined based on the quantity of water consumed over the 20 year period of the agreement.

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm

5 Employee-related expenditure

Analysis of employee costs

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm
Labour		**30 266**	30 706	28 448
salaries, wages and other employee-related expenditure		**27 964**	28 665	26 388
post-retirement benefits*		**2 302**	2 041	2 060
Share-based payment expenses		**1 741**	1 219	1 565
equity-settled	39	**1 946**	1 659	910
cash-settled	38	**(205)**	(440)	655
Total employee-related expenditure		**32 007**	31 925	30 013
Costs capitalised to projects		**(1 340)**	(1 997)	(2 545)
Per income statement		**30 667**	29 928	27 468

* Employer contributions to the retirement funds have been suspended from 1 May 2020 due to current cash conservation measures. There is currently no obligation for these funds to be paid in the future.

The total number of permanent and non-permanent employees, in approved positions, including the group's share of employees within joint operation entities and excluding contractors, joint ventures' and associates' employees, is analysed below:

for the year ended 30 June	2020 Number	2019 Number	2018 Number
Permanent employees	**30 670**	31 112	31 020
Non-permanent employees	**331**	317	250
	31 001	31 429	31 270

The number of employees by area of employment is analysed as follows:

for the year ended 30 June	2020 Number	2019 Number	2018 Number
Business segmentation			
Mining	**7 433**	7 402	7 471
Exploration and Production International	**424**	419	430
Energy	**5 094**	5 118	5 069
Base Chemicals*	**7 923**	8 090	7 724
Performance Chemicals	**5 815**	5 667	5 600
Group Functions	**4 312**	4 733	4 976
Total operations	**31 001**	31 429	31 270

* On 1 July 2020, 968 employees were transferred to Enaex SA after the disposal of our explosives business.

Accounting policies:

Remuneration of employees is charged to the income statement, except where it is capitalised to projects in line with the accounting policy for assets under construction.

Short-term employee benefits

Short-term employee benefits includes salaries, wages and costs of temporary employees, paid vacation leave, sick leave and incentive bonuses.

Long-term employee benefits

Long-term employee benefits are those benefits that are expected to be wholly settled more than 12 months after the end of the annual reporting period, in which the services have been rendered and are discounted to their present value.

Post-retirement benefits

Further information on these benefits is provided in note 37, and include defined benefit contribution plans, as well as defined benefit plans.

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm

6 Translation (losses)/gains

	2020 Rm	2019 Rm	2018 Rm
Arising from			
Trade and other receivables	**1 275**	98	132
Trade and other payables	**(891)**	(372)	(354)
Foreign currency loans*	**(6 946)**	965	(103)
Other	**20**	(87)	314
	(6 542)	604	(11)
Business segmentation			
Mining	**(10)**	(19)	(18)
Exploration and Production International	**(560)**	(79)	289
Energy	**(360)**	(337)	(45)
Base Chemicals	**546**	(124)	(5)
Performance Chemicals	**352**	51	45
Group Functions	**(6 510)**	1 112	(277)
Total operations	**(6 542)**	604	(11)

* Relates to intergroup exposure on foreign currency loans. A portion of the LCCP has been financed with US dollar funds through intergroup loans.

Differences arising on the translation of monetary assets and liabilities into functional currency.

7 Other operating expenses and income

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
Rentals[1]	**–**	1 845	1 497
Short-term lease expense	**525**	–	–
Insurance	**681**	514	432
Computer costs	**2 469**	2 155	2 042
Hired labour	**844**	786	838
Audit remuneration[2]	**144**	97	88
Derivative losses (including foreign exchange contracts)[3]	**6 997**	2 465	3 927
Professional fees	**2 067**	2 226	1 971
Enablement of digital and continuous improvement initiatives	**333**	454	409
Other	**1 734**	1 772	1 562
Changes in rehabilitation provisions[4]	**(2 078)**	1 096	(804)
Other expenses[5]	**10 631**	9 880	6 724
Other operating income	**(1 446)**	(1 363)	(1 410)
	20 834	19 701	15 305

1 Relates to the application of IFRS 16, as leases previously classified as operating leases under IAS 17 are now capitalised.

2 Audit remuneration include R32 million for the audit of the independent review, commissioned by the Board of Directors, of the Lake Charles Chemical Project (LCCP).

3 Relates mainly to the group's hedging activities. The increase in losses from 2019 relates to a loss of R1 562 million on the US dollar derivative in the Oxygen Train 17 supply agreement to our Secunda Synfuels Operations that was recognised on adoption of IFRS 16, as well as a loss of R4 298 million on our foreign exchange zero cost collars.

4 R1,3 billion (2019 – R688 million; 2018 – (R803 million)) relates to the change in discount rates applied in calculating the rehabilitation provision.

5 Increase relates to a R586 million management fee relating to the Oxygen Train 17 oxygen supply agreement with Air Liquide, which was recognised as a finance lease under IAS17. With the adoption of IFRS 16 the agreement was recognised as a service agreement.

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm
8 Net finance costs				
Finance income				
Dividends received from investments		**44**	42	520
Notional interest received		**102**	–	5
Interest received on		**776**	745	1 191
other long-term investments		**28**	27	32
loans and receivables		**293**	334	359
cash and cash equivalents		**455**	384	800
Per income statement		**922**	787	1 716
Less: notional interest		**(102)**	–	(5)
Less: interest received on tax		**(28)**	(105)	(146)
Per the statement of cash flows		**792**	682	1 565
Finance costs				
Debt		**8 226**	6 088	4 166
debt		**8 090**	6 044	3 880
interest rate swap – net settlements		**136**	44	286
Preference share dividends		**–**	116	963
Interest on lease liabilities		**1 465**	871	483
Other[1]		**52**	(462)	291
		9 743	6 613	5 903
Amortisation of loan costs	17	**135**	725	462
Notional interest	35	**945**	857	962
Total finance costs		**10 823**	8 195	7 327
Amounts capitalised to assets under construction[2]	21	**(3 520)**	(6 942)	(3 568)
Per income statement		**7 303**	1 253	3 759
Total finance costs before amortisation of loan costs and notional interest		**9 743**	6 613	5 903
Add: modification (loss)/gain	17	**(1 193)**	109	–
Less: interest accrued on long-term debt, lease liabilities and short-term debt		**(1 412)**	(1 025)	(878)
Less: interest reversed/(accrued) on tax payable[1]		**16**	525	(228)
Per the statement of cash flows		**7 154**	6 222	4 797

1 Interest (reversed)/accrued on tax payable in 2019 and 2018 relates mainly to our tax litigation claim.

2 Finance costs capitalised decreased due to the LCCP units reaching beneficial operation.

for the year ended 30 June	2020 Rand	2019 Rand	2018 Rand
9 (Loss)/earnings and dividends per share			
Attributable to owners of Sasol Limited			
Basic (loss)/earnings per share	**(147,45)**	6,97	14,26
Headline (loss)/earnings per share	**(11,79)**	30,72	27,44
Diluted (loss)/earnings per share	**(147,45)**	6,93	14,18
Diluted headline (loss)/earnings per share	**(11,79)**	30,54	27,27
Dividends per share	**–**	5,90	12,90
interim	**–**	5,90	5,00
final*	**–**	–	7,90

* Declared subsequent to 30 June and has been presented for information purposes only.

Earnings per share (EPS)

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares, after taking the long-term incentives (LTIs), the Sasol Inzalo and Sasol Khanyisa share transactions into account. Appropriate adjustments are made in calculating diluted, headline and diluted headline earnings per share.

for the year ended 30 June		2020	2019	2018
Weighted average number of shares	million	**617,9**	616,6	612,2
(Loss)/earnings attributable to owners of Sasol Limited	Rm	**(91 109)**	4 298	8 729
Basic (loss)/earnings per share	Rand	**(147,45)**	6,97	14,26

Headline (loss)/earnings per share (HEPS)

for the year ended 30 June	2020 million	2019 million	2018 million
Weighted average number of shares	**617,9**	616,6	612,2

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm
Headline (loss)/earnings is determined as follows:				
(Loss)/earnings attributable to owners of Sasol Limited		**(91 109)**	4 298	8 729
Adjusted for:				
Effect of remeasurement items for subsidiaries and joint operations, net of tax	10	**83 824**	14 628	8 058
remeasurement items before tax		**110 834**	18 645	9 901
tax effect and non-controlling interest effect		**(27 010)**	(4 017)	(1 843)
Effect of remeasurement items for equity accounted investments	10	**–**	15	11
Headline (loss)/earnings		**(7 285)**	18 941	16 798

for the year ended 30 June	2020 Rand	2019 Rand	2018 Rand
Headline (loss)/earnings attributable to owners of Sasol Limited			
Headline (loss)/earnings per share	**(11,79)**	30,72	27,44

Diluted earnings per share (DEPS) and diluted headline earnings per share (DHEPS)

DEPS and DHEPS are calculated considering the potential dilution that could occur if all of the group's long-term incentives (LTIs) had vested, if all outstanding share options were exercised and the effect of all dilutive potential ordinary shares resulting from the Sasol Inzalo and Sasol Khanyisa Tier 1 share transactions.

The number of shares outstanding is adjusted to show the potential dilution if the LTI's and Sasol Khanyisa Tier 1 were settled in Sasol Limited shares.

The Sasol Inzalo share transaction is anti-dilutive for EPS and HEPS in 2018.

The Sasol Khanyisa Tier 2 and Khanyisa Public are anti-dilutive for EPS and HEPS in 2020, 2019 and 2018.

9 (Loss)/earnings and dividends per share continued

for the year ended 30 June	Number of shares 2020 million	2019 million	2018 million
Weighted average number of shares	**617,9**	616,6	612,2
Potential dilutive effect of long-term incentive scheme*	**2,6**	2,9	3,7
Potential dilutive effect of Sasol Khanyisa Tier 1	**1,8**	0,8	–
Diluted weighted average number of shares for DEPS and DHEPS**	**622,3**	620,3	615,9

* On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share scheme.

** Due to the net loss attributable to shareholders in 2020, the inclusion of the long-term incentive scheme and Khanyisa Tier 1 share options as potential ordinary shares had an anti-dilutive effect on the loss per share and were therefore not taken into account in the current year calculation of DEPS and HEPS.

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
Diluted (loss)/earnings is determined as follows:			
(Loss)/earnings attributable to owners of Sasol Limited	**(91 109)**	4 298	8 729
Diluted (loss)/earnings attributable to owners of Sasol Limited	**(91 109)**	4 298	8 729
Diluted headline (loss)/earnings is determined as follows:			
Headline (loss)/earnings attributable to owners of Sasol Limited	**(7 285)**	18 941	16 798
Diluted headline (loss)/earnings attributable to owners of Sasol Limited	**(7 285)**	18 941	16 798

for the year ended 30 June	2020 Rand	2019 Rand	2018 Rand
Diluted (loss)/earnings per share	**(147,45)**	6,93	14,18
Diluted headline (loss)/earnings per share	**(11,79)**	30,54	27,27

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm

10 Remeasurement items affecting operating profit

	Note	2020 Rm	2019 Rm	2018 Rm
Effect of remeasurement items for subsidiaries and joint operations				
Impairment of		**111 592**	18 451	9 115
property, plant and equipment	20	**94 032**	14 161	7 623
assets under construction	21	**13 399**	4 272	1 492
right of use assets	22	**3 322**	–	–
goodwill and other intangible assets		**839**	11	–
other assets		**–**	7	–
Reversal of impairment of		**–**	(949)	(354)
property, plant and equipment	20	**–**	(650)	–
assets under construction	21	**–**	(299)	(14)
other intangible assets		**–**	–	(56)
equity accounted investments		**–**	–	(269)
other assets		**–**	–	(15)
(Profit)/loss on		**(715)**	1 109	828
disposal of property, plant and equipment	11	**25**	(32)	(3)
disposal of goodwill and other intangible assets	11	**–**	–	11
disposal of other assets	11	**148**	–	(1)
disposal of businesses	11	**(1 684)**	(267)	(833)
scrapping of property, plant and equipment	11	**402**	556	454
disposal and scrapping of assets under construction	11	**394**	852	1 200
Write-off of unsuccessful exploration wells	21	**(43)**	34	312
Remeasurement items per income statement		**110 834**	18 645	9 901
Tax effect		**(26 079)**	(4 012)	(1 834)
Non-controlling interest effect		**(931)**	(5)	(9)
Total remeasurement items for subsidiaries and joint operations, net of tax		**83 824**	14 628	8 058
Effect of remeasurement items for equity accounted investments		**–**	15	11
Total remeasurement items for the group, net of tax		**83 824**	14 643	8 069

Impairment/reversal of impairments

The group's non-financial assets, other than inventories and deferred tax assets, are assessed for impairment indicators at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

Impairment calculations

The recoverable amount of the assets assessed for impairment is determined based on the higher of the fair value less costs to sell or value-in-use calculations. Key assumptions relating to this valuation include the discount rate and cash flows. Future cash flows are estimated based on financial budgets covering a five year period and extrapolated over the useful life of the assets to reflect the long term plans for the group using the estimated growth rate for the specific business or project. Where reliable cash flow projections are available for a period longer than five years, those budgeted cash flows are used in the impairment calculation. The estimated future cash flows and discount rate are post-tax, based on the assessment of current risks applicable to the specific entity and country in which it operates, as well as current market conditions. Discounting post-tax cash flows at a post-tax discount rate yields the same results as discount pre-tax cash flows at a pre-tax discount rate, assuming there are no significant temporary tax differences.

10 Remeasurement items affecting operating profit continued

Main assumptions used for impairment calculations

		2020	2019	2018
Long-term average crude oil price (Brent) (nominal)*	US$/bbl	**59,69**	71,17	73,91
Long-term average ethane price (nominal)*	US$c/gal	**32,79**	39,04	37,42
Long-term average ammonia price*	Rand/ton	**4 664,32**	4 258,54	5 807,46
Long-term average Southern African gas purchase price (real)*	US$c/Gj	**7,10**	4,86	–
Long-term average refining margin (nominal)*	US$/bbl	**9,43**	10,16	–
Long-term average exchange rate*	Rand/US$	**15,20**	14,29	13,57

* Assumptions are provided on a long-term average basis. Oil price and exchange rate assumptions are calculated based on a five year period, while the ethane price is based on a ten year period. The refining margin is calculated until 2034, linked to the Sasolburg refinery's useful life. The Southern African gas purchase price is calculated until 2050, linked to the South African integrated value chain's useful life.

		South Africa %	United States of America %	Europe %
Growth rate – long-term Producer Price Index	**2020**	**5,50**	**2,00**	**2,00**
Weighted average cost of capital*	**2020**	**14,22**	**7,66**	**7,66 – 9,79**
Growth rate – long-term Producer Price Index	2019	5,50	2,00	2,00
Weighted average cost of capital*	2019	13,12	7,18	7,18 – 9,48
Growth rate – long-term Producer Price Index	2018	5,50	2,00	2,00
Weighted average cost of capital*	2018	12,71	7,56	7,68 – 9,35

* Calculated using spot market factors on 30 June.

Areas of judgement:

Management determines the expected performance of the assets based on past performance and its expectations of market developments. By its very nature, cash flow projections involve inherent risks and uncertainties which have been further aggravated by the effect of COVID-19. The group adjusted cash flow projections and budgets to include the effects of the COVID-19 pandemic. These adjustments took into account the impact of the pandemic on revenue and margins as well as the expected periods of recovery from the pandemic for each individual cash generating unit.

The weighted average growth rates used are consistent with the increase in the geographic segment long-term Producer Price Index. Estimations are based on a number of key assumptions such as reserve estimates, volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports. The impact of the COVID-19 pandemic is incorporated in our pricing assumptions through the use of the average June 2020 views obtained from two independent consultancies that reflect their current views on market development. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets.

The weighted average cost of capital rate (WACC) is derived from a pricing model. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating future cash flows and defining of cash-generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Determining as to whether, and by how much, cost incurred on a project is abnormal and needs to be scrapped involves judgement. The factors considered by management include the scale and complexity of the project, the technology being applied and guidance from experts in terms of what constitute abnormal wastage on the project.

Significant impairment of assets in 2020

Cash-generating unit (CGU)	Business segmentation	Property, plant and equipment 2020 Rm	Assets under con-struction 2020 Rm	Right of use assets 2020 Rm	Goodwill and other intangible assets 2020 Rm	Total 2020 Rm
North American operations						
US Chemicals Assets held for sale	Base and Performance Chemicals	60 760	10 184	1 223	391	72 558
Other	Base Chemicals	210	–	–	–	210
South African integrated value chain						
Sasolburg liquid fuels refinery	Energy	7 803	785	–	6	8 594
Synfuels liquid fuels refinery	Energy	3 834	–	–	–	3 834
Ammonia value chain	Base Chemicals	1 595	331	49	9	1 984
Acrylates & Butanol value chain	Base Chemicals	5 410	788	547	21	6 766
Polyethylene value chain	Base Chemicals	4 418	915	28	24	5 385
Chlor Vinyls value chain	Base Chemicals	1 474	306	17	8	1 805
Chemical Work Up & Heavy Alcohols value chain	Base Chemicals	434	90	780	2	1 306
Southern Africa Wax value chain	Performance Chemicals	4 661	–	–	–	4 661
Other	Base Chemicals	596	–	253	1	850
Eurasian operations						
Wax Germany	Performance Chemicals	2 137	–	368	333	2 838
China (Nanjing)	Performance Chemicals	416	–	57	–	473
Other	Various	284	–	–	44	328
		94 032	13 399	3 322	839	111 592

Other than for the CGU's specifically mentioned, all of the remaining CGU's have significant headroom and no reasonable changes to assumptions applied would result in any impairment.

North American operations – Base Chemicals Assets held for sale

On 17 March 2020, Sasol announced that it had commenced partnering discussions in relation to certain of its Base Chemicals assets in the United States of America. The project perimeter currently includes the Ethylene West Cracker and the LDPE and LLDPE units constructed as part of the LCCP project. Refer to note 12 for more information. At 30 June 2020, assets and liabilities relating to a combination of assets within Sasol Chemicals USA have been classified as held for sale and an impairment charge of R72,6 billion (US$4,2 billion), Base Chemicals R53 billion and Performance Chemicals R19,6 billion, has been recognised to reduce the carrying value of the disposal group down to its fair value less cost to sell, including any portion that Sasol might retain in the disposal group.

10 Remeasurement items affecting operating profit continued

South African Integrated Value Chain

The CGUs within the South African Integrated Value Chain (IVC) saw significant declines in recoverable amounts due to:

- The negative impact of COVID-19 on the macro-economic environment over the short-term, with lower anticipated growth;
- Sustained lower crude oil and chemical sales prices over the longer term;
- A 1,10% increase in WACC rate to 14,22%, mainly due to an increase in Sasol's cost of debt following the downgrade of the group's credit rating; and
- An increase in the forecast cost to procure gas in the longer term for the integrated value chain.

The following table lists the recoverable amounts of each of the South African CGUs that was impaired together with a description of the factors that resulted in the impairment:

Cash-generating unit (CGU)	Description	Recoverable amount* (net of tax) 2020 Rm
Energy		
Sasolburg liquid fuels refinery	The impairment is mainly due to lower refining margins over the long-term and an increase in the WACC rate.	–
Synfuels liquid fuels refinery	The impairment is mainly due to lower crude oil prices, an increase in the WACC rate and a higher cost to procure gas in the longer term.	39 672
Base Chemicals		
Ammonia value chain	The impairment is mainly due to lower international ammonia selling prices and a decrease in volumes based on reduced market demand and a reduction in gas allocated to the value chain.	3 765
Acrylates & Butanol value chain	The impairment is mainly due to significantly lower selling prices coupled with a long expected recovery period as operating rates are only expected to recover to pre-COVID-19 levels by 2027. The CGU was also impacted by an increase in the WACC rate and a higher cost to procure gas in the longer term.	–
Polyethylene value chain	The impairment is mainly due to depressed selling prices caused by polyethylene overcapacity, worsened by the impact of COVID-19, and higher feedstock costs.	7 267
Chlor Vinyls value chain	The impairment is mainly due to significant lower selling prices which were only partly offset by the weakening in the rand.	1 772
Chemical Work Up & Heavy Alcohols value chain	The impairment is mainly due to significantly lower selling prices and an increase in the WACC rate. Overall Solvents prices decreased by 12% compared to the prior year.	9 357
Other	Several other CGUs were impaired due to lower selling prices in a weaker macro-economic environment as a result of COVID-19 coupled with a lower oil price.	1 352
Performance Chemicals		
Southern Africa Wax value chain	The impairment is mainly due to lower wax selling prices, an increase in the WACC rate and the higher cost to procure gas in the longer term.	10 941

* The recoverable amounts reflect the CGU's contribution to the integrated value chain and have been determined as described in the accounting policies section below.

Eurasian operations – Performance Chemicals – Wax

The impairment of the Wax Germany CGU is mainly due to lower wax selling prices, driven by the negative macro-economic conditions as well as increased market competition experienced from low cost paraffin wax producers. This was partly offset by increased volumes in the wax emulsion market. The recoverable amount of the CGU at 30 June 2020 is R3 billion (EUR 153,2 million).

Significant impairments of assets in prior periods

Performance Chemicals – Tetramerization and Ethylene Oxide/Ethylene Glycol (EO/EG) value chains

In 2019, the Tetramerization and EO/EG value chains were impaired by R7,4 billion (US$526 million) and R5,5 billion (US$388 million), respectively. The impairments were driven by an increase in capital cost for the Lake Charles Chemicals Project (LCCP) and lower US ethylene and global mono-ethylene glycol price assumptions as at 30 June 2019. The upstream ethane cracker is a corporate asset and the increase in its capital cost has an impact on the downstream derivative units. All cash generating units linked to the LCCP were assessed for impairment.

Base Chemicals – Ammonia value chain

In 2019, an impairment of R3,3 billion was recognised on our Ammonia value chain mainly as a result of lower international ammonia sales price assumptions in the short- to medium-term and increased gas feedstock prices in the longer term.

Sasol Canada – Shale gas assets

Our shale gas assets in Canada were impaired by a further R1,9 billion (CAD181 million) as at 30 June 2019 to a carrying value of R22 million (CAD2 million), impacted by the depressed Canadian gas price environment. This is aligned with the anticipated fair value. The recoverable amount of the CGU was determined using a real long-term average gas price (Henry Hub), excluding margins, of US$3,44/mmbtu (2018 – US$3,49) and a risk adjusted discount rate of 7,18% (2018 – 7,68%). We remain committed to divest from these assets as part of our strategic portfolio optimisation.

These assets were previously impaired (2018 – R2,8 billion (CAD281 million); 2016 – R9,9 billion (CAD880 million); 2015 – R1,3 billion (CAD133 million); 2014 – R5,3 billion (CAD540 million)), mainly due to the declining gas prices.

Base Chemicals – Chlor Vinyls value chain

In 2018, the full carrying value of our Chlor Vinyls value chain in South Africa was impaired by R5,2 billion due to the continued and sustained strengthening of the exchange rate outlook and the resulting impact on Base Chemicals margins.

A structural change in the integrated ethylene value chain led to the extension of the useful life of the Chlor Vinyls CGU in Sasolburg from 2034 to 2050.

Based on the sustained improvement in the impairment calculation due to the useful life extension, R949 million of the previous impairment recognised was reversed on 31 December 2018.

Sasol Petroleum Mozambique – PSA

In 2018, an impairment of R1,1 billion (US$94 million) was recognised in respect of the PSA asset. The project was still in an early stage of development with the impairment largely driven by lower than expected oil volumes and weaker long-term macroeconomic assumptions. A discount rate of 13,23% (2017: 12,16%) was used which takes into account the project's exposure to both South Africa and Mozambique operating and fiscal environment.

Significant scrapping of assets in prior periods

Lake Charles Chemicals Project

In 2019, we scrapped R682 million (US$48 million) of cost incurred on the LCCP, mainly relating to rework that was required on the Low Density Polyethylene compression motor that was damaged and a number of heat exchangers that had to be either repaired or replaced due to quality issues. Management considered the scale and complexity of the project, the technology being applied and input from experts to determine the cost incurred on the project which were scrapped.

US Gas-To-Liquids (GTL)

At 31 December 2017 we scrapped the remaining capitalised FEED costs relating to our US GTL assets of R1,1 billion (US$83 million), following our formal strategic decision not to pursue new GTL ventures in future. This is in addition to an impairment recognised in 2017 of R1,7 billion (US$130 million) based on the delay of the US GTL project and the uncertainty around the probability and timing of project execution.

10 Remeasurement items affecting operating profit continued

Sensitivity to changes in assumptions:

Management has considered the sensitivity of the impairment calculations to various key assumptions such as crude oil and gas prices, commodity prices and exchange rates. These sensitivities have been taken into consideration in determining the required impairments. The following assets are particularly impacted by changes in key assumptions:

North American operations – Base Chemicals Assets held for sale

The impairment of the North American ethylene value chain includes both the portion of the assets classified as a disposal group held for sale as well as the retained interest in these assets subsequent to the expected sales transaction. The proportion and accounting treatment of the retained interest is based on management's interpretation of the proposed deal construct as at 30 June 2020. The resulting impairment charge is highly dependent on such interpretation and could differ significantly if there are any changes based on the final outcome of the sales transaction.

Energy – Sasolburg liquid fuels refinery*

The performance of the CGU is highly sensitive to changes in refining margins. A US$1 decrease in refining margins will decrease the recoverable amount of the CGU by approximately R1,5 billion. Global refining margins are outside the control of management.

Energy – Synfuels liquid fuels refinery*

The performance of the CGU is highly sensitive to changes in crude oil prices, the Rand/US$ exchange rate and the cost to procure gas. A US$1 decrease in the price of Dated Brent will decrease the recoverable amount of the CGU by approximately R2,8 billion. A R0,10/US$ strengthening in the exchange rate would decrease the recoverable amount by R1,5 billion. A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R1,3 billion.

Base Chemicals – Ammonia value chain*

The performance of this CGU is highly sensitive to changes in international ammonia prices driven by changes in the global market conditions and the cost to procure gas. A US$10 decrease in the ammonia price assumption would decrease the recoverable amount of the CGU by approximately R616 million. A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R187 million.

Base Chemicals – Acrylates & Butanol value chain*

The performance of this CGU is highly sensitive to changes in the discount rate, product sales prices and the cost to procure gas in the long term. A 1% increase in the discount rate would decrease the recoverable amount by approximately R432 million, while a US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R157 million. A US$10 per ton decrease in sales prices would reduce the recoverable amount by R257 million.

Base Chemicals – Polyethylene value chain*

The performance of this CGU is highly sensitive to changes in the discount rate, product sales prices, the Rand/US$ exchange rate and the cost to procure gas in the long term. A 1% increase (or decrease) in the discount rate would decrease (or increase) the recoverable amount by approximately R1,8 billion (or R2,2 billion). A sales price reduction of US$10 per ton would decrease the recoverable amount by approximately R289 million while a R0,10/US$ weakening in the exchange rate would decrease the recoverable amount by approximately R131 million.

A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R246 million.

Base Chemicals – Chlor Vinyls value chain*

The performance of this CGU is highly sensitive to the Rand/US$ exchange rate, product sales prices and changes in the discount rate. A R0,10/US$ weakening in the exchange rate assumption would increase the recoverable amount of the CGU by approximately R413 million while a US$10 per ton decrease in sales prices would reduce the recoverable amount by approximately R794 million. The recoverable amount will be reduced by approximately R613 million if the discount rate were to increase by 1%.

Base Chemicals – Chemical Work Up & Heavy Alcohols value chain*

The performance of this CGU is highly sensitive to changes in the discount rate and product sales prices. A 1% increase (or decrease) in the discount rate would decrease (or increase) the recoverable amount by approximately R1,5 billion (or R1,7 billion). A US$10 per ton decrease in sales prices would reduce the recoverable amount by approximately R786 million.

Performance Chemicals – Southern Africa Wax value chain*

The performance of this CGU is highly sensitive to changes in the discount rate and the cost to procure gas in the long term. A 1% increase (or decrease) in the discount rate would decrease (or increase) the recoverable amount by approximately R928 million (or R1,0 billion). A US$1/Gj increase in the longer term cost of natural gas would decrease the recoverable amount by R305 million.

Eurasian operations – Performance Chemicals – Wax*

The performance of the European Wax CGU, with its production facilities in Germany, Austria and the UK, is highly sensitive to fluctuations in total gross margin which is influenced by changes in product sales prices, sales volumes and raw material prices. A 5% decrease in gross margin could decrease the recoverable amount of this CGU by approximately R751 million (€39 million).

* Reflected net of tax

Accounting policies:

Remeasurement items are amounts recognised in profit or loss relating to any change (whether realised or unrealised) in the carrying amount of an assets or liability such as the impairment of non-current assets, profit or loss on disposal of non-current assets including businesses and equity accounted investments, and scrapping of assets. The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. An impairment test is performed on all goodwill, intangible assets not yet in use and intangible assets with indefinite useful lives at each reporting date.

The recoverable amount of an asset is defined as the amount that reflects the greater of the fair value less costs of disposal and value-in-use that can be attributed to an asset as a result of its ongoing use by the entity. Value-in-use is estimated using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and is adjusted where applicable to take into account any specific risks relating to the country where the asset or cash-generating unit is located. The rate applied in each country is reassessed each year. The recoverable amount may be adjusted to take into account recent market transactions for a similar asset.

Some assets are an integral part of the value chain but are not capable of generating independent cash flows because there is no active market for the product streams produced from these assets, or the market does not have the ability to absorb the product streams produced from these assets or it is not practically possible to access the market due to infrastructure constraints that would be costly to construct. Product streams produced by these assets form an input into another process and accordingly do not have an active market. These assets are classified as corporate assets in terms of IAS 36 when their output supports the production of multiple product streams that are ultimately sold into an active market.

The group's corporate assets are allocated to the relevant cash-generating unit based on a cost or volume contribution metric. Costs incurred by the corporate asset are allocated to the appropriate cash generating unit at cost. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

In Southern Africa, the coal value chain starts with feedstock mined in Secunda and Sasolburg and continues along the integrated processes of the operating business units, ultimately resulting in fuels and chemicals-based product lines. Similarly, the gas value chain starts with the feedstock obtained in Mozambique and continues along the conversion processes in Secunda and Sasolburg, ultimately resulting in fuels and chemicals-based product lines.

The groups of assets which support the different product lines, including corporate asset allocations, are considered to be separate cash-generating units.

In the US, the ethylene value chain results in various chemicals-based product lines, sold into active markets. The assets which support the different chemicals-based product lines, including corporate asset allocations, are considered to be separate cash-generating units.

In Europe, the identification of separate cash-generating units is based on the various product streams that have the ability to be sold into active markets by the European business units.

Certain products are sometimes produced incidentally from the main conversion processes and can be sold into active markets. When this is the case, the assets that are directly attributable to the production of these products, are classified as separate cash-generating units. The cost of conversion of these products is compared against the revenue when assessing the asset for impairment.

Exploration assets are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration assets carrying amount exceeds their recoverable amount.

11 Disposals and scrapping

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm
Property, plant and equipment	20	**776**	708	591
cost		**6 529**	7 245	6 297
accumulated depreciation and impairment		**(5 753)**	(6 537)	(5 706)
Assets under construction	21	**655**	852	1 200
Goodwill and other intangible assets		**179**	112	147
cost		**276**	336	319
accumulated amortisation and impairment		**(97)**	(224)	(172)
Equity accounted investments		**437**	–	1 525
Assets in disposal groups held for sale		**2 563**	94	215
Trade and other receivables		**–**	–	339
Cash and cash equivalents		**–**	–	36
Liabilities in disposal groups held for sale		**(414)**	(38)	–
Short-term provisions		**–**	–	(24)
Tax payable		**–**	–	(35)
Trade and other payables		**175**	–	(208)
		4 371	1 728	3 786
Non-controlling interest		**–**	–	(51)
		4 371	1 728	3 735
Total consideration		**4 285**	567	2 425
consideration received		**4 285**	567	2 316
long-term supply agreement		**–**	–	109
		(86)	(1 161)	(1 310)
Realisation of accumulated translation effects		**801**	52	482
Net profit/(loss) on disposal		**715**	(1 109)	(828)
Consideration received comprising				
Base Chemicals – Investment in Sasol Huntsman GmbH & co KG		**1 506**	–	–
Base Chemicals – Partial disposal of Explosives business		**991**	–	–
Energy – Investment in Escravos GTL (EGTL)		**875**	–	–
Performance Chemicals – Sasol Wilmar Alcohol Industries		**235**	–	–
Performance Chemicals – Heat Transfer Fuels (HTF) business		**–**	271	–
Base Chemicals – Investment in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd		**–**	–	1 918
Energy – Property and mineral rights in the US (Lake de Smet)		**–**	–	215
Other		**678**	296	183
Consideration received		**4 285**	567	2 316

Significant disposals and scrappings in 2020

Base Chemicals – Investment in Sasol Huntsman GmbH & co KG

The divestment from our 50% equity interest in the Sasol Huntsman maleic anhydride joint venture was concluded on 30 September 2019, resulting in a profit on disposal of R936 million, including the reclassification of the Foreign Currency Translation Reserve of R475 million.

Base Chemicals – Explosives business

Sasol has concluded the transaction to sell a 51% share in the explosive business to Enaex, and on 1 July 2020, Enaex Africa in association with Sasol, officially started operating in South Africa and on the African Continent. Sasol recognised a loss on the disposal of R46 million.

Performance Chemicals – Sasol Wilmar Alcohol Industries

The sale of Sasol's share in Sasol Wilmar Alcohol Industries was concluded in December 2019, resulting in a profit on disposal of R47 million, including the reclassification of the Foreign Currency Translation Reserve of R56 million.

Energy – Escarvos GTL (EGTL)

Sasol sold its indirect beneficial interest in EGTL plant in Nigeria to Chevron. The transaction released Sasol from associated company guarantees and other obligations. A profit on disposal of R705 million was recognised, including the reclassification of the Foreign Currency Translation Reserve of R268 million. Sasol will continue to support Chevron in the performance of the EGTL plant through ongoing catalyst supply, technology and technical support.

Significant disposals in prior periods

Performance Chemicals – Heat Transfer Fuels (HTF) business

In 2019, we disposed of our HTF business with the producing assets located within the Marl facility in Germany.

Lake Charles Chemicals Project

In 2019, we scrapped R682 million (US$48 million) of cost incurred on the LCCP, mainly relating to rework required. Refer note 10.

Base Chemicals – Investment in Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd

Our divestment from Petronas Chemicals LDPE Sdn Bhd and Petronas Chemicals Olefins Sdn Bhd was concluded on 14 March 2018, resulting in a profit on disposal of R864 million, including the reclassification of the Foreign Currency Translation Reserve of R494 million.

for the year ended 30 June		2020 Rm	2019 Rm
12 Disposal groups held for sale			
Assets in disposal groups held for sale	**Segment**		
US Base Chemicals Assets	Base and Performance Chemicals	**71 001**	–
Secunda Synfuels Operations Air Separation Units	Energy, Base and Performance Chemicals	**5 675**	–
Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)	Energy	**5 951**	–
Explosives business	Base Chemicals	**–**	1 404
Investment in Sasol Huntsman GmbH & co KG	Base Chemicals	**–**	846
Other	Energy, Base and Performance Chemicals, Mining	**1 641**	304
		84 268	2 554
Liabilities in disposal groups held for sale	**Segment**		
US Base Chemicals Assets	Base and Performance Chemicals	**(2 425)**	–
Secunda Synfuels Operations Air Separation Units	Energy, Base and Performance Chemicals	**(38)**	–
Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)	Energy	**(2 604)**	–
Explosives business	Base Chemicals	**–**	(398)
Other	Energy, Base and Performance Chemicals, Mining	**(464)**	(90)
		(5 531)	(488)
Business segmentation			
Mining		**3**	–
Energy		**6 793**	14
Base Chemicals		**52 613**	1 852
Performance Chemicals		**19 328**	200
Total operations		**78 737**	2 066

Refer to notes 17, 18, 20, 21 and 22 for disposal groups transferred to held for sale.

Significant disposal group held for sale in 2020

US Base Chemicals Assets

On 17 March 2020, we announced as part of the response plan that we would explore the potential for partnering options at our Base Chemicals assets in the US. This process has seen strong global interest and is now at an advanced stage and a number of non-binding offers were received coupled with the decision to undertake a partnering process. The assets and liabilities relating to our Base Chemicals portfolio within Sasol Chemicals USA have been classified as disposal groups held for sale at 30 June 2020. Based on progress to date we currently anticipate that a transaction, including the relevant regulatory approvals, be completed before the end of financial year 2021. An impairment of R72,6 billion (US$4,2 billion), has been recognised, reducing the carrying value of the disposable asset down to its fair value less cost to sell.

12 Disposal groups held for sale continued

Secunda Synfuels Air Separation Unit

Prior to year end, the Group commenced a process to dispose of its sixteen air separation units and this was approved by the appropriate Board Committee and Sasol South Africa board.

On 28 July 2020, Sasol South Africa Limited ("SSA"), announced that an exclusive negotiation agreement had been signed with Air Liquide for the sale of its sixteen air separation units and associated business located in Secunda.

Definitive Agreements for the divestment are in the process of being negotiated. The proceeds of approximately R8,5 billion (R5,525 billion plus EUR147,5 million, translated at Closing to US$) will be received after fulfilment of various conditions, including Competition Commission approval. Assets and liabilities associated with the air separation units have been classified as held for sale on 30 June 2020.

The disposal is expected to be completed within the next 12 months.

Investment in Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)

The Group has commenced a process to divest from some or all of its shareholding in ROMPCO. ROMPCO owns and operates the natural gas transmission pipeline between Temane in Mozambique and Secunda in South Africa for the transportation of natural gas produced in Mozambique to markets in Mozambique and South Africa. The assets and liabilities of ROMPCO were classified as held for sale as at 30 June 2020 following approval by the Board to continue with the divestment process. The divestment is expected to be concluded in the next 12 months.

Significant disposal groups held for sale in prior periods

Base Chemicals – Explosives business

In line with the asset review process, Sasol's Explosives business was identified for divestment and collaboration with a world-class Explosives partner. The downstream portion of the explosives business was classified as a disposal group held for sale at 30 June 2019, following approval to commence negotiations with a preferred partner, with the aim of creating a joint venture, managed and operated by the partner. The partial divestment and partnering is expected to be completed within the next 12 months.

Base Chemicals – Investment in Sasol Huntsman GmbH & co KG

On 26 July 2019 Sasol and Huntsman Corporation signed a definitive agreement for Sasol to dispose of our 50% equity interest in the Sasol-Huntsman maleic anhydride joint venture. The transaction closed on 30 September 2019 with a preliminary equity purchase price of EUR90,3 million received by Sasol. The final purchase price will be confirmed on verification of the closing accounts by the independent auditors. The group has classified its investment in Sasol Huntsman GmbH & co KG as held for sale at 30 June 2019.

Performance Chemicals – Sasol Wilmar Alcohol Industries

During May 2019 and based on the results of the recently concluded asset review, the Sasol Investment Committee approved the commencement of negotiations to sell Sasol's share in Sasol Wilmar Alcohol Industries. A share purchase agreement was signed on 18 October 2019. The agreement is subject to Chinese authority approval. Accordingly, the group has classified its investment in Sasol Wilmar Alcohol Industries as held for sale and recorded an impairment on its portion of the assets, down to its fair value less costs to sell. Refer to note 12.

Accounting policies:

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current asset or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Where a disposal group held for sale will result in the loss of control or joint control of a subsidiary or joint operation, respectively, all the assets and liabilities of that subsidiary or joint operation are classified as held for sale, regardless of whether a non-controlling interest in the former subsidiary or an ongoing interest in the joint operation is to be retained after the sale.

Where a disposal group held for sale will result in the loss of joint control of a joint venture or significant influence of an associate, the full investment is classified as held for sale. Equity accounting ceases from the date the joint venture or associate is classified as held for sale.

Before classification of a non-current asset or disposal group as held for sale, it is reviewed for impairment. The impairment loss charged to the income statement is the excess of the carrying amount of the non-current asset over its expected fair value less costs to sell.

No depreciation or amortisation is provided on non-current assets from the date they are classified as held for sale.

TAXATION

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm
13 Taxation				
South African normal tax		**2 140**	3 206	4 035
current year		**2 542**	3 804	4 689
prior years		**(402)**	(598)	(654)
Dividend withholding tax		**2**	–	68
Foreign tax		**(1 212)**	2 640	2 530
current year		**2 242**	2 544	3 035
prior years*		**(3 454)**	96	(505)
Income tax		**930**	5 846	6 633
Deferred tax – South Africa	15	**(9 073)**	2 086	(414)
current year**		**(9 473)**	2 069	(545)
prior years		**400**	17	131
Deferred tax – foreign	15	**(17 996)**	(4 775)	(661)
current year***		**(20 375)**	(4 831)	(874)
prior years*		**2 375**	55	485
recognition of previously unrecognised deferred tax assets****		**–**	–	(49)
tax rate change		**4**	1	(223)
		(26 139)	3 157	5 558

* Relates mainly to the relief provided to companies in the United States under the Corona virus Aid, Relief, and Economic Security Act, (CARES Act) allowing taxpayers to carry back losses incurred during 2018-2020 for five years.

** The decrease in the current year relates to impairments accounted for in the financial year.

*** Increase in the current year relates mainly to tax losses incurred at our US operations where we anticipate sufficient profits to be generated in future to utilise the deferred tax asset against.

**** Included in 2018 is the recognition of a deferred tax asset relating to the accumulated tax losses in Italy which were previously limited in line with the forecasted utilisation thereof.

Contingent liability

Sasol Financing International (SFI) / SARS

Following a request by SARS for information on Sasol Financing International Plc (SFI) which performs an off-shore treasury function for Sasol, SARS proceeded with an audit over a number of tax years. This audit culminated in the issuance of a final audit letter on 16 February 2018. Consequently, revised assessments were issued by SARS in respect of the 2002 to 2012 tax years. Sasol objected to these revised assessments. The dispute relates to the place of effective management of SFI.

After the submission of Sasol's objection to the disputed assessments and following requests for further information by SARS at the end of 2018, SARS rejected Sasol's objection. On 17 April 2019, Sasol appealed the decision to the Tax Court in terms of the relevant provisions of the Tax Administration Act. The parties have agreed to suspend the litigation in the Tax Court pending the outcome of the legal review application.

In addition to the objection to the revised assessments, Sasol has also launched a judicial review application against the SARS decision to register SFI as a South African taxpayer. The Tax Court does not have jurisdiction to determine the first ground of Sasol's objection, namely that the disputed assessments constitute unlawful, substantially unreasonable and procedurally unfair administrative action. Accordingly, a further review application has been filed in the High Court. Sasol also proposed to SARS that the review litigation in relation to the two applications be consolidated into a single case. It is anticipated that SARS will respond to this proposal as part of its reply to the founding affidavit filed by Sasol.

In respect of this review application the Parties are in dispute about the non-disclosure by SARS of documentation and the necessary interlocutory processes to resolve this dispute are ongoing. Sasol's application to compel SARS to disclose additional documents was heard on 19 February 2020. The Court published its decision on 14 July 2020 and materially found in SFI's favour in the interlocutory application by ordering SARS to disclose specific additional documents as part of the Record of Decision. SARS submitted the documents as ordered on 28 July 2020.

A supplementary affidavit by SFI and the replying affidavits by SARS are the next pleadings to be filed before the review applications can be submitted for hearing by the court.

A contingent liability of R2,5 billion (2019 – R2,4 billion) (including interest and penalties) is reported in respect of this matter as at 30 June 2020.

13 Taxation continued

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
Regional analysis			
South Africa	**(7 134)**	5 285	3 994
Rest of Africa	**1 263**	1 465	854
Europe	**128**	1 276	1 649
United States of America	**(20 337)**	(4 913)	(1 032)
Other	**(59)**	44	93
Total operations	**(26 139)**	3 157	5 558

	2020 %	2019 %	2018 %
Reconciliation of effective tax rate			
The table below shows the difference between the South African enacted tax rate (28%) compared to the effective tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:			
South African normal tax rate	**28,0**	28,0	28,0
(Decrease)/increase in rate of tax due to:			
disallowed preference share dividends	**–**	0,3	0,9
disallowed expenditure[1]	**(1,0)**	9,4	4,2
disallowed share-based payment expenses[2]	**(0,3)**	2,9	5,3
different tax rates[3]	**(3,6)**	13,2	2,6
share of profits of equity accounted investments	**(0,1)**	–	–
tax losses not recognised[5]	**(2,0)**	8,6	9,3
prior year adjustments	**–**	2,0	0,4
other adjustments	**(0,5)**	2,0	1,5
	20,5	66,4	52,2
Increase/(decrease) in rate of tax due to:			
exempt income	**0,7**	(1,7)	(4,2)
share of profits of equity accounted investments	**–**	(3,3)	(2,6)
effect of tax litigation matters[4]	**–**	(8,2)	–
utilisation of tax losses	**–**	(0,3)	(0,4)
investment incentive allowances[6]	**–**	(17,2)	(6,9)
effect of tax rate change in the US	**–**	–	(1,4)
translation differences	**–**	(0,9)	(0,9)
prior year adjustments[7]	**0,9**	–	–
other adjustments	**0,2**	(0,6)	(0,4)
Effective tax rate	**22,3**	34,2	35,4

1 Includes non-deductible expenses incurred not deemed to be in the production of taxable income mainly relating to exploration activities and non-productive interest in our treasury function.

2 This relates to the share based payment expense on the Sasol Khanyisa transaction.

3 Relates mainly to the impact of lower tax rate in the US on the increases in tax losses incurred during the year.

4 2019 includes reversal of tax and interest pertaining to Sasol Oil.

5 Tax losses not recognised in the prior years mainly relate from the R1,9 billion (2018 – R2,8 billion) impairment of the Canadian shale gas asset and Mozambican PSA impairment of R1,1 billion in 2018 for which no deferred tax asset was raised.

6 Energy efficiency allowances relating to our South African operations decreased by R5,5 billion (2019 – R4,2 billion increase) compared to the prior year.

7 Relates mainly to the relief provided to companies in the United States under the Corona virus Aid, Relief, and Economic Security Act, (CARES Act) allowing taxpayers to carry back losses incurred during 2018-2020 for five years.

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm

14 Tax paid

	Note	2020 Rm	2019 Rm	2018 Rm
Net amounts payable/(receivable) at beginning of year		**309**	(984)	(635)
Disposal of businesses		**–**	(1)	(35)
Net interest and penalties on tax*		**(41)**	(630)	92
Income tax per income statement	13	**930**	5 846	6 633
Reclassification to held for sale		**29**	6	–
Foreign exchange differences recognised in income statement		**48**	4	(52)
Translation of foreign operations		**(370)**	14	54
		905	4 255	6 057
Net tax receivable/(payable) per statement of financial position		**4 754**	(309)	984
tax payable		**(665)**	(1 039)	(2 318)
tax receivable**		**5 419**	730	3 302
Per the statement of cash flows		**5 659**	3 946	7 041
Comprising				
Normal tax				
South Africa		**3 131**	933	4 681
Foreign		**2 526**	3 013	2 292
Dividend withholding tax		**2**	–	68
		5 659	3 946	7 041

* 2019 relates to the reversal of interest pertaining to the Sasol Oil matter.

** Relates mainly to the relief provided to companies in the United States under the Corona virus Aid, Relief, and Economic Security Act, (CARES Act) allowing taxpayers to carry back losses incurred during 2018-2020 for five years.

15 Deferred tax

for the year ended 30 June	Note	2020 Rm	2019 Rm
Reconciliation			
Balance at beginning of year		**19 023**	21 812
Current year charge		**(27 622)**	(2 819)
per the income statement	13	**(27 069)**	(2 689)
per the statement of comprehensive income		**(553)**	(130)
Reclassification to held for sale		**(880)**	(6)
Foreign exchange differences recognised in income statement		**142**	22
Translation of foreign operations		**(1 878)**	14
Balance at end of year		**(11 215)**	19 023
Comprising			
Deferred tax assets		**(31 665)**	(8 563)
Deferred tax liabilities		**20 450**	27 586
		(11 215)	19 023

Deferred tax assets and liabilities are determined based on the tax status and rates of the underlying entities. The increase in deferred tax assets relates mainly to our US operations. We anticipate sufficient profits to be generated in future to utilise the deferred tax asset against. These US tax losses do not expire.

15 Deferred tax continued

for the year ended 30 June	2020 Rm	2019 Rm
Attributable to the following tax jurisdictions		
South Africa	**13 972**	25 065
United States of America	**(22 865)**	(4 998)
Germany	**(1 651)**	(550)
Mozambique	**699**	559
Other	**(1 370)**	(1 053)
	(11 215)	19 023
Deferred tax is attributable to temporary differences on the following:		
Net deferred tax assets:		
Property, plant and equipment	**(5 285)**	2 003
Right of use assets	**1 103**	–
Short- and long-term provisions	**(4 065)**	(2 851)
Calculated tax losses	**(18 768)**	(7 329)
Financial liabilities	**(2 238)**	(577)
Other	**(2 412)**	191
	(31 665)	(8 563)
Net deferred tax liabilities:		
Property, plant and equipment	**26 719**	33 342
Right of use assets	**1 150**	–
Current assets	**(894)**	(1 147)
Short- and long-term provisions	**(3 371)**	(4 061)
Calculated tax losses	**(448)**	(150)
Financial liabilities	**(517)**	59
Other	**(2 189)**	(457)
	20 450	27 586

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the group's operations where, among other things, some taxation losses can be carried forward indefinitely and there is compelling evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward.

for the year ended 30 June	2020 Rm	2019 Rm
Calculated tax losses		
(before applying the applicable tax rate)		
Available for offset against future taxable income	**100 301**	48 444
Utilised against the deferred tax balance	**(79 294)**	(29 745)
Not recognised as a deferred tax asset[1]	**21 007**	18 699
Deferred tax assets not recognised on tax losses mainly relate to Sasol's exploration, where future taxable income is uncertain.		
Calculated tax losses carried forward that have not been recognised:		
Expiry between one and five years	**1 201**	712
Expiry thereafter	**19 090**	17 706
Indefinite life	**716**	281
	21 007	18 699

1 Included are calculated tax losses of R18,5 billion (2019 – R15,5 billion) relating to Sasol Canada.

Areas of judgement:

Sasol companies are involved in tax litigation and tax disputes with various tax authorities in the normal course of business. A detailed assessment is performed regularly on each matter and a provision is recognised where appropriate. Although the outcome of these claims and disputes cannot be predicted with certainty, Sasol believes that open engagement and transparency will enable appropriate resolution thereof.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. This includes the significant tax losses incurred at our US operations where we anticipate sufficient profits to be generated in future to utilise the deferred tax asset against. These losses do not expire. The provision of deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities.

Unremitted earnings at end of year that would be subject to foreign dividend withholding tax and after tax effect if remitted

Deferred tax liabilities are not recognised for the income tax effect that may arise on the remittance of unremitted earnings by foreign subsidiaries, joint operations and incorporated joint ventures. It is management's intention that, where there is no double taxation relief, these earnings will be permanently re-invested in the group.

for the year ended 30 June	2020 Rm	2019 Rm
Unremitted earnings at end of year that would be subject to dividend withholding tax	**27 750**	17 664
Europe	**19 943**	10 808
Rest of Africa	**2 807**	2 675
Other	**5 000**	4 181
Tax effect if remitted	**380**	488
Europe	**133**	241
Rest of Africa	**225**	213
Other	**22**	34

Dividend withholding tax

Dividend withholding tax is payable at a rate of 20% on dividends distributed to shareholders. Dividends paid to companies and certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

On receipt of a dividend, the company includes the dividend withholding tax in its computation of the income tax expense.

for the year ended 30 June	2020 Rm	2019 Rm
Undistributed earnings at end of year subjected to dividend withholding tax withheld by the company on behalf of Sasol Limited shareholders	**90 508**	180 692
Maximum withholding tax payable by shareholders if distributed to individuals	**18 102**	36 138

15 Deferred tax continued

Accounting policies:

The income tax charge is determined based on net income before tax for the year and includes deferred tax and dividend withholding tax.

The current tax charge is the tax payable on the taxable income for the financial year applying enacted or substantively enacted tax rates and includes any adjustments to tax payable in respect of prior years.

Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- investments in subsidiaries, associates and interests in joint arrangements to the extent that the temporary difference will probably not reverse in the foreseeable future and the control of the reversal of the temporary difference lies with the parent, investor, joint venturer or joint operator.

The provision for deferred tax is calculated using enacted or substantively enacted tax rates at the reporting date that are expected to apply when the asset is realised or liability settled.

Deferred tax assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

SOURCES OF CAPITAL GENERATED FROM OPERATIONS

EQUITY

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm

16 Share capital

Issued share capital (as per statement of changes in equity)*	**9 888**	9 888	15 775

for the year ended 30 June	Number of shares 2020	2019	2018
Authorised			
Sasol ordinary shares of no par value	**1 127 690 590**	1 127 690 590	1 127 690 590
Sasol preferred ordinary shares of no par value	**28 385 646**	28 385 646	28 385 646
Sasol BEE ordinary shares of no par value	**158 331 335**	158 331 335	158 331 335
	1 314 407 571	1 314 407 571	1 314 407 571
Issued			
Shares issued at beginning of year	**631 028 318**	645 560 928	679 822 439
Issued in terms of the employee share schemes	**1 337 439**	1 566 581	1 776 361
Repurchase and cancellation of shares*	**–**	(16 085 199)	(43 503 454)
Issued in terms of Sasol Khanyisa	**–**	(13 992)	7 465 582
Shares issued at end of year	**632 365 757**	631 028 318	645 560 928
Comprising			
Sasol ordinary shares of no par value	**626 034 410**	624 696 971	623 081 550
Sasol preferred ordinary shares of no par value	**–**	–	16 085 199
Sasol BEE ordinary shares of no par value	**6 331 347**	6 331 347	6 394 179
	632 365 757	631 028 318	645 560 928
Unissued shares			
Sasol ordinary shares of no par value	**501 656 180**	502 993 619	504 609 040
Sasol preferred ordinary shares of no par value	**28 385 646**	28 385 646	12 300 447
Sasol BEE ordinary shares of no par value	**151 999 988**	151 999 988	151 937 156
	682 041 814	683 379 253	668 846 643

* At 30 June 2020, 13 969 621 shares (2019- 13 969 621 shares) were held by the Sasol Foundation Trust and the Sasol Khanyisa Employee Share Ownership Plan.

On 7 September 2018, 16 085 199 preferred ordinary shares were repurchased from Inzalo Public Funding (RF) Proprietary Limited at a purchase price of R542,11 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored to authorised share capital.

On 26 June 2018, 9 461 882 Sasol Limited preferred ordinary shares were repurchased from Inzalo Groups Funding at a purchase price of R475,03 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored to authorised share capital.

On 4 June 2018, 25 231 686 Sasol Limited ordinary shares were repurchased from the Inzalo Employee schemes at a nominal value of R0,01 per share (as per Sasol's rights of repurchase under the Inzalo Employee schemes trust deeds). The Inzalo Employee scheme participants did not receive a distribution of Sasol Limited ordinary shares.

On 26 February 2018, 8 809 886 Sasol Limited ordinary shares were repurchased from its wholly owned subsidiary, Sasol Investment Company (Pty) Ltd as per shareholders approval obtained at the Annual General Meeting held on 17 November 2017, which had the effect that these shares were cancelled and restored. At 30 June 2016, these shares represented 1,43% of the issued share capital of the company, excluding the Sasol Inzalo share transaction.

Accounting policies:

When Sasol Limited's shares are repurchased by a subsidiary, the amount of consideration paid, including directly attributable costs, is recognised as a deduction from shareholders' equity. Repurchased shares are classified as treasury shares and are disclosed as a deduction from total equity. Where such shares are subsequently reissued, any consideration received is included in the statement of changes in equity.

FUNDING ACTIVITIES AND FACILITIES

for the year ended 30 June	2020 Rm	2019* Rm
17 Long-term debt		
Total long-term debt	**167 197**	129 569
Short-term portion	**(19 686)**	(2 219)
	147 511	127 350
Analysis of long-term debt		
At amortised cost		
Secured debt**	**4 608**	6 602
Unsecured debt***	**163 216**	123 555
Unamortised loan costs	**(627)**	(588)
	167 197	129 569
Reconciliation		
Balance at beginning of year	**129 569**	101 830
Transfer of operating lease straight-lining under IAS 17 on initial application of IFRS 16	**(1 027)**	–
Adjusted amount at 1 July 2019	**128 542**	101 830
Loans raised***	**36 487**	93 884
Loans repaid****	**(28 335)**	(69 655)
Modification loss/(gain)*****	**1 193**	(112)
Interest accrued	**1 003**	917
Amortisation of loan costs	**135**	725
Transfer to disposal groups held for sale**	**(1 551)**	–
Translation of foreign operations	**29 723**	1 980
Balance at end of year	**167 197**	129 569
Interest-bearing status		
Interest-bearing debt	**167 197**	128 624
Non-interest-bearing debt	**–**	945
	167 197	129 569
Maturity profile		
Within one year	**19 686**	2 219
One to five years	**133 179**	112 676
More than five years	**14 332**	14 674
	167 197	129 569
Business segmentation		
Energy	**2 396**	5 085
Base Chemicals	**3 076**	2 615
Performance Chemicals	**610**	395
Group Functions	**161 115**	121 474
Total operations	**167 197**	129 569

* 2019 finance leases under IAS 17 were moved to note 18 Lease liabilities.

** Reduction in secured debt mainly due to Rompco debt that was transferred to liabilities held for sale. Refer note 12.

*** Loans raised to fund US growth projects.

**** 2020 relate mainly to US$1,5 billion repayments on the revolving credit facility in Sasol Financing International. 2019 relate mainly to the settlement of the LCCP term loan, discharging the completion guarantee issued in respect of the LCCP and the settlement of the Inzalo Public debt.

***** 2020 relates to the loan covenant amendment. Refer to page 95.

Fair value of long-term debt

The fair value of long-term debt is based on the quoted market price for the same or similar instruments or on the current rates available for debt with the same maturity profile and with similar cash flows. Market related rates ranging between 1,8% and 8,5% were used to discount estimated cash flows based on the underlying currency of the debt.

	2020 Rm	2019 Rm
Total long-term debt (before unamortised loan costs)*	**160 425**	133 428

* The difference in the fair value of long-term debt when compared to the carrying value is mainly due to the prevailing market price of the debt instruments.

17 Long-term debt continued

In terms of Sasol Limited's memorandum of incorporation, the group's borrowing powers are limited to twice the sum of its share capital and reserves (2020 – R309 billion; 2019 – R452 billion).

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2020**	2020 Rm	2019 Rm
Secured debt						
Repayable in quarterly instalments ending August 2024	Secured by property, plant and equipment with a carrying value of R4 999 million (2019 – R4 183 million).	Base Chemicals	US dollar	**Libor + 2,5%**	**3 209**	2 735
Repayable in bi-annual instalments ending June 2022	Secured by property, plant and equipment with a carrying value of R4 450 million (2019 – R4 941 million)	Energy (ROMPCO)*	Rand		**–**	2 590
Repayable in bi-annual instalments ending February 2030	Secured by shares, property, plant and equipment with a carrying value of R1 821 million (2019 – R1 480 million)	Energy (CTRG)	US dollar	**Libor + 5,5%**	**1 226**	1 093
		Various	Various	**Various**	**173**	184
					4 608	6 602

* The Rompco debt was transferred to disposal groups held for sale. Refer note 12.

** Unless specified interest rate remained unchanged year-on-year.

Terms of repayment	Business	Currency	Interest rate at 30 June 2020**	2020 Rm	2019 Rm
Unsecured debt					
Various repayment terms ending April 2031	Various	Various	**Various**	**949**	1 779
Various repayment terms	Energy	Rand	**Fixed 8%**	**659**	626
Repayable in August 2022	Group Functions (Sasol Financing)	Rand	**Variable 3 months Jibar + 1,3%**	**2 197**	–
Various repayment terms from November 2021 to November 2024[1,2,3]	Group Functions (Sasol Financing International)	US dollar	**Fixed 4,5% and variable Libor + 1,60% to 2,90% (2019 – Libor +1%)**	**88 210**	63 548
Various repayment terms from June 2024 to September 2028[3,4]	Group Functions (Sasol Financing USA)	US dollar	**Fixed 5,8% to 6,5% and variable Libor + 1,6% to 2% (2019 – Libor + 1% – 1,4%)**	**71 201**	57 602
Total unsecured debt				**163 216**	123 555
Total long-term debt				**167 824**	130 157
Unamortised loan costs (amortised over period of debt using the effective interest rate method)				**(627)**	(588)
				167 197	129 569
Short-term portion of long-term debt				**(19 686)**	(2 219)
				147 511	127 350

1 Included in this amount is the US$1 billion (R17 billion) bond, with a fixed interest rate of 4,5% which is listed on the New York Stock Exchange and is recognised in Sasol Financing International Limited, a 100% owned subsidiary of the group. Sasol Limited has fully and unconditionally guaranteed the bond. There are no restrictions on the ability of Sasol Limited to obtain funds from the finance subsidiary by dividend or loan. The variable interest rate debt relates to the US$3,9 billion (R67,6 billion) revolving credit facility and the US$150 million (R2,6 billion) term loan.

2 During the year Sasol Financing International Limited, drew down US$1,9 billion to fund mainly the LCCP and repaid US$1,5 billion on its revolving credit facility.

3 Increases mainly due to translation of foreign operations.

4 Included in this amount is the US$2,25 billion (R39,6 billion) bonds, with fixed interest rates of 5,88% and 6,5% which are listed on the New York Stock Exchange and is recognised in Sasol Financing USA LLC, a 100% owned subsidiary of the group. Sasol Limited has fully and unconditionally guaranteed the bond. There are no restrictions on the ability of Sasol Limited to obtain funds from the finance subsidiary by dividend or loan. The variable interest rate debt relates to the US$1,65 billion (R28,6 billion) term loan and US$150 million (R2,6 million) revolving credit facility.

30 June 2020	Expiry date	Currency	Contract amount million	Total Rand equivalent Rm	Utilised facilities Rm	Available facilities Rm
Banking facilities and debt arrangements						
Group treasury facilities						
Commercial paper (uncommitted)[1]	None	Rand	8 000	8 000	2 176	5 824
Commercial banking facilities[2]	None	Rand	9 000	9 000	4 750	4 250
Revolving credit facility[3]	Various	US dollar	3 900	67 571	67 138	433
Revolving credit facility	June 2024	US dollar	150	2 599	2 599	–
Debt arrangements						
US Dollar Bond	November 2022	US dollar	1 000	17 326	17 326	–
US Dollar Bond	March 2024	US dollar	1 500	25 989	25 989	–
US Dollar Bond	September 2028	US dollar	750	12 995	12 995	–
US Dollar term loan	June 2024	US dollar	1 650	28 588	28 588	–
US Dollar term loan	June 2021	US dollar	150	2 599	2 599	–
US Dollar Syndicated Loan facility[4]	June 2021	US dollar	1 000	17 326	17 326	–
Other Sasol businesses						
Specific project asset finance						
Energy – Clean Fuels II (Natref)	Various	Rand	1 838	1 838	1 838	–
Debt arrangements						
Other debt arrangements		Various	–	–	6 030	–
					189 354	10 507
Available cash excluding restricted cash						32 287
Total funds available for use						42 794

Total utilised facilities	189 354
Accrued interest	1 003
Unamortised loan cost	(627)
Total debt including accrued interest and unamortised loan cost	189 730
Comprising	
Long-term debt	147 511
Short-term debt[4]	41 574
Short-term debt	21 888
Short-term portion of long-term debt	19 686
Bank overdraft	645
	189 730

1 In August 2019, Sasol issued its inaugural paper to the value of R2 176 million in the local debt market under the current Domestic Medium Term Note (DMTN) programme, at 130 basis points above 3 month Jibar, repayable in August 2022.

2 These commercial banking facilities are included in short-term debt.

3 The RCF is available until November 2024, with total availability reducing to US$3,495 billion by November 2022 and to US$2,845 billion by November 2023.

4 In November 2019 Sasol secured a US$1 billion syndicated loan facility for up to 18 months. The syndicated loan is included in short-term debt and matures in June 2021.

Loan covenant amendment

Lenders agreed to waive Sasol's Net Debt : Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) covenant as at 30 June 2020 and to increase the maximum Net Debt : EBITDA covenant to 4 times for the 31 December 2020 measurement period, subject to certain conditions that include restrictions on capital expenditure and dividend payments. Sasol will also reduce the size of its loan facilities as debt levels are reduced. We have classified US$1 billion of the US$3,9 billion RCF as short-term in anticipation of proceeds from our asset divestment process. Proceeds will be utilised to repay the syndicated loan and reduce the RCF.

Accounting policies:

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest rate method. A debt modification gain or loss is recognised immediately when a debt measured at amortised cost has been modified.

for the year ended 30 June	Note	2020 Rm	2019* Rm
18 Lease liabilities			
Total long-term lease liabilities**		**17 719**	7 770
Short-term portion		**(1 894)**	(325)
		15 825	7 445
Reconciliation			
Balance at beginning of year		**7 770**	7 624
Adjustment on initial application of IFRS 16		**9 337**	–
Restated balance at beginning of year		**17 107**	7 624
Finance leases acquired		**3 286**	118
Payments made on lease liabilities		**(2 061)**	(345)
Transfer to liabilities held for sale		**(2 214)**	–
Termination of lease liability		**(410)**	–
Interest accrued	8	**332**	108
Translation effect of foreign currency leases		**93**	212
Translation of foreign operations		**1 586**	53
Balance at end of year		**17 719**	7 770
Business segmentation			
Mining		**11**	–
Exploration and Production International		**944**	–
Energy		**2 329**	3 808
Base Chemicals		**5 308**	2 888
Performance Chemicals		**5 543**	1 071
Group Functions		**3 584**	3
Total operations		**17 719**	7 770

* 2019 includes finance leases under IAS 17.

** Not included in the above is an amount of R757 million relating to short-term lease expenses for the year.

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2020	2020 Rm	2019 Rm
Lease liabilities*						
Repayable in monthly instalments over 15 to 30 years ending December 2050	Secured by buildings with a carrying value R1 676 million (2019 – R1 461 million)	Energy	Rand	**Fixed 6,25% to 16,58% and variable 8% to 9,5%**	**1 947**	1 643
Repayable in monthly instalments over 20 years ending September 2036	Not secured	Various	Rand	**Fixed 10,94%**	**3 583**	–
Repayable in monthly instalments over 1 to 47 years ending October 2067	Secured by land, plant and equipment with a carrying value R3 632 million (2019 – R5 908 million)	Energy, Exploration and Production International, Base and Performance Chemicals	Various	**Fixed 1% to 15,35% and variable 10,62%**	**10 411**	6 030
Other lease liabilities	Underlying assets	Various	Various	**Various**	**1 778**	97
					17 719	7 770

* The Group's lease liabilities relate to corporate office buildings in Sandton and Houston, rail yard, rail cars, retails convenience centres and storage facilities.

Operating leases – Minimum future lease payments for 2019

In 2019, the group leases buildings under long-term non-cancellable operating lease agreements and also rents offices and other equipment under operating leases that are cancellable at various short-term notice periods by either party.

for the year ended 30 June	2019 Rm
Property, plant and equipment	
Within one year	2 276
One to five years	6 089
More than five years	15 716
Total minimum future lease payments	24 081

Included in operating leases is the following:

- The lease for the Sasol Corporate office building. The lease term is 20 years with an option to extend for a further five years. This is a significant lease for the group.
- The rental of a rail cars for our North American Operations. The lease period varies from 12 to 18 years with an option to extend for a further six years.

Areas of judgement:

Various factors are considered in assessing whether an arrangement contains a lease including whether a service contract includes the implicit right to substantially all of the economic benefits from assets used in providing the service and whether the group directs how and for what purpose such assets are used. In performing this assessment, the group considers decision-making rights that will most affect the economic benefits that will be derived from the use of the asset such as changing the type, timing, or quantity of output that is produced by the asset.

Incorporating optional lease periods where there is reasonable certainty that the option will be extended is subject to judgement and has an impact on the measurement of the lease liability and related right of use asset. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option, including consideration of the significance of the underlying asset to the operations and the expected remaining useful life of the operation where the leased asset is used.

The incremental borrowing rate that the group applies is the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions. The estimation of the incremental borrowing rate is determined for each lease contract using the risk-free rate over a term matching that of the lease, adjusted for other factors such as the credit rating of the lessee, a country risk premium and the borrowing currency. A higher incremental borrowing rate would lead to the recognition of a lower lease liability and corresponding right of use asset.

18 Lease liabilities continued

Accounting policies:

IFRS 16 applicable in 2020:

At contract inception all arrangements are assessed to determine whether it is, or contains, a lease. At the commencement date of the lease, the group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised;
- payments of penalties for terminating the lease, if the lease term reflects the group exercising the option to terminate; and
- lease payments to be made under reasonably certain extension options.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are capitalised as part of the cost of inventories or assets under construction) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. The incremental borrowing rate is the rate that the group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The group applies the recognition exemptions to short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses over the lease term.

IAS 17 applicable in 2019 and before:

Arrangements that are, or contain, leases are classified as either finance or operating leases. Finance leases, which transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

19 Short-term debt

for the year ended 30 June	Note	2020 Rm	2019 Rm
Short-term debt[1, 2]		**21 888**	1 239
Short-term portion of			
long-term debt[3]	17	**19 686**	2 219
lease liabilities	18	**1 894**	325
		43 468	3 783

1 In November 2019 Sasol secured a R17 billion (US$1 billion) syndicated loan facility for up to 18 months. The syndicated loan matures in June 2021. Short-term debt raised of R19,9 billion mainly relates to the syndicated loan and commercial facilities draw down.

2 Sasol Financing drew down R4,3 billion on its commercial banking facilities.

3 R17 billion (US$ 1 billion) of the R67,6 billion (US$ 3,9 billion) RCF was classified as short-term in anticipation of proceeds from our asset disposals being utilised to repay debt in accordance with the covenant waiver agreement.

CAPITAL ALLOCATION AND UTILISATION

INVESTING ACTIVITIES

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
20 Property, plant and equipment					
Carrying amount at 30 June 2019	4 202	15 434	185 235	28 678	**233 549**
Transfer of finance lease assets to right of use assets on initial application of IFRS 16	(6)	(1 475)	(5 936)	–	**(7 417)**
Adjusted carrying amount at 1 July 2019	4 196	13 959	179 299	28 678	**226 132**
Additions	34	59	1 039	1 230	**2 362**
to sustain existing operations	34	42	825	1 230	**2 131**
to expand operations	–	17	214	–	**231**
Net reclassification (to)/from other assets	(11)	(295)	447	(4)	**137**
Reduction in rehabilitation provisions capitalised (note 35)	–	–	(23)	(160)	**(183)**
Projects capitalised	920	3 035	120 616	3 378	**127 949**
Reclassification to held for sale (note 12)	(112)	(2 350)	(61 754)	–	**(64 216)**
Translation of foreign operations	842	2 091	23 761	230	**26 924**
Disposals and scrapping	(268)	(6)	(484)	(18)	**(776)**
Current year depreciation charge	–	(720)	(15 816)	(3 291)	**(19 827)**
Net impairment of property, plant and equipment (note 10)	(10)	(3 819)	(90 203)	–	**(94 032)**
Carrying amount at 30 June 2020	**5 591**	**11 954**	**156 882**	**30 043**	**204 470**

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
Carrying amount at 30 June 2018	2 744	8 537	127 336	28 840	167 457
Additions	6	395	959	1 360	2 720
to sustain existing operations	6	76	959	1 360	2 401
to expand operations	–	319	–	–	319
Net reclassification (to)/from other assets	(6)	19	(97)	(306)	(390)
Reduction in rehabilitation provisions capitalised (note 35)	–	–	(1)	–	(1)
Projects capitalised	1 452	7 281	83 768	3 583	96 084
Reclassification to held for sale	(8)	(57)	(438)	–	(503)
Translation of foreign operations	36	4	(182)	78	(64)
Disposals and scrapping	(22)	(90)	(547)	(49)	(708)
Current year depreciation charge	–	(643)	(13 607)	(3 285)	(17 535)
Net impairment of property, plant and equipment	–	(12)	(11 956)	(1 543)	(13 511)
Carrying amount at 30 June 2019	4 202	15 434	185 235	28 678	233 549

Up to and including financial year 2019, Sasol recognised lease assets that were classified as finance leases under IAS 17 Leases as part of Property, Plant and Equipment. From financial year 2020 assets recognised under IFRS 16 Leases are disclosed separately in note 22, Right of use assets.

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
2020					
Cost	**5 844**	**21 418**	**325 837**	**84 822**	**437 921**
Accumulated depreciation and impairment	**(253)**	**(9 464)**	**(168 955)**	**(54 779)**	**(233 451)**
	5 591	**11 954**	**156 882**	**30 043**	**204 470**
2019					
Cost	4 403	23 034	316 548	74 769	418 754
Accumulated depreciation and impairment	(201)	(7 600)	(131 313)	(46 091)	(185 205)
	4 202	15 434	185 235	28 678	233 549
2018					
Cost	3 036	15 652	239 262	70 386	328 336
Accumulated depreciation and impairment	(292)	(7 115)	(111 926)	(41 546)	(160 879)
	2 744	8 537	127 336	28 840	167 457

for the year ended 30 June	2020 Rm	2019 Rm
Business segmentation		
Mining	**23 787**	23 540
Exploration and Production International	**7 244**	6 076
Energy	**27 167**	48 924
Base Chemicals	**39 269**	77 339
Performance Chemicals	**103 781**	74 313
Group Functions	**3 222**	3 357
Total operations	**204 470**	233 549

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
Additions to property, plant and equipment (cash flow)			
Current year additions	**2 362**	2 720	6 992
Adjustments for non-cash items	**(1 761)**	(1 491)	(6 278)
movement in environmental provisions capitalised	**(1 761)**	(1 387)	(178)
movement in long-term debt*	**–**	(104)	(6 100)
Per the statement of cash flows	**601**	1 229	714

* 2018, additions include the Air Separation Unit at SSO of R3,4 billion and the Lake Charles Chemical Project rail yard and wash bay leases of R1,8 billion that commenced during the year.

for the year ended 30 June	2019 Rm
Leased assets	
Carrying value of capitalised leased assets (included in plant, equipment and vehicles)	7 423
cost	9 316
accumulated depreciation	(1 893)

Sasol applied the modified retrospective transition approach for the adoption of IFRS 16 Leases. Comparative information is not restated and continues to be presented as previously reported under IAS 17 Leases.

20 Property, plant and equipment continued

for the year ended 30 June	2020 Rm	2019 Rm
Capital commitments (excluding equity accounted investments)		
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	**260 620**	212 848
Authorised but not yet contracted for	**21 136**	43 097
Less expenditure to the end of year	**(249 806)**	(195 850)
	31 950	60 095
to sustain existing operations	**26 305**	29 654
to expand operations	**5 645**	30 441
Estimated expenditure		
Within one year	**15 578**	32 194
One to five years	**16 372**	27 901
	31 950	60 095
Business segmentation		
Mining	**2 352**	2 372
Exploration and Production International	**3 597**	19 795
Energy	**9 237**	10 390
Base Chemicals	**11 013**	16 504
Performance Chemicals	**5 326**	10 434
Group Functions	**425**	600
Total operations	**31 950**	60 095

Significant capital commitments at 30 June comprise of:

Project	Project location	Business segment	2020 Rm	2019 Rm
Lake Charles Chemicals Project*	United States	Base and Performance Chemicals	**1 297**	11 856
Dispersal drum dryers	United States	Base and Performance Chemicals	**944**	–
Mozambique exploration and development	Mozambique	Exploration and Production International	**3 353**	17 375
Sixth fine ash dam	Secunda	Energy	**1 573**	2 302
Shutdown and major statutory maintenance	Various	Energy, Base and Performance Chemicals	**3 247**	5 949
Renewal projects	Secunda and Sasolburg	Energy, Base and Performance Chemicals	**1 702**	4 578
Renewal projects	Germany	Base and Performance Chemicals	**256**	–
Mulalo project	Secunda	Energy, Base and Performance Chemicals	**1 329**	1 329
Boiler automation	Secunda	Energy, Base and Performance Chemicals	**299**	–
Environmental projects	Secunda	Energy, Base and Performance Chemicals	**1 007**	–
Steam Station 2 NOx Abatement	Sasolburg	Base and Performance Chemicals	**900**	1 168
Ammonia storage facility	Sasolburg	Base Chemicals	**650**	–
Steam Station 1 Air Quality Compliance	Sasolburg	Base and Performance Chemicals	**1 405**	577
Mozambique drilling campaign and infield compression	Mozambique	Exploration and Production International	**93**	915
Clean fuels II: To meet legislated fuel specifications	Secunda	Energy	**1 375**	418
Network development	Various	Energy	**290**	–
Specialised stonework equipment	Secunda	Mining	**320**	–
Laboratory expansion	Germany	Base and Performance Chemicals	**351**	–
Road and rail automation system	Secunda	Base and Performance Chemicals	**126**	–
China Ethoxylation plant	China	Performance Chemicals	**–**	135
Refurbishment of equipment	Secunda	Mining	**812**	409
Natcos to Multi Product Pipeline project	Durban	Energy	**110**	–
Natcos tank programme	Durban	Energy	**131**	–
Etame field development	Gabon	Exploration and Production International	**113**	380
Mine geographical expansions	Secunda	Mining	**478**	406
Natref air quality compliance projects	Sasolburg	Energy	**252**	353
Impumelelo Colliery to maintain Brandspruit Colliery operation	Secunda	Mining	**176**	220
Coal tar filtration east and west project	Secunda	Energy, Base and Performance Chemicals	**138**	356
Other capital commitments	Various	Various	**9 223**	11 369
			31 950	60 095

* The LCCP capital commitment excludes the remaining contingency of US$113 million. The approved amount for the LCCP is US$12,9 billion with the overall cost estimate tracking US$12,8 billion.

20 Property, plant and equipment continued

Accounting policies:

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items.

Depreciation of mineral assets on producing oil and gas properties is based on the units-of-production method calculated using estimated proved developed reserves.

Life-of-mine coal assets are depreciated using the units-of-production method and is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Other coal mining assets are depreciated on the straight-line method over their estimated useful lives.

Depreciation of property acquisition costs, capitalised as part of mineral assets in property, plant and equipment, is based on the units-of-production method calculated using estimated proved reserves.

Property, plant and equipment, other than mineral assets, is depreciated to its estimated residual value on a straight-line basis over its expected useful life.

Areas of judgement:

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management.

The following depreciation rates apply in the group:

Buildings and improvements	1 – 17%, units of production over life of related reserve base
Retail convenience centres	3 – 5 %
Plant	2 – 50 %
Equipment	3 – 91 %
Vehicles	5 – 33 %
Mineral assets	Units of production over life of related reserve base
Life-of-mine coal assets	Units of production over life of related reserve base

21 Assets under construction

for the year ended 30 June	Property plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	Total Rm
Balance as at 30 June 2019	126 327	627	810	**127 764**
Transfer of finance lease assets to right of use assets on initial application of IFRS 16	(71)	–	–	**(71)**
Adjusted carrying amount at 1 July 2019	126 256	627	810	**127 693**
Additions	35 186	485	59	**35 730**
to sustain existing operations	18 564	453	–	**19 017**
to expand operations	16 622	32	59	**16 713**
Net reclassification from/(to) other assets	(107)	179	(89)	**(17)**
Finance costs capitalised	3 520	–	–	**3 520**
Net impairment of assets under construction (note 10)	(13 399)	–	43	**(13 356)**
Reclassification to disposal groups held for sale (note 12)	(9 497)	–	–	**(9 497)**
Projects capitalised	(127 949)	(543)	–	**(128 492)**
Translation of foreign operations	12 773	92	11	**12 876**
Disposals and scrapping*	(531)	–	(124)	**(655)**
Balance at 30 June 2020	**26 252**	**840**	**710**	**27 802**

* Determining as to whether, and how much, cost incurred on a project is abnormal and needs to be scrapped, involves judgement. The factors considered by management include the scale and complexity of the project, the technology being applied and input from experts.

for the year ended 30 June	Property plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	Total Rm
Balance as at 30 June 2018	163 783	1 125	453	165 361
Additions	52 786	289	67	53 142
to sustain existing operations	21 739	245	–	21 984
to expand operations	31 047	44	67	31 158
Net reclassification from/(to) other assets	(93)	–	323	230
Finance costs capitalised	6 942	–	–	6 942
Net impairment of assets under construction	(3 973)	–	(34)	(4 007)
Reclassification to disposal groups held for sale	(153)	–	–	(153)
Projects capitalised	(96 084)	(816)	–	(96 900)
Translation of foreign operations	3 971	29	1	4 001
Disposals and scrapping*	(852)	–	–	(852)
Balance at 30 June 2019	126 327	627	810	127 764

* Determining as to whether, and how much, cost incurred on a project is abnormal and needs to be scrapped, involves judgement. The factors considered by management include the scale and complexity of the project, the technology being applied and input from experts.

21 Assets under construction continued

for the year ended 30 June	2020 Rm	2019 Rm
Business segmentation		
Mining	**2 530**	2 268
Exploration and Production International	**9 381**	7 426
Energy	**5 644**	7 698
Base Chemicals	**5 576**	60 927
Performance Chemicals	**4 090**	48 764
Group Functions	**581**	681
Total operations	**27 802**	127 764

for the year ended at 30 June	2020 Rm	2019 Rm	2018 Rm
Additions to assets under construction (cash flow)			
Current year additions	**35 730**	53 142	52 806
Adjustments for non-cash items	**(1 186)**	1 410	(171)
cash flow hedge accounting	**–**	–	1
movement in environmental provisions capitalised	**(1 186)**	(537)	(172)
movement in long-term debt	**–**	(13)	–
LCCP investment incentives	**–**	1 960	–
Per the statement of cash flows*	**34 544**	54 552	52 635

Capital expenditure

	2020 Rm	2019 Rm
Projects to sustain operations comprise of:		
Secunda Synfuels Operations	**7 277**	10 315
Shutdown and major statutory maintenance	**3 671**	4 825
Renewals	**1 149**	1 880
Sixth fine ash dam (environmental)	**729**	1 417
Volatile organic compounds abatement programme (environmental)	**304**	141
Coal tar filtration east project (safety)	**249**	329
Other environmental related expenditure	**241**	170
Other safety related expenditure	**129**	556
Other sustain	**805**	997
Mining (Secunda and Sasolburg)	**2 839**	2 894
Impumelelo Colliery to maintain Brandspruit Colliery operation	**41**	157
Refurbishment of equipment	**696**	674
Mine geographical expansion	**671**	605
Other safety related expenditure	**197**	355
Other sustain	**1 234**	1 103
Other (in various locations)	**8 901**	8 758
Expenditure related to environmental obligations	**1 103**	590
Expenditure incurred relating to safety regulations	**176**	283
Other sustain	**7 622**	7 885
Capital expenditure cash flow*	**19 017**	21 967

* Excludes finance costs capitalised to assets under construction.

Capital expenditure

Projects to expand operations comprise of:	Project location	Business segment	2020 Rm	2019 Rm
Lake Charles Chemicals Project*	United States	Base and Performance Chemicals	**13 807**	30 289
Mozambique exploration and development	Mozambique	Exploration and Production International	**211**	221
China Ethoxylation plant	China	Performance Chemicals	**18**	489
Canadian shale gas asset	Canada	Exploration and Production International	**132**	141
Other projects to expand operations	Various	Various	**1 359**	1 445
Capital expenditure (cash flow)			**15 527**	32 585

* Actual capital expenditure (accrual basis) – 30 June 2020 – US$880 million; 30 June 2019 – US$2,2 billion.

Accounting policies:

Assets under construction

Assets under construction are non-current assets, which includes land and expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment, intangible assets and exploration assets. The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated proportion of project overheads. Cost also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs to the extent that they relate to the construction of the asset as well as gains or losses on qualifying cash flow hedges attributable to that asset. When regular major inspections are a condition of continuing to operate an item of property, plant and equipment, and plant shutdown costs will be incurred, an estimate of these shutdown costs are included in the carrying value of the asset at initial recognition. Land acquired, as well as costs capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under construction.

Finance expenses in respect of specific and general borrowings are capitalised against qualifying assets as part of assets under construction. Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of finance expenses eligible for capitalisation on that asset is the actual finance expenses incurred on the borrowing during the period less any investment income on the temporary investment of those borrowings.

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of finance expenses eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate of 4,9% is calculated as the weighted average of the interest rates applicable to the borrowings of the group that are outstanding during the period, including borrowings made specifically for the purpose of obtaining qualifying assets once the specific qualifying asset is ready for its intended use. The amount of finance expenses capitalised will not exceed the amount of borrowing costs incurred.

Exploration assets

Exploration assets comprise capitalised expenditure relating to the exploration for and evaluation of mineral resources (coal, oil and gas). Mineral assets comprise capitalised expenditure relating to producing coal, oil and gas properties, including development costs and previously capitalised exploration assets.

21 Assets under construction continued

Oil and gas

The successful efforts method is used to account for natural oil and gas exploration, evaluation and development activities.

Property and licence acquisition costs as well as development cost, including expenditure incurred to drill and equip development wells on proved properties, are capitalised as part of assets under construction and transferred to mineral assets in property, plant and equipment when the assets begin producing.

On completion of an exploratory well or exploratory-type stratigraphic test well, the entity will be able to determine if there are oil or gas resources. The classification of resources as proved reserves depends on whether development of the property is economically feasible and recoverable in the future, under existing economic and operating conditions, and if any major capital expenditure to develop the property as a result of sufficient quantities of additional proved reserves being identified is justifiable, approved and recoverable.

The cost of exploratory wells, through which potential proved reserves may be or have been discovered and the associated exploration costs are capitalised as exploration and evaluation assets in assets under construction. These costs remain capitalised pending the evaluation of results and the determination of whether there are proved reserves.

The following conditions must be met for these exploration costs to remain capitalised:

- Sufficient progress is being made in assessing the oil and gas resources, including assessing the economic and operating viability with regards to developing the property.
- It has been determined that sufficient oil and gas resources or reserves exist which are economically viable based on a range of technical and commercial considerations to justify the capital expenditure required for the completion of the well as a producing well, either individually or in conjunction with other wells.

Progress in this regard is reassessed at each reporting date and is subject to technical, commercial and management review to ensure sufficient justification for the continued capitalisation of such qualifying exploration and evaluation expenditure as an exploration and evaluation asset as part of assets under construction. If both of the above conditions are not met or if information is obtained that raise substantial doubt about the economic or operating viability, the costs are charged to the income statement.

Exploratory wells and exploratory-type stratigraphic test wells can remain suspended on the statement of financial position for several years while additional activity including studies, appraisal, drilling and/or seismic work on the potential oil and gas field is performed or while the optimum development plans and timing are established in the absence of impairment indicators.

Coal mining

Coal mining exploration and evaluation expenditure is charged to the income statement until completion of a final feasibility study supporting proved and probable coal reserves. Expenditure incurred subsequent to proved and probable coal reserves being identified is capitalised as exploration assets in assets under construction.

Expenditure on producing mines or development properties is capitalised when excavation or drilling is incurred to extend reserves or further delineate existing proved and probable coal reserves. All development expenditure incurred after the commencement of production is capitalised to the extent that it gives rise to probable future economic benefits.

A unit is considered to be produced once it has been removed from underground and taken to the surface, passed the bunker and has been transported by conveyor over the scale of the shaft head. The calculation is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Inaccessible reserves are excluded from the calculation.

22 Right of use assets

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
Carrying amount at 30 June 2019	–	–	–	–	**–**
Recognition of right of use assets on initial application of IFRS 16	433	6 490	9 118	4	**16 045**
Adjusted carrying amount at 1 July 2019	433	6 490	9 118	4	**16 045**
Additions	8	407	3 046	5	**3 466**
Reclassification to held for sale	(2)	(7)	(1 166)	–	**(1 175)**
Translation of foreign operations	83	332	1 281	–	**1 696**
Terminations	–	(14)	(586)	–	**(600)**
Current year depreciation charge	(25)	(662)	(1 605)	(2)	**(2 294)**
Net impairment of right of use assets (note 10)	(313)	(100)	(2 909)	–	**(3 322)**
Carrying amount at 30 June 2020	**184**	**6 446**	**7 179**	**7**	**13 816**

Up to and including financial year 2019, Sasol recognised lease assets that were classified as finance leases under IAS 17 Leases as part of Property, Plant and Equipment.

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
2020					
Cost	**523**	**8 046**	**10 954**	**9**	19 532
Accumulated depreciation and impairment	**(339)**	**(1 600)**	**(3 775)**	**(2)**	(5 716)
	184	**6 446**	**7 179**	**7**	13 816

for the year ended 30 June	2020 Rm
Business segmentation	
Mining	10
Exploration and Production International	888
Energy	1 941
Base Chemicals	3 430
Performance Chemicals	5 118
Group Functions	2 429
Total operations	13 816

Accounting policies:

IFRS 16 applicable in 2020:

Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying asset’s useful life. The depreciation charge is recognised in the income statement unless it is capitalised as part of the cost of inventories or assets under construction.

The right of use assets are also subject to impairment. Refer to the accounting policies in the note on Remeasurement items affecting profit or loss.

for the year ended 30 June	2020 Rm	2019 Rm

23 Long-term receivables and prepaid expenses

	2020 Rm	2019 Rm
Total long-term receivables	**7 411**	6 007
Impairment of long-term receivables*	**(442)**	(211)
Short-term portion	**(1 170)**	(214)
	5 799	5 582
Long-term prepaid expenses	**636**	735
	6 435	6 317
Comprising:		
Long-term receivables (interest-bearing) – joint operations	**1 608**	1 252
Long-term loans	**2 822**	2 370
LCCP investment incentives	**1 369**	1 960
	5 799	5 582

***Impairment of long-term loans and receivables**

Long-term loans and receivables are considered for impairment under the expected credit loss model. Refer to note 43 for detail on the impairments recognised.

for the year ended 30 June	2020 Rm	2019 Rm

24 Equity accounted investments

	2020 Rm	2019 Rm
Amounts recognised in the statement of financial position:		
Investments in joint ventures and associates	**11 812**	9 866

for the year ended 30 June	2020 Rm	2019 Rm
Business segmentation		
Mining	**13**	5
Energy	**10 887**	9 449
Base Chemicals*	**767**	273
Performance Chemicals	**16**	16
Group Functions	**129**	123
Total carrying value of equity accounted investments	**11 812**	9 866

* The increase relates to the 49% investment in Enaex Africa (Pty) Ltd after the disposal of the explosives business.

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
Amounts recognised in the income statement:			
Share of (losses)/profits of equity accounted investments, net of tax	**(347)**	1 074	1 443
share of (losses)/profits	**(347)**	1 089	1 454
remeasurement items	**–**	(15)	(11)
Amounts recognised in the statement of cash flows:			
Dividends received from equity accounted investments	**208**	1 506	1 702

There are no significant restrictions on the ability of the joint ventures or associate to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

Impairment testing of equity accounted investments

Based on impairment indicators at each reporting date, impairment tests in respect of investments in joint ventures and associates are performed. The recoverable amount of the investment is compared to the carrying amount, as described in note 10, to calculate the impairment.

At 30 June, the group's interest in equity accounted investments and the total carrying values were:

Name	Country of incorporation	Nature of activities	Interest %	2020 Rm	2019 Rm
Joint ventures					
ORYX GTL Limited	Qatar	GTL plant	**49**	**10 511**	8 239
Sasol Dyno Nobel (Pty) Ltd	South Africa	Manufacturing and distribution of explosives	**50**	**255**	273
Sasol Chevron Holdings Limited	Bermuda	Marketing of Escravos GTL products	**50**	**159**	274
Associates					
Enaex Africa (Pty) Ltd*	South Africa	Manufacturing and distribution of explosives	**49**	**512**	–
Escravos GTL (EGTL)**	Nigeria	GTL plant	**–**	**–**	753
Other equity accounted investments			**Various**	**375**	327
Carrying value of investments				**11 812**	9 866

* On 30 June 2020, Sasol formed an entity Enaex Africa (Pty) Ltd, with Enaex S.A. (Enaex), a subsidiary of the Sigdo Koppers Group, with Enaex taking responsibility for the management and operational control of the associate.

** The group sold its 10% investment in EGTL on 29 June 2020. Refer note 11.

Summarised financial information for the group's share of equity accounted investments which are not material**

for the year ended 30 June	2020 Rm	2019 Rm
Operating (loss)/profit	**(674)**	13
Loss before tax	**(665)**	(2)
Taxation	**(20)**	(56)
Loss and total comprehensive loss for the year	**(685)**	(58)

** The financial information provided represents the group's share of the results of the equity accounted investments.

Capital commitments relating to equity accounted investments

	2020 Rm	2019 Rm
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	**1 936**	715
Authorised but not yet contracted for	**1 089**	1 100
Less: expenditure to the end of year	**(1 748)**	(532)
	1 277	1 283

Areas of judgement:

Joint ventures and associates are assessed for materiality in relation to the group using a number of factors such as investment value, strategic importance and monitoring by those charged with governance.

ORYX GTL is considered to be material as it is closely monitored and reported on to the decision makers and is considered to be a strategically material investment.

24 Equity accounted investments continued

Summarised financial information for the group's material equity accounted investments

In accordance with the group's accounting policy, the results of joint ventures and associates are equity accounted. The information provided below represents the group's material joint venture. The financial information presented includes the full financial position and results of the joint venture and includes intercompany transactions and balances.

	Joint venture	
	ORYX GTL Limited	
for the year ended 30 June	2020 Rm	2019 Rm
Summarised statement of financial position		
Non-current assets	**17 236**	11 964
Deferred tax asset	**636**	22
Current assets	**7 217**	6 722
Total assets	**25 089**	18 708
Other non-current liabilities	**974**	378
Other current liabilities	**2 663**	1 337
Tax payable	**–**	100
Total liabilities	**3 637**	1 815
Net assets	**21 452**	16 893
Summarised income statement		
Turnover	**7 279**	9 977
Depreciation and amortisation	**(1 424)**	(1 420)
Other operating expenses	**(4 707)**	(5 039)
Operating profit before interest and tax	**1 148**	3 518
Finance income	**31**	33
Finance cost	**(84)**	(3)
Profit before tax	**1 095**	3 548
Taxation	**(492)**	(607)
Profit and total comprehensive income for the year	**603**	2 941
The group's share of profits of equity accounted investment	**338**	1 131
49% share of profit before tax	**536**	1 738
Taxation*	**(198)**	(607)
Reconciliation of summarised financial information		
Net assets at the beginning of the year	**16 893**	17 001
Profit before tax for the year	**1 095**	3 548
Taxation*	**(483)**	(607)
Foreign exchange differences	**3 947**	490
Dividends paid	**–**	(3 539)
Net assets at the end of the year	**21 452**	16 893
Additional Sasol specific liabilities*	**–**	(79)
Adjusted net assets at the end of the period	**21 452**	16 814
Carrying value of equity accounted investment	**10 511**	8 239

* From 29 April 2017 to 31 December 2018, as a result of tax regulations, tax was levied only on Sasol's share of profits at a rate of 35%.

The year-end for ORYX GTL Limited is 31 December, however the group uses the financial information at 30 June.

The carrying value of the investment represents the group's interest in the net assets thereof.

Contingent liabilities

There were no contingent liabilities at 30 June 2020 relating to our joint ventures or associates.

Accounting policies:

The financial results of associates and joint ventures are included in the group's results according to the equity method from acquisition date until the disposal date. Under the equity method, investments in associates and joint ventures are recognised initially at cost. Subsequent to the acquisition date, the group's share of profits or losses of associates and joint ventures is charged to the income statement as equity accounted earnings and its share of movements in equity reserves is recognised as other comprehensive income or equity as appropriate. A joint venture is a joint arrangement in which the parties have joint control with rights to the net assets of the arrangement. An associate is an entity, other than a subsidiary, joint venture or joint operation, in which the group has significant influence, but no control or joint control, over financial and operating policies. Associates and joint ventures whose financial year-ends are within three months of 30 June are included in the consolidated financial statements using their most recently audited financial results. Adjustments are made to the associates' and joint ventures financial results for material transactions and events in the intervening period.

25 Interest in joint operations

At 30 June, the group's interest in material joint operations were:

Name	Country of incorporation	Nature of activities	% of equity owned 2020	2019
Gemini HDPE LLC	United States of America	Manufactures high density polyethylene chemicals	**50**	50
Sasol Canada	Canada	Development of shale gas reserves and production and marketing of shale gas	**50**	50
Natref	South Africa	Refining of crude oil	**64**	64

The information provided is Sasol's share of joint operations (excluding unincorporated joint operations) and includes intercompany transactions and balances.

for the year ended 30 June	Gemini HDPE LLC Rm	Sasol Canada Rm	Natref Rm	Other* Rm	Total 2020 Rm	Total 2019 Rm
Statement of financial position						
External non-current assets	6 148	1 430	3 461	1 878	**12 917**	10 858
External current assets	82	191	325	1 084	**1 682**	1 651
Intercompany current assets	26	1	9	4	**40**	109
Total assets	6 256	1 622	3 795	2 966	**14 639**	12 618
Shareholders' equity	3 049	80	234	251	**3 614**	2 888
Long-term liabilities	2 958	1 446	2 823	1 997	**9 224**	8 001
Interest-bearing current liabilities	136	1	256	371	**764**	589
Non-interest-bearing current liabilities	113	95	268	81	**557**	737
Intercompany current liabilities	–	–	214	266	**480**	403
Total equity and liabilities	6 256	1 622	3 795	2 966	**14 639**	12 618
Income statement						
Turnover	527	341	2 157	1 196	**4 221**	4 135
Operating profit/(loss)	(129)	(133)	284	130	**152**	(2 323)
Other expenses	(160)	(19)	(207)	(159)	**(545)**	(444)
Net (loss)/profit before tax	(289)	(152)	77	(29)	**(393)**	(2 767)
Taxation	–	–	37	(103)	**(66)**	(62)
Attributable (loss)/profit	(289)	(152)	114	(132)	**(459)**	(2 829)
Statement of cash flows						
Cash flow from operations	1	(221)	956	272	**1 008**	1 337
Movement in working capital	11	(53)	(98)	71	**(69)**	(111)
Tax paid	–	–	(2)	(1)	**(3)**	(24)
Other expenses	(131)	–	(210)	(205)	**(546)**	(561)
Cash available from operations	(119)	(274)	646	137	**390**	641
Dividends paid	–	–	(166)	–	**(166)**	(230)
Cash retained from operations	(119)	(274)	480	137	**224**	411
Cash flow from investing activities	(708)	122	(519)	342	**(763)**	(843)
Cash flow from financing activities	825	(2)	77	(279)	**621**	(612)
Decrease/(Increase) in cash requirements	(2)	(154)	38	200	**82**	(1 044)

* Includes Central Térmica de Ressano Garcia (CTRG).

At 30 June 2020, the group's share of the total capital commitments of joint operations amounted to R700 million (2019 – R1 080 million).

26 Interest in significant operating subsidiaries

Sasol Limited is the ultimate parent of the Sasol group of companies. Our wholly-owned subsidiary, Sasol Investment Company (Pty) Ltd, a company incorporated in the Republic of South Africa, holds primarily our interests in companies incorporated outside of South Africa. The following table presents each of the group's significant subsidiaries (including direct and indirect holdings), the nature of activities, the percentage of shares of each subsidiary owned and the country of incorporation at 30 June.

There are no significant restrictions on the ability of the group's subsidiaries to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

			% of equity owned		Investment at cost (Rm)[1]	
Name	Country of incorporation	Nature of activities	2020	2019	2020	2019
Significant operating subsidiaries						
Direct						
Sasol Mining Holdings (Pty) Ltd	South Africa	Holding company of the group's mining interests	**100**	100	**9 163**	9 163
Sasol Technology (Pty) Ltd	South Africa	Engineering services, research and development and technology transfer	**100**	100	**316**	316
Sasol Financing Ltd	South Africa	Management of cash resources, investments and procurement of loans (for South African operations)	**100**	100	**422**	422
Sasol Investment Company (Pty) Ltd[2]	South Africa	Holding company for foreign investments	**100**	100	**67 656**	65 748
Sasol South Africa Ltd[3,4]	South Africa	Integrated petrochemicals and energy company	**100**	100	**39 809**	35 730
Sasol Middle East and India (Pty) Ltd	South Africa	Develop and implement international GTL and CTL ventures	**100**	100	**10 098**	10 092
Sasol Africa (Pty) Ltd	South Africa	Exploration, development, production, marketing and distribution of natural oil and gas and associated products	**100**	100	**8 069**	8 069
Sasol Oil (Pty) Ltd	South Africa	Marketing of fuels and lubricants	**75**	75	**694**	672
Sasol New Energy Holdings (Pty) Ltd	South Africa	Developing lower-carbon energy solutions	**100**	100	**792**	792

1 The cost of these investments represents the holding company's investment in the subsidiaries, which eliminate on consolidation and exclude impairments..

2 Increase relates to equity funding of the LCCP.

3 Increase relates to notional interest relating to Khanyisa transaction.

4 Sasol Khanyisa shareholders indirectly have an 18,4% shareholding in Sasol South Africa Limited. Once the Khanyisa funding is settled, the Sasol Khanyisa ordinary shares will be exchanged for Sasol BEE Ordinary (SOLBE1) shares listed on the empowerment segment of the JSE.

26 Interest in significant operating subsidiaries continued

Name	Country of incorporation	Nature of activities	% of equity owned 2020	2019
Significant operating subsidiaries				
Indirect				
The Republic of Mozambique Pipeline Investment Company (Pty) Ltd (ROMPCO)*	South Africa	Owning and operating of the natural gas transmission pipeline between Temane in Mozambique and Secunda in South Africa for the transportation of natural gas produced in Mozambique to markets in Mozambique and South Africa	**50**	50
Sasol Financing International Limited	South Africa	Management of cash resources, investment and procurement of loans (for our foreign operations)	**100**	100
Sasol Germany GmbH	Germany	Production, marketing and distribution of chemical products	**100**	100
Sasol Italy SpA	Italy	Trading and transportation of oil products, petrochemicals and chemical products and derivatives	**100**	100
Sasol Mining (Pty) Ltd	South Africa	Coal mining activities	**90**	90
Sasol Canada Holdings Limited	Canada	Exploration, development, production, marketing and distribution of natural oil and gas and associated products in Canada	**100**	100
Sasol Chemicals (USA) LLC	United States of America	Production, marketing and distribution of chemical products	**100**	100
Sasol Financing USA LLC	United States of America	Management of cash resources, investment and procurement of loans (for our North American operations)	**100**	100

* Through contractual arrangements Sasol exercises control over the relevant activities of Rompco. The Group has classified the assets and liabilities of Rompco as held for sale at 30 June 2020. Refer to note 12.

Our other interests in subsidiaries are not considered significant.

Non-controlling interests

The group has a number of subsidiaries with non-controlling interests, however none of them were material to the Statement of Financial position.

Guarantees

Sasol Limited has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements. The group has guaranteed the borrowing facilities and banking arrangements of certain of its subsidiaries.

Areas of judgement:

The disclosure of subsidiaries is based on materiality taking into account the contribution to turnover, assets of the group, and the way the business is managed and reported on.

Control is obtained when Sasol is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through our power over the subsidiary.

The financial results of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the exchange rate ruling at that date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognised as other comprehensive income and are included in the foreign currency translation reserve.

WORKING CAPITAL

for the year ended 30 June	2020 Rm	2019 Rm
27 Inventories		
Carrying value		
Crude oil and other raw materials	**3 513**	3 938
Process material	**1 868**	1 890
Maintenance materials	**6 376**	5 940
Work in progress	**2 108**	2 578
Manufactured products	**13 681**	15 087
Consignment inventory	**255**	213
	27 801	29 646
Business segmentation		
Mining	**1 963**	1 425
Exploration and Production International	**183**	163
Energy	**5 689**	7 826
Base Chemicals	**6 383**	7 684
Performance Chemicals	**13 558**	12 522
Group Functions	**25**	26
Total operations	**27 801**	29 646

The impact of lower sales prices resulted in a net realisable value write-down of R384 million in 2020 (2019 – R371 million).

Inventory of R3 294 million (2019 – R3 113 million) is held at net realisable value. No inventories were encumbered at 30 June 2020, (2019 – Rnil million).

Accounting policies:

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the greater of normal production capacity and actual production. The costs attributable to any inefficiencies in the production process are charged to the income statement as incurred.

By-products are incidental to the manufacturing processes, are usually produced as a consequence of the main product stream, and are immaterial to the group. Revenue from sale of by-products is offset against the cost of the main products.

Cost is determined as follows:

Crude oil and other raw materials	First-in-first-out valuation method (FIFO)
Process, maintenance and other materials	Weighted average purchase price
Work-in-progress	Manufacturing costs incurred
Manufactured products including consignment inventory	Manufacturing costs according to FIFO

28 Trade and other receivables

for the year ended 30 June	2020 Rm	2019 Rm
Trade receivables	**18 247**	23 237
Other receivables*	**4 310**	2 760
Related party receivables – equity accounted investments	**215**	67
Impairment of trade and other receivables	**(706)**	(453)
Trade and other receivables	**22 066**	25 611
Duties recoverable from customers	**366**	467
Prepaid expenses and other	**1 605**	1 425
Value added tax	**1 060**	1 075
	25 097	28 578

* The increase compared to prior year mainly relates to a portion of the LCCP investment incentives reclassified to short-term and proceeds on the EGTL disposal received after June 2020.

Impairment of trade receivables

Trade receivables are considered for impairment under the expected credit loss model. Trade receivables are written off when there is no reasonable prospect that the customer will pay. Refer to note 43 for detail on the impairments recognised.

No individual customer represents more than 10% of the group's trade receivables.

Fair value of trade receivables

The carrying value approximates fair value because of the short period to maturity of these instruments.

Collateral

The group holds no collateral over the trade receivables which can be sold or pledged to a third party.

	2020 Rm	2019 Rm
Business segmentation		
Mining	**201**	276
Exploration and Production International	**538**	497
Energy	**7 672**	10 357
Base Chemicals	**7 104**	7 603
Performance Chemicals	**8 140**	8 071
Group Functions	**1 442**	1 774
Total operations	**25 097**	28 578

Accounting policies:

Trade and other receivables are recognised initially at transaction price and subsequently stated at amortised cost using the effective interest rate method, less impairment losses. A simplified expected credit loss model is applied for recognition and measurement of impairments in trade receivables, where expected lifetime credit losses are recognised from initial recognition, with changes in loss allowances recognised in profit and loss. The group did not use a provisional matrix. Trade and other receivables are written off where there is no reasonable expectation of recovering amounts due. The trade receivables do not contain a significant financing component.

for the year ended 30 June	2020 Rm	2019 Rm

29 Trade and other payables

	2020 Rm	2019 Rm
Trade payables	**13 535**	15 749
Capital project related payables*	**3 516**	9 088
Accrued expenses	**3 837**	3 340
Related party payables	**276**	324
third parties	**88**	189
equity accounted investments	**188**	135
Trade payables	**21 164**	28 501
Other payables**	**7 188**	6 282
Duties payable to revenue authorities	**7 086**	4 450
Value added tax	**319**	233
	35 757	39 466

* Decrease as a result of reduced activity on the LCCP project as units reach beneficial operation.

** Other payables includes employee-related payables.

No individual vendor represents more than 10% of the group's trade payables.

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

Accounting policies:

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost. Capital project related payables are excluded from working capital, as the nature and risks of these payables are not considered to be aligned to operational trade payables.

30 Decrease/(increase) in working capital

	2020 Rm	2019 Rm	2018 Rm
Decrease/(increase) in inventories	**3 397**	(829)	(3 413)
Decrease/(increase) in trade receivables	**6 431**	37	(2 789)
(Decrease)/increase in trade payables	**(3 990)**	3 202	2 441
Decrease/(increase) in working capital	**5 838**	2 410	(3 761)

CASH MANAGEMENT

for the year ended 30 June	2020 Rm	2019 Rm
31 Cash and cash equivalents		
Cash and cash equivalents	**34 739**	15 877
Bank overdraft	**(645)**	(58)
Per the statement of cash flows	**34 094**	15 819
Cash by currency		
Rand	**14 281**	4 179
Euro	**2 602**	2 080
US dollar	**15 520**	7 992
Other currencies	**1 691**	1 568
	34 094	15 819

Included in cash and cash equivalents:

Cash in respect of various special purpose entities in the Group for use within those entities amounted to R187 million (2019 – R288 million) and cash in respect of short-term rehabilitation commitments amounted to R99 million.

Cash in respect of joint operations can only be utilised for the business activities of the joint operations. This includes Sasol's interests in the power plant in Mozambique R617 million (2019 – R322 million), the high-density polyethylene (HDPE) plant in North America of R40 million (2019 – R35 million) and R65 million (2019 – R227 million) relating to exploration and other ventures.

Other cash restricted for use of R799 million (2019 – R1 176 million) includes cash deposits serving as collateral for bank guarantees.

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

Accounting policies:

Cash and cash equivalents comprises cash on hand, cash restricted for use, bank overdraft, demand deposits and other short-term highly liquid investments with a maturity period of three months or less at date of purchase. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash restricted for use comprises cash and cash equivalents which are not available for general use by the group, including amounts held in escrow, trust or other separate bank accounts.

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm

32 Cash generated by operating activities

	Note	2020 Rm	2019 Rm	2018 Rm
Cash flow from operations	33	**36 546**	48 988	46 638
Decrease/(increase) in working capital	30	**5 838**	2 410	(3 761)
		42 384	51 398	42 877

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm

33 Cash flow from operations

	Note	2020 Rm	2019 Rm	2018 Rm
(Loss)/earnings before interest and tax (EBIT)		**(111 030)**	9 697	17 747
Adjusted for				
share of losses/(profits) of equity accounted investments	24	**347**	(1 074)	(1 443)
equity-settled share-based payment	39	**1 946**	1 659	3 776
depreciation and amortisation		**22 575**	17 968	16 425
effect of remeasurement items	10	**110 834**	18 645	9 901
movement in long-term provisions				
income statement charge	35	**(2 208)**	430	(596)
utilisation	35	**(734)**	(1 099)	(729)
movement in short-term provisions		**39**	(3)	25
movement in post-retirement benefits		**733**	635	(561)
translation effects		**6 098**	(199)	(121)
write-down of inventories to net realisable value		**384**	371	234
movement in financial assets and liabilities		**3 990**	864	2 415
movement in other receivables and payables		**3 057**	601	(244)
other non-cash movements		**515**	493	(191)
		36 546	48 988	46 638

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm

34 Dividends paid

	Note	2020 Rm	2019 Rm	2018 Rm
Final dividend – prior year		**10**	6 269	4 842
Interim dividend – current year		**21**	3 683	3 110
		31	9 952	7 952
Forecast cash flow on final dividend – current year		**–**	–	4 898

The Board did not declare a final or interim dividend during the year. Dividends paid relate to dividends paid by Sasol South Africa Limited to Sasol Khanyisa participants.

PROVISIONS AND RESERVES

PROVISIONS

for the year ended 30 June	Environ-mental Rm	Share-based payments* Rm	Other Rm	Total Rm

35 Long-term provisions

for the year ended 30 June	Environ-mental Rm	Share-based payments* Rm	Other Rm	Total Rm
2020				
Balance at beginning of year	18 742	264	954	**19 960**
Capitalised in property, plant and equipment and assets under construction**	2 947	–	–	**2 947**
Reduction in rehabilitation provision capitalised	(183)	–	–	**(183)**
Transfer to held for sale liabilities***	(303)	–	(1)	**(304)**
Per the income statement	(2 012)	(205)	9	**(2 208)**
additional provisions and changes to existing provisions	(695)	(205)	58	**(842)**
reversal of unutilised amounts	(10)	–	(49)	**(59)**
effect of change in discount rate	(1 307)	–	–	**(1 307)**
Notional interest	941	–	4	**945**
Utilised during year (cash flow)	(668)	(7)	(59)	**(734)**
Foreign exchange differences recognised in income statement	1 574	(5)	18	**1 587**
Translation of foreign operations	752	4	139	**895**
Balance at end of year	**21 790**	**51**	**1 064**	**22 905**

for the year ended 30 June	Environ-mental Rm	Share-based payments Rm	Other Rm	Total Rm
2019				
Balance at beginning of year	14 933	1 101	1 693	17 727
Capitalised in property, plant and equipment and assets under construction	1 925	–	–	1 925
Reduction in rehabilitation provision capitalised	(1)	–	–	(1)
Transfer to held for sale liabilities	(51)	–	(3)	(54)
Per the income statement	1 095	(440)	(225)	430
additional provisions and changes to existing provisions	415	(440)	64	39
reversal of unutilised amounts	(8)	–	(289)	(297)
effect of change in discount rate	688	–	–	688
Notional interest	849	–	8	857
Utilised during year (cash flow)	(159)	(397)	(543)	(1 099)
Foreign exchange differences recognised in income statement	109	–	18	127
Translation of foreign operations	42	–	6	48
Balance at end of year	18 742	264	954	19 960

* Refer note 38 for accounting policies and areas of judgement used in calculating the share-based payment provision (cash settled).

** Increase in rehabilitation capitalised in 2020 relates to a reassessment of our provision based on discount rates and cost estimates.

*** Relates to rehabilitation provisions of the US Base Chemicals Assets and Investment in Republic of Mozambique Pipeline Investment Company classified as held for sale, refer note 12.

35 Long-term provisions continued

for the year ended 30 June	Note	2020 Rm	2019 Rm
Expected timing of future cash flows			
Within one year		**1 048**	2 338
One to five years		**5 324**	3 291
More than five years		**16 533**	14 331
		22 905	19 960
Short-term portion	36	**(1 048)**	(2 338)
Long-term provisions		**21 857**	17 622
Estimated undiscounted obligation		**96 033**	101 100
Business segmentation			
Mining		**1 631**	1 439
Exploration and Production International		**11 292**	6 779
Energy		**2 684**	3 427
Base Chemicals		**3 309**	3 919
Performance Chemicals		**2 941**	2 038
Group Functions		**–**	20
Total operations		**21 857**	17 622

Environmental provisions

In accordance with the group's published environmental policy and applicable legislation, a provision for rehabilitation is recognised when the obligation arises, representing the estimated actual cash flows in the period in which the obligation is settled.

The environmental obligation includes estimated costs for the rehabilitation of coal mining, oil, gas and petrochemical sites. The amount provided is calculated based on currently available facts and applicable legislation.

The total environmental provision at 30 June 2020 amounted to R21 790 million (2019 – R18 742 million). In line with the requirements of the legislation of South Africa, the utilisation of certain investments is restricted for mining rehabilitation purposes. These investments amounted to R661 million (2019 – R667 million). In addition, indemnities of R2 190 million (2019 – R2 155 million) are in place.

The following risk-free rates were used to discount the estimated cash flows based on the underlying currency and time duration of the obligation.

for the year ended 30 June	2020 %	2019 %
South Africa	**3,6 to 9,4**	6,9 to 8,7
Europe	**–**	0,0 to 0,7
United States of America	**0,2 to 0,9**	1,7 to 2,3
Canada	**0,5 to 1,4**	1,7 to 2,2

for the year ended 30 June	2020 Rm	2019 Rm
A 1% point change in the discount rate would have the following effect on the long-term provisions recognised		
Increase in the discount rate	**(3 836)**	(3 351)
amount capitalised to property, plant and equipment	**(2 767)**	(1 930)
income recognised in income statement	**(1 069)**	(1 421)
Decrease in the discount rate	**4 297**	4 540
amount capitalised to property, plant and equipment	**3 115**	2 622
expense recognised in income statement	**1 182**	1 918

for the year ended 30 June	Note	2020 Rm	2019 Rm

36 Short-term provisions

	Note	2020 Rm	2019 Rm
Other provisions		**649**	552
Short-term portion of			
long-term provisions	35	**1 048**	2 338
post-retirement benefit obligations	37	**505**	399
		2 202	3 289

Accounting policies:

Long-term provisions are determined by discounting the expected future cash flows using a pre-tax discount rate to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the income statement.

Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement. The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are raised. These estimates are reviewed at least annually.

Deferred tax is recognised on the temporary differences in relation to both the asset to which the obligation relates to and rehabilitation provision.

Termination benefits are recognised as a liability at the earlier of the date of recognition of restructuring costs or when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits that are expected to be wholly settled more than 12 months after the end of the reporting period are discounted to their present value.

Areas of judgement:

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgement is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgements because most of the obligations will only be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations as well as the period in which it will be settled.

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the group's financial position, liquidity or cash flow.

for the year ended 30 June	Note	2020 Rm	2019 Rm

37 Post-retirement benefit obligations

	Note	2020 Rm	2019 Rm
Post-retirement healthcare obligations	37.1		
South Africa		**2 992**	3 825
United States of America		**385**	268
		3 377	4 093
Pension obligations	37.2		
Foreign – post-retirement benefit obligation		**11 819**	9 014
Less: short-term portion of post-retirement pension and medical benefit obligations		**(505)**	(399)
Total post-retirement benefit obligations		**14 691**	12 708
Pension assets	37.2		
South Africa – post-retirement benefit asset		**(467)**	(555)
Foreign – post-retirement benefit asset		**–**	(719)
Total post-retirement benefit assets		**(467)**	(1 274)
Net pension obligations		**11 352**	7 740

37 Post-retirement benefit obligations continued

The group provides post-retirement medical and pension benefits to certain of its retirees, principally in South Africa, Europe and the United States of America. Generally, medical coverage provides for a specified percentage of most medical expenses, subject to pre-set rules and maximum amounts. Pension benefits are payable in the form of retirement, disability and surviving dependent pensions. The medical benefits are unfunded. The pension benefits in South Africa are funded. In the United States of America certain of our Pension Funds are funded. The pension benefits in Europe are unfunded.

Accounting policies:

The group operates or contributes to defined contribution pension plans and defined benefit pension plans for its employees in certain of the countries in which it operates. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.

Defined contribution pension plans are plans under which the group pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further amounts. Contributions to defined contribution pension plans are charged to the income statement as an employee expense in the period in which the related services are rendered by the employee.

The group's net obligation in respect of defined benefit pension plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the gross obligation for post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to members in return for services rendered to date.

This future benefit is discounted to determine its present value, using discount rates based on government bonds for South African obligations, and corporate bonds in Europe and the US, that have maturity dates approximating the terms of the group's obligations and which are denominated in the currency in which the benefits are expected to be paid. Independent actuaries perform this calculation annually using the projected unit credit method.

Defined contribution members employed before 2009 have an option to purchase a defined benefit pension with their member share. This option gives rise to actuarial risk, and as such, these members are accounted for as part of the defined benefit fund and are disclosed as such.

Past service costs are charged to the income statement at the earlier of the following dates:

- when the plan amendment or curtailment occurs; and
- when the group recognises related restructuring costs or termination benefits.

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions, the return on plan assets (excluding amounts included in net interest on the defined benefit liability/(asset)) and any changes in the effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability/(asset)) are remeasurements that are recognised in other comprehensive income in the period in which they arise.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the lower of the surplus in the defined benefit plan and the asset ceiling, determined using a discount rate based on government bonds.

Surpluses and deficits in the various plans are not offset.

The entitlement to healthcare benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using the accounting methodology described in respect of defined benefit pension plans above. Independent actuaries perform the calculation of this obligation annually.

	Healthcare benefits	Pension benefits
Last actuarial valuation – South Africa	31 March 2020	31 March 2020
Last actuarial valuation – United States of America	30 June 2020	30 June 2020
Last actuarial valuation – Europe	n/a	1 April 2020
Full/interim valuation	Full	Full
Valuation method adopted	Projected unit credit	Projected unit credit

The plans have been assessed by the actuaries and have been found to be in sound financial positions.

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuations determined in consultation with independent actuaries.

at valuation date	South Africa 2020 %	2019 %	United States of America 2020 %	2019 %	Europe 2020 %	2019 %
Healthcare cost inflation						
initial	**7,5**	7,5	**n/a** *	8,5 *	**n/a**	n/a
ultimate	**7,5**	7,5	**n/a** *	4,5 *	**n/a**	n/a
Discount rate – post-retirement medical benefits	**13,3**	10,5	**2,3**	3,6	**n/a**	n/a
Discount rate – pension benefits	**12,2**	10,0	**2,2**	2,7	**1,4*** **	1,6
Pension increase assumption	**6,1**	4,7	**n/a** **	n/a **	**1,8**	1,8
Average salary increases	**5,5** +	5,5 +	**4,2**	4,2	**2,8**	2,8
Weighted average duration of the obligation – post-retirement medical obligation	**14 years**	15 years	**11 years**	9 years	**n/a**	n/a
Weighted average duration of the obligation – pension obligation	**12 years**	13 years	**14 years**	13 years	**18 years**	18 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

* The healthcare cost inflation rate in respect of the plans for the United States of America is capped. All additional future increases due to the healthcare cost inflation will be borne by the participants.

** There are no automatic pension increases for the United States of America pension plan.

*** The population of corporate bonds used to calculate the discount rate applied in the valuation of the European pension benefits was updated in June 2020 to exclude certain covered bonds, as this leads to a more reliable estimate. The inclusion of covered bonds in times of capital market volatility, such as what is currently being experienced, causes increased dispersion of bond yields in the population of Eurozone bonds which will lead to a less reliable estimate.

\+ Salary increases are linked to inflation.

37.1 Post-retirement healthcare obligations

Reconciliation of projected benefit obligation to the amount recognised in the statement of financial position

for the year ended 30 June	South Africa 2020 Rm	2019 Rm	United States of America 2020 Rm	2019 Rm	Total 2020 Rm	2019 Rm
Projected benefit obligation	**2 992**	3 825	**385**	268	**3 377**	4 093
Less: short-term portion	**(214)**	(178)	**(26)**	(20)	**(240)**	(198)
Non-current post-retirement healthcare obligation	**2 778**	3 647	**359**	248	**3 137**	3 895

Reconciliation of the total post-retirement healthcare obligation recognised in the statement of financial position

for the year ended 30 June	South Africa 2020 Rm	2019 Rm	United States of America 2020 Rm	2019 Rm	Total 2020 Rm	2019 Rm
Total post-retirement healthcare obligation at beginning of year	**3 825**	3 995	**268**	248	**4 093**	4 243
Movements recognised in the income statement:	**440**	459	**27**	26	**467**	485
current service cost	**45**	53	**18**	13	**63**	66
interest cost	**395**	407	**9**	13	**404**	420
curtailments and settlements	**–**	(1)	**–**	–	**–**	(1)
Actuarial (gains)/losses recognised in other comprehensive income:	**(1 085)**	(468)	**45**	8	**(1 040)**	(460)
arising from changes in financial assumptions	**(1 026)**	(293)	**44**	7	**(982)**	(286)
arising from changes in demographic assumptions	**–**	–	**(3)**	–	**(3)**	–
arising from changes in actuarial experience	**(59)**	(175)	**4**	1	**(55)**	(174)
Benefits paid	**(180)**	(161)	**(22)**	(20)	**(202)**	(181)
Transfer to disposal groups held for sale	**(8)**	–	**–**	–	**(8)**	–
Translation of foreign operations	**–**	–	**67**	6	**67**	6
Total post-retirement healthcare obligation at end of year	**2 992**	3 825	**385**	268	**3 377**	4 093

37 Post-retirement benefit obligations continued

37.1 Post-retirement healthcare obligations continued

Sensitivity analysis

The sensitivity analysis is performed in order to assess how the post-retirement healthcare obligation would be affected by changes in the actuarial assumptions underpinning the calculation.

	South Africa		United States of America	
for the year ended 30 June	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm
1% point change in actuarial assumptions:				
Increase in the healthcare cost inflation	**325**	518	**– ***	– *
Decrease in the healthcare cost inflation	**(280)**	(417)	**– ***	– *
Increase in the discount rate	**(264)**	(417)	**(38)**	(23)
Decrease in the discount rate	**310**	507	**47**	28

* A change in the healthcare cost inflation for the United States of America will not have an effect on the above components or the obligation as the employer's cost is capped and all future increases due to the healthcare cost inflation are borne by the participants.

A change in the pension increase assumption will not have an effect on the above obligation. In South Africa the post-retirement benefit contributions are linked to medical aid inflation and based on a percentage of income or pension. Where pension increases differ from medical aid inflation, the difference will be need to be allowed for in a change in the percentage of income or pension charged. The are no automatic pension increase for the United states pension plan.

The sensitivities may not be representative of the actual change in the post-retirement healthcare obligation, as it is unlikely that the changes would occur in isolation of one another, and some of the assumptions may be correlated.

The sensitivities exclude the impact of changes in assumptions on the portion of the obligation that is transferred to disposal group held for sale.

Healthcare cost inflation risk

Healthcare cost inflation is CPI inflation plus two percentage points over the long term. An increase in healthcare cost inflation will increase the obligation of the plan.

Discount rate risk

The discount rate is derived from prevailing bond yields. A decrease in the discount rate will increase the obligation of the plan.

Pension increase risk

The South African healthcare plan is linked to pension benefits paid, which are to some extent linked to inflation. Accordingly, increased inflation levels represent a risk that could increase the cost of paying the funds committed to benefits.

Other

Changes in other assumptions used could also affect the measured liabilities. There is also a regulatory risk as well as foreign funds under the jurisdiction of other countries. To the extent that governments can change the regulatory frameworks, there may be a risk that minimum benefits or minimum pension increases may be instituted, increasing the associated cost for the fund.

37.2 Pension benefits

South African operations

Background

In 1994, all members were given the choice to voluntarily transfer to the newly established defined contribution section of the pension fund and approximately 99% of contributing members chose to transfer to the defined contribution section.

Defined benefit option for defined contribution members

In terms of the rules of the fund, on retirement, employees employed before 1 January 2009 have an option to purchase a defined benefit pension with their member share. Should a member elect this option, the group is exposed to actuarial risk. In terms of IAS 19, the classification requirements stipulate that where an employer is exposed to any actuarial risk, the fund must be classified as a defined benefit plan.

Fund assets

The assets of the fund are held separately from those of the company in a trustee administered fund, registered in terms of the South African Pension Funds Act, 1956. Included in the fund assets at 31 March (2020 are 2 079 248 (2019 – 1 681 008) Sasol ordinary shares valued at R275 million (2019 – R589 million) at year-end purchased under terms of an approved investment strategy, and property valued at R1 555 million (2019 – R1 561 million) that is currently occupied by Sasol.

Membership

A significant number of employees are covered by union sponsored, collectively bargained, and in some cases, multi-employer defined contribution pension plans. Information from the administrators of these plans offering defined benefits is not sufficient to permit the company to determine its share, if any, of any unfunded vested benefits.

Pension fund assets

The assets of the pension funds are invested as follows:

	South Africa		United States of America	
at 30 June	2020 %	2019 %	2020 %	2019 %
Equities	47	53	35	38
resources	5	6	5	7
industrials	2	2	4	4
consumer discretionary	9	10	4	4
consumer staples	9	11	2	3
healthcare	5	5	5	4
information technologies	6	5	7	7
telecommunications	3	3	3	2
financials (ex real estate)	8	11	5	7
Fixed interest	17	13	49	49
Direct property	15	15	6	5
Listed property	2	4	–	–
Cash and cash equivalents	7	4	–	–
Third party managed assets	12	11	–	–
Other	–	–	10	8
Total	**100**	100	**100**	100

The pension fund assets are measured at fair value at valuation date. The fair value of equity has been calculated by reference to quoted prices in an active market. The fair value of property and other assets has been determined by performing market valuations and using other valuation techniques at the end of each reporting period.

Investment strategy

The trustees target the plans' asset allocation within the following ranges within each asset class:

	South Africa[1]		United States of America	
Asset classes	Minimum %	Maximum %	Minimum %	Maximum %
Equities				
local	30	45	–	100
foreign	15	30	–	100
Fixed interest	5	25	–	100
Property	10	25	–	100
Other	–	15	–	100

1 Members of the defined contribution scheme have a choice of four investment portfolios. The targeted allocation disclosed represents the moderate balanced investment portfolio which the majority of the members of the scheme have adopted. The total assets of the fund under these investment portfolios are R147 million, R47 337 million, R732 million and R1 332 million for the low risk portfolio, moderate balanced portfolio, aggressive balanced portfolio and money market portfolio, respectively. Defined benefit members' funds are invested in the moderate balanced portfolio. The money market portfolio is restricted to active members from age 55.

The trustees of the respective funds monitor investment performance and portfolio characteristics on a regular basis to ensure that managers are meeting expectations with respect to their investment approach. There are restrictions and controls placed on managers in this regard.

37 Post-retirement benefit obligations continued

37.2 Pension benefits continued

Reconciliation of the projected net pension liability/(asset) recognised in the statement of financial position

for the year ended 30 June	South Africa 2020 Rm	South Africa 2019 Rm	Foreign 2020 Rm	Foreign 2019 Rm	Total 2020 Rm	Total 2019 Rm
Projected benefit obligation (funded)	**47 228**	51 241	**4 757**	3 697	**51 985**	54 938
defined benefit portion	**20 860**	21 550	**4 757**	3 697	**25 617**	25 247
defined benefit option for defined contribution members	**26 368**	29 691	**–**	–	**26 368**	29 691
Plan assets	**(50 618)**	(54 115)	**(4 502)**	(4 270)	**(55 120)**	(58 385)
defined benefit portion	**(23 020)**	(24 254)	**(4 502)**	(4 270)	**(27 522)**	(28 524)
defined benefit option for defined contribution members	**(27 598)**	(29 861)	**–**	–	**(27 598)**	(29 861)
Projected benefit obligation (unfunded)	**–**	–	**11 564**	8 868	**11 564**	8 868
Asset not recognised due to asset limitation	**2 923**	2 319	**–**	–	**2 923**	2 319
Net liability/(asset) recognised	**(467)**	(555)	**11 819**	8 295	**11 352**	7 740

The increase of R604 million in the asset limitation (2019 – R58 million) was recognised as a gain in other comprehensive income.

for the year ended 30 June	South Africa 2020 Rm	South Africa 2019 Rm	Foreign 2020 Rm	Foreign 2019 Rm	Total 2020 Rm	Total 2019 Rm
Pension asset	**(467)**	(555)	**–**	(719)	**(467)**	(1 274)
Pension benefit obligation	**–**	–	**11 819**	9 014	**11 819**	9 014
long-term portion	**–**	–	**11 554**	8 813	**11 554**	8 813
short-term portion	**–**	–	**265**	201	**265**	201
Net liability/(asset)	**(467)**	(555)	**11 819**	8 295	**11 352**	7 740

The obligation which arises for the defined contribution members with the option to purchase into the defined benefit fund is limited to the assets that they have accumulated until retirement date. However, after retirement date, there is actuarial risk associated with the members as full defined benefit members.

Based on the latest actuarial valuation of the fund and the approval of the trustees of the surplus allocation, the company has an unconditional entitlement to only the funds in the employer surplus account and the contribution reserve. The estimated surplus due to the company amounted to approximately R467 million (2019 – R1 274 million) and has been included in the pension asset recognised in the current year.

Investment risk

The actuarial valuation assumes certain asset returns on invested assets. If actual returns on plan assets are below the assumption, this may lead to a strain on the fund, which, over time, may lead to a plan deficit. In order to mitigate the concentration risk, the fund assets are invested across equity securities, property securities and debt securities. Given the long-term nature of the obligations, it is considered appropriate that investment is made in equities and real estate to improve the return generated by the fund. These may result in improved pension benefits to members.

Pension increase risk

Benefits in these plans are to some extent linked to inflation so increased inflation levels represent a risk that could increase the cost of paying the funds committed to benefits. This risk is mitigated as pension benefits are subject to affordability.

Discount rate risk

The discount rate is derived from prevailing bond yields. A decrease in the discount rate used will increase the obligation of the plan.

Other

Changes in other assumptions used could also affect the measured liabilities. There is also a regulatory risk as well as foreign funds under the jurisdiction of other countries. To the extent that governments can change the regulatory frameworks, there may be a risk that minimum benefits or minimum pension increases may be instituted, increasing the associated cost for the fund.

Reconciliation of projected benefit obligation

for the year ended 30 June	South Africa 2020 Rm	South Africa 2019 Rm	Foreign 2020 Rm	Foreign 2019 Rm	Total 2020 Rm	Total 2019 Rm
Projected benefit obligation at beginning of year	**51 241**	47 285	**12 565**	11 020	**63 806**	58 305
Movements recognised in income statement:	**6 218**	5 694	**855**	677	**7 073**	6 371
current service cost	**1 150**	1 042	**572**	454	**1 722**	1 496
past service cost	**–**	–	**39**	–	**39**	–
curtailments and settlements	**–**	3	**–**	(14)	**–**	(11)
interest cost	**5 068**	4 649	**244**	237	**5 312**	4 886
Actuarial (gains)/losses recognised in other comprehensive income:	**(7 938)**	262	**1 017**	1 098	**(6 921)**	1 360
arising from changes in demographic assumptions	**–**	–	**16**	(7)	**16**	(7)
arising from changes in financial assumptions	**(1 105)**	174	**742**	1 059	**(363)**	1 233
arising from change in actuarial experience	**(6 833)**	88	**259**	46	**(6 574)**	134
Member contributions	**504**	482	**–**	–	**504**	482
Benefits paid	**(2 797)**	(2 482)	**(988)**	(278)	**(3 785)**	(2 760)
Transferred to held for sale assets	**–**	–	**–**	–	**–**	–
Translation of foreign operations	**–**	–	**2 872**	48	**2 872**	48
Projected benefit obligation at end of year	**47 228**	51 241	**16 321**	12 565	**63 549**	63 806
unfunded obligation*	**–**	–	**11 564**	8 868	**11 564**	8 868
funded obligation	**47 228**	51 241	**4 757**	3 697	**51 985**	54 938

* Certain of the foreign defined benefit plans have reimbursement rights under contractually agreed legal binding terms that match the amount and timing of some of the benefits payable under the plan. This reimbursive right has been recognised in long-term receivables at fair value of R270 million (2019 – R217 million). An increase of R2 million (2019 – decrease of R83 million) has been recognised as a loss in other comprehensive income in respect of the reimbursive right.

Reconciliation of plan assets of funded obligation

for the year ended 30 June	South Africa 2020 Rm	South Africa 2019 Rm	Foreign 2020 Rm	Foreign 2019 Rm	Total 2020 Rm	Total 2019 Rm
Fair value of plan assets at beginning of year	**54 115**	50 128	**4 270**	3 890	**58 385**	54 018
Movements recognised in income statement:	**5 120**	4 702	**118**	113	**5 238**	4 815
interest income	**5 352**	4 927	**118**	113	**5 470**	5 040
interest on asset limitation	**(232)**	(225)	**–**	–	**(232)**	(225)
Actuarial gains/(losses) recognised in other comprehensive income:	**(7 481)**	229	**(26)**	285	**(7 507)**	514
arising from return on plan assets (excluding interest income)	**(7 481)**	229	**(26)**	285	**(7 507)**	514
Plan participant contributions*	**504**	482	**–**	–	**504**	482
Employer contributions*	**1 157**	1 056	**20**	6	**1 177**	1 062
Benefit payments	**(2 797)**	(2 482)	**(795)**	(121)	**(3 592)**	(2 603)
Translation of foreign operations	**–**	–	**915**	97	**915**	97
Fair value of plan assets at end of year	**50 618**	54 115	**4 502**	4 270	**55 120**	58 385
Actual return on plan assets	**(2 361)**	4 931	**93**	398	**(2 268)**	5 329

* Contributions, for the defined contribution section, are paid by the members and Sasol at fixed rates.

37 Post-retirement benefit obligations continued

37.2 Pension benefits continued

Contributions

Funding is based on actuarially determined contributions. The following table sets forth the projected pension contributions of funded obligations for the 2021 financial year.

	South Africa Rm	Foreign Rm
Pension contributions	**345**	**878**

Sensitivity analysis

A sensitivity analysis is performed in order to assess how the post-retirement pension obligation would be affected by changes in the actuarial assumptions underpinning the calculation.

	South Africa		Foreign	
for the year ended 30 June	**2020 Rm**	2019 Rm	**2020 Rm**	2019 Rm
1% point change in actuarial assumptions				
Increase in average salaries increase assumption	**9**	12	**676**	494
Decrease in average salaries increase assumption	**(9)**	(12)	**(479)**	(430)
Increase in the discount rate	**(1 425)**	(1 654)	**(2 269)**	(1 806)
Decrease in the discount rate	**3 237**	2 463	**3 133**	2 370
Increase in the pension increase assumption	**3 309**	2 541	**1 446** *	1 142 *
Decrease in the pension increase assumption	**(1 491)**	(1 727)	**(1 179)** *	(934)*

* This sensitivity analysis relates only to the Europe obligations as there are no automatic pension increases for the United States of America pension plan, and thus it is not one of the inputs utilised in calculating the obligation.

The sensitivities may not be representative of the actual change in the post-retirement pension obligation, as it is unlikely that the changes would occur in isolation of one another, and some of the assumptions may be correlated.

38 Cash-settled share-based payment provision

During the year, the following cash-settled share-based payment expenses were recognised in the income statement (refer to note 39 for the equity-settled share-based payment disclosure):

for the year ended 30 June	**2020 Rm**	2019 Rm	2018 Rm
Share-based payment expense – movement in long-term provisions			
Sasol Share Appreciation Rights Scheme			
Share Appreciation Rights with no corporate performance targets (no-CPTs)	**(1)**	(6)	117
Share Appreciation Rights with corporate performance targets (CPTs)	**(204)**	(434)	538
	(205)	(440)	655

Sasol's share price decreased by 62% over the financial year to a closing price on 30 June 2020 of R132,20. This together with the volatility in the share price has resulted in a R205 million credit being recognised in the current year.

Sasol Share Appreciation Rights Scheme (closed since 2013)

Total rights granted	**2020 Number**	2019 Number
Share Appreciation Rights	**4 227 416**	4 928 846

The Share Appreciation Rights scheme (SARs) allows eligible senior employees to earn a long-term incentive amount calculated with reference to the increase in the Sasol Limited share price between the offer date of the SARs to the exercise of such vested rights. No shares are issued in terms of this scheme, all rights have vested and all amounts payable in terms of the scheme are settled in cash.

The offer price of these appreciation rights equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the right. The fair value of the cash-settled liability is calculated at each reporting date. On resignation SARs may be exercised at the employee's election before their last day of service. On death, the deceased's estate has a period of 12 months to exercise these rights. On retrenchment or retirement, the employee has a period of 12 months to exercise these rights.

It is group policy that employees should not deal in Sasol Limited securities (and this is extended to the Sasol SARs) for the periods from 1 January for half year-end and 1 July for year-end until two days after publication of the results and at any other time during which they have access to price sensitive information.

	2020			2019		
for the year ended 30 June	**SARs with no CPTs Rm**	**SARs with CPTs Rm**	**Total Rm**	SARs with no CPTs Rm	SARs with CPTs Rm	Total Rm
Per statement of financial position	**–**	**51**	**51**	2	262	264
Total intrinsic value of rights vested, but not yet exercised	**–**	**–**	**–**	2	50	52

		2020		2019	
		SARs with no CPTs	**SARs with CPTs**	SARs with no CPTs	SARs with CPTs
Model		**Binomial tree**	**Binomial tree**	Binomial tree	Binomial tree
Risk-free interest rate	(%)	**n/a**	**3,58 – 3,88**	6,96	6,64 – 6,96
Expected volatility	(%)	**n/a**	**135,76**	35,74	35,83
Expected dividend yield	(%)	**n/a**	**0,06**	4,76	4,99

The risk-free rate for periods within the contractual term of the rights is based on the Rand swap curve in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol share price.

The expected dividend yield of the rights granted is determined using expected dividend payments of the Sasol ordinary shares.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

Accounting policies:

The cash-settled schemes allow certain senior employees the right to participate in the performance of the Sasol Limited share price, in return for services rendered, through the payment of cash incentives which are based on the market price of the Sasol Limited share. All the rights have vested with a liability recognised at fair value, at each reporting date, in the statement of financial position until the date of settlement.

Areas of judgement:

Fair value is measured using the Binomial tree option pricing models where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and maturity of the award.

RESERVES

for the year ended 30 June	Note	2020 Rm	2019 Rm	2018 Rm
39 Share-based payment reserve				
During the year, the following share-based payment expense was recognised in the income statement relating to the equity-settled share-based payment schemes:				
Sasol Khanyisa share transaction[1]	39.1	**1 068**	952	2 953
Sasol ordinary BEE (SOLBE1) shares issued[2]		**–**	–	1 104
Khanyisa Public		**–**	–	1 762
Tier 1 – Khanyisa Employee Share Ownership Plan (ESOP)		**642**	628	52
Tier 2 – Khanyisa ESOP		**426**	324	35
Long-term incentives	39.2	**878**	707	789
Sasol Inzalo share transaction	39.3	**–**	–	34
Equity-settled – recognised directly in equity[3]		**1 946**	1 659	3 776

1 In November 2017, Sasol Khanyisa a new Broad-Based Black Economic Empowerment (B-BBEE) scheme was approved by shareholders at a General Meeting.

2 IFRS 2 expense was recognised immediately on date shares were granted to participants. Shares were not encumbered and could be traded immediately.

3 The employee-related share-based payment expense in 2018 was R910 million.

Accounting policies:

To the extent that an entity grants shares or share options in a BEE transaction and the fair value of the cash and other assets received is less than the fair value of the shares or share options granted, such difference is charged to the income statement in the period in which the transaction becomes effective. Where the BEE transaction includes service conditions the difference will be charged to the income statement over the period of these service conditions. Trickle dividends paid to participants during the transaction term are taken into account in measuring the fair value of the award. As the funds to pay the trickle dividend are leaving the Company, a corresponding share of earnings will be allocated to the non controlling shareholders. There were two trickle dividends paid during the current year.

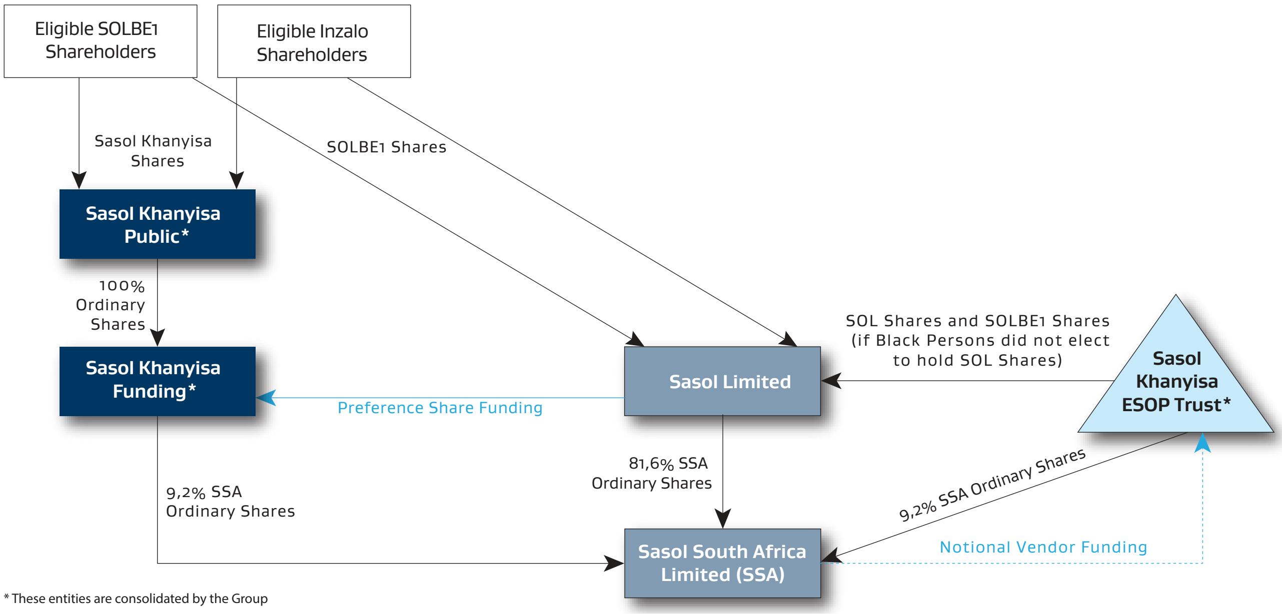
39.1 The Sasol Khanyisa share transaction

Sasol Khanyisa was implemented effectively on 1 June 2018. Sasol Khanyisa has been designed to comply with the revised B-BBEE legislation in South Africa and seeks to ensure on-going and sustainable B-BBEE ownership credentials for Sasol Limited.

Sasol Khanyisa contains a number of elements structured at both a Sasol Limited and at a subsidiary level, Sasol South Africa Limited (SSA) which is a wholly-owned subsidiary of Sasol Limited and houses the majority of the group's South African operations.

At the end of 10 years, or earlier if the underlying funding has been settled, the participants will exchange their SSA shareholding on a fair value-for-value basis for SOLBE1 shares to the extent of any value created during the transaction term.

SOLBE1 shares can only be traded between Black Persons on the Empowerment Segment of the JSE. This transaction will therefore ensure evergreen B-BBEE ownership credentials for Sasol Limited.



* These entities are consolidated by the Group

Remaining components of the transaction:

Tier 1 – Khanyisa Employee Share Ownership Plan – Eligible Inzalo participants

Former Inzalo Employee Scheme participants, who were still actively employed by Sasol during May 2018 were granted rights in SOL shares or SOLBE1 Shares, at no cost to them, to the value of R100 000, all of which will vest after a three year service period. Black employees were able to choose to receive the award in SOL or SOLBE1 shares, whilst employees who are not black people received an award in SOL shares, as SOLBE1 shares may only be held by qualifying black people. Employees will receive dividends on these shares throughout the 3 year vesting period. This award will be recognised on a straight line basis over the three year vesting period.

An expense of R642 million was recognised in 2020 (2019 – R628 million).

Sasol Khanyisa – SSA (Tier 2 and Khanyisa Public)

The BEE participation in SSA comprises two groups of participants, being the external public participants (made up of Inzalo Groups, Inzalo Public and electing SOLBE1 shareholders) who participate via Khanyisa Public, and qualifying black employees who participate via the Khanyisa Employee Share Ownership plan (Khanyisa ESOP).

Both Khanyisa Public and the Khanyisa ESOP have a beneficial interest, funded wholly by Sasol (vendor funding), in approximately 9,2% each in SSA. As dividends are declared by SSA, 97,5% of these will be utilised to repay the vendor funding, as well as the related financing cost, calculated at 75% of prime rate. 2,5% of dividends will be distributed to participants as a trickle dividend and accounted for as a non-controlling interest. At the end of the 10 year transaction term, or earlier, if the vendor funding is repaid, the net value in SSA shares will be exchanged for SOLBE1 shares on a fair value-for-value basis which will be distributed to participants. Any vendor funding not yet settled by the end of the transaction term will be settled using the SSA shares, and will reduce any distribution made to participants. Since any ultimate value created for participants will be granted in the form of SOLBE1 shares, the accounting for this transaction is similar to an option over Sasol shares granted for no consideration.

Khanyisa ESOP (Tier 2)

The employees have service conditions over the 10 year transaction term, and as such, the expense will be recognised over this period, with R426 million having been recognised in 2020 (2019 – R324 million).

39 Share-based payments reserve continued

39.1 The Sasol Khanyisa share transaction continued

for the year ended 30 June		ESOP – Tier 1[1] 2020	ESOP – Tier 1[1] 2020	ESOP – Tier 2[1,2,3] 2020	Sasol Khanyisa Public[3] 2020
Grant date	Date	1 June 2018	1 June 2018	25 May 2018	1 June 2018
Class of shares		SOL shares	SOLBE1 shares	Khanyisa shares	Khanyisa shares
Shares	Number	2 082 520	2 396 048	26 503 642	26 503 642
Weighted average fair value on grant date	Rand	481,50	370,00	66,48	66,48
Total IFRS expense	Rm	1 003	887	1 762	1 762
IFRS expense recognised for the year	Rm	338	304	426	–

1 The ESOP Tier 1 and 2 options outstanding have a weighted average remaining vesting period of 0,9 and 2,8 years. ESOP Tier 1 vests after 3 years and ESOP Tier 2 has a staggered vesting period, with portions vesting from 3 years, and then each year until the end of the transaction term, being 10 years.

2 The weighted average fair value price is derived from the Monte-Carlo option pricing model. The price will move closer to the strike price over the transaction period as certainty of dividends declared by SSA is expected to exceed outstanding vendor financing.

3 The estimated strike price value for Khanyisa Public and ESOP Tier 2 is R325,31 and represents the remaining vendor funding per share at 30 June 2020.

The SSA Khanyisa share-based payment expense was calculated using an option pricing model reflective of the underlying characteristics of each part of the transaction. It was calculated using the following assumptions at grant date:

Average fair value Sasol Khanyisa options granted		2018
Model		Monte-Carlo
Risk-free interest rate	(%)	8,08
Expected volatility	(%)	28,49
Expected dividend yield	(%)	1,8 – 10,1

The risk-free rate for periods within the contractual term of the share rights is based on a zero-coupon Rand swap curve at the time of the grant.

The expected volatility in the value of the share rights granted is determined using the historical volatility of the Sasol share price.

The dividend yields of the share rights granted is determined using the expected term structure of dividend yields on the underlying equity value over the life of the transaction.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

Areas of judgement:

The measurement of the Khanyisa SSA share based payment is subject to estimation and judgment, as there are a number of variables affecting the Monte-Carlo option pricing model used in the calculation of the share based payment. The value of the share based payment is determined with reference to the extent the fair value of SSA and any dividends declared by SSA is expected to exceed any outstanding vendor financing at the end of the transaction period.

- Equity value attributable to participants:

  The value attributable to the participants by virtue of their shareholding in SSA was calculated with reference to the expected future cash flows and budgets of the SSA Group. The underlying macroeconomic assumptions utilised for this valuation are based on latest forecast and estimates and include brent crude oil prices, US$/Rand exchange rates and pricing assumptions.

- Forecasted dividend yield:

  The forecasted dividend yield of the SSA Group was calculated based on a benchmarked EBITDA multiple, and the available free cash flow anticipated over the term of the transaction of 10 years.

- Other assumptions:

  Impacts of non-transferability and appropriate minority and liquidity discounts have also been taken into account. Discount rates applied incorporate the relevant debt and equity costs of the group, and are aligned to the WACC rates for the entity.

- A zero-coupon Rand interest rate swap curve was constructed and utilised as an appropriate representation of a risk-free interest rate curve.

- A Rand prime interest rate curve was estimated utilising the historical Rand Prime Index and the 3 month Johannesburg Interbank Agreed Rate.

39.2 Sasol Long-term Incentive Scheme

During September 2009, the group introduced the Sasol Long-term Incentive scheme (LTI). The objective of the LTI scheme is to provide qualifying employees the opportunity of receiving an incentive linked to the value of Sasol Limited ordinary shares and to align the interest of employees with the interest of shareholders. The LTI scheme allows certain senior employees to earn a long-term incentive amount linked to certain Corporate Performance Targets (CPTs). Allocations of the LTI are linked to the performance of both the group and the individual. The employer companies make a cash contribution to an independent service provider to enable this ownership plan.

On resignation, LTIs which have not yet vested will lapse. On death, retirement and retrenchment, the LTIs vest immediately, calculated to the extent that the CPTs are anticipated to be met, and are settled within 40 days from the date of termination. Accelerated vesting does not apply to top management. In November 2016, the scheme was converted from cash-settled to equity-settled. All the vesting conditions and all other terms and conditions of the scheme remain the same, including the standard vesting period of three years, with the exception of top management, who have a three and five year vesting period for 50% of the awards respectively.

The maximum number of shares issued under the equity-settled LTI scheme may not exceed 32,5 million representing 5% of Sasol Limited's issued share capital at the time of approval.

Movements in the number of incentives outstanding	Number of incentives	Weighted average fair value Rand
Balance at 30 June 2018	6 796 488	348,19
LTIs granted	2 089 674	555,86
LTIs vested	(1 600 899)	308,27
Effect of CPTs and LTIs forfeited	(665 666)	360,19
Balance at 30 June 2019	**6 619 597**	**422,20**
LTIs granted[1]	**6 424 377**	**275,61**
LTIs vested	**(1 380 689)**	**368,28**
Effect of CPTs and LTIs forfeited	**(754 973)**	**378,19**
Balance at 30 June 2020*	**10 908 312**	**345,74**

1 LTIs granted include an allocation of 3 210 114 LTIs that were issued in October 2019 to qualifying employees who did not receive short-term incentives due to cash conservation measures.

* The incentives outstanding as at 30 June 2020 have a weighted average remaining vesting period of 1,8 years. The exercise price of these options is Rnil.

for year ended 30 June	2020 Rand	2019 Rand
Average weighted market price of LTIs vested	**254,70**	507,50

Average fair value of incentives granted		2020	2019
Model		**Monte-Carlo**	Monte-Carlo
Risk-free interest rate – Rand	(%)	**6,07 – 7,04**	6,90 – 7,87
Risk-free interest rate – US$	(%)	**0,39 – 0,81**	0,91 – 1,56
Expected volatility	(%)	**45,28**	26,17
Expected dividend yield	(%)	**4,34**	3,43
Expected forfeiture rate	(%)	**5**	5
Vesting period – top management		**3/5 years**	3/5 years
Vesting period – all other participants		**3 years**	3 years

The risk-free rate for periods within the contractual term of the rights is based on the Rand and US$ swap curve in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol share price.

The expected dividend yield of the rights granted is determined using expected dividend payments of the Sasol ordinary shares.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

Accounting policies:

The equity-settled schemes allow certain employees the right to receive ordinary shares in Sasol Limited after a prescribed period. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is charged as employee costs, with a corresponding increase in equity, on a straight-line basis over the period that the employees become unconditionally entitled to the shares, based on management's estimate of the shares that will vest and adjusted for the effect of non-market-based vesting conditions. These equity-settled share-based payments are not subsequently revalued.

39 Share-based payments reserve continued

39.3 The Sasol Inzalo share transaction

In September 2018 the Sasol Inzalo Public share transaction ended. Sasol repurchased 16 085 199 preferred ordinary shares from Sasol Inzalo Public Funding (RF) (Pty) Ltd at a purchase price for R542,11 per share. This repurchase enabled Sasol Inzalo Public Funding (RF) (Pty) Ltd to repay its external debt and declare a final distribution of R1,4 billion to participants.

In June 2018 the Sasol Inzalo Employee and Sasol Inzalo Groups share transactions ended. Sasol repurchased 25 231 686 Sasol Limited (SOL) shares held by the Sasol Inzalo Employee and Management Trusts at a nominal value of R0,01 per share, resulting in no distribution of SOL Shares to participants. Sasol also repurchased 9 461 882 preferred ordinary shares from Sasol Inzalo Groups Funding (RF) (Pty) Ltd at a purchase price of R475,03 per share. This enabled Sasol Inzalo Groups Funding (RF) (Pty) Ltd to repay the external debt with no excess funds available for distribution to participants.

The Sasol Inzalo Foundation, which is controlled and consolidated by the group, holds 9 461 882 shares in Sasol Limited which are accounted for as treasury shares.

OTHER DISCLOSURES

OTHER DISCLOSURES

40 Contingent liabilities

40.1 Litigation

Claimed compensation for lung diseases – Sasol Mining (Pty) Ltd

On 2 April 2015, 22 plaintiffs (at that time 1 current and 21 former employees) instituted action against Sasol Mining (Pty) Ltd at the High Court in Gauteng, South Africa, for allegedly having contracted lung diseases while working at its collieries. The plaintiffs inter alia allege that they were exposed to harmful quantities of coal dust while working underground for Sasol Mining and that the company failed to comply with various sections of the Mine Health and Safety Act, 1996. All of which the plaintiffs allege, increased the risk for workers to contract coal dust related lung diseases. This lawsuit is not a class action but rather 22 individual cases, each of which will be judged on its own merits. The plaintiffs seek compensation for damages relating to past and future medical costs and loss of income amounting to R82,5 million in total plus interest. Two plaintiffs have since passed away and their claims have been formally withdrawn. The total amount of the remaining claims is R67,2 million plus interest.

Sasol Mining is defending the claim. The merits of each single claim are not clear yet since Sasol is awaiting the plaintiffs' response to Sasol's request for further particulars. A date for a hearing has not been set yet. Therefore, it is not possible at this stage to make an estimate of the likelihood that the plaintiffs will succeed with their claim and if successful, what the quantum of damages would be that the court will award. Therefore, no provision has been raised at 30 June 2020.

Construction disputes – Fischer Tropsch Wax Expansion Project in Sasolburg (FTWEP)

After the conclusion of construction of FTWEP at the Sasol One site in Sasolburg, a number of contractual claims have been instituted by some contractors who were involved in the construction and project management relating to this project. Certain of these claims have already been resolved, either through settlement between the parties or through the contractual dispute resolution process. The Fluor SA (Pty) Ltd matter is still ongoing.

Fluor SA (Pty) Ltd – FTWEP

Fluor claimed a total amount of R485,7 million plus interest. This dispute turns on the nature and quantification of Fluor's alleged entitlement to a change to the prices and completion dates for delayed access. In June 2015, Fluor referred the claim to adjudication. In September 2015, the adjudicator rejected Fluor's entire claim. Thereafter, Fluor notified Sasol of its dissatisfaction with the outcome of the adjudication and Fluor's intention to refer the matter to arbitration. The arbitration process commenced with Fluor filing its statement of claim during December 2016. Sasol filed two objections against the statement of claim which had the potential to dispose of the arbitration proceedings. The arbitrator, however, did not decide in favour of Sasol on the objection applications and dismissed the application with costs. The objections will still be raised as a special jurisdictional plea and will be filed with Sasol's statement of defence during the arbitration process.

Fluor subsequently amended its claim, inter alia, by reducing the amount claimed from R485,7 million to R448 million excluding interest. On the 12th of March 2019 Fluor filed and served a further amendment to its statement of claim and an amended expert report in terms of which a further reduction in the quantum is being claimed. Fluor now claims an amount of R383,8 million (alternatively the amount of R406,6 million based on an alternative assessment of its claim). The amendment by Fluor resulted in the arbitration being postponed as Sasol's experts will be required to deal with the revised expert report and we will be required to file an amendment to our statement of defence. The hearing of the matter was scheduled to commence in March 2020 however as a result of the filing of the expert reports and further assessment by the expert being required, the hearing was postponed until October 2020, with further reservation of dates for February 2021 should the hearing not be concluded during October 2020.

Sasol believes that Fluor's original claim, including the amended claims are not justified. This view is supported by Sasol's independent experts. Accordingly, no provision was recognised at 30 June 2020.

Dispute of dismissal during unprotected strike – Sasol Mining (Pty) Ltd

During 2009, the applicants in this matter were charged for participating in an unprotected sit-in, threatening and forcing others to participate in an unprotected strike and for assaulting or attempting to assault others and sitting in underground during an unprotected strike and subsequently dismissed. The applicants disputed their dismissal.

The Labour Court gave judgment in this matter on 19 September 2019 and ruled against Sasol Mining. It was directing the employer to reinstate the employees based on substantial unfairness and procedural fairness. Retrospective payment of remuneration was ordered in different categories, ranging from one to two years' back-pay. The legal team and external counsel received a mandate from management to appeal the judgment and papers were filed on 11 October 2019 in this regard. No court date for the hearing of the appeal is available as yet. It is not possible at this stage to make any estimate of the likelihood that the appeal will succeed and what the quantum of damages would be, if any.

Dispute by Solidarity Trade Union relating to Sasol Khanyisa share scheme

Solidarity referred a dispute relating to the Sasol Khanyisa share scheme to the CCMA on 17 December 2017, whereafter conciliation proceedings commenced on 11 January 2018. On 5 February 2018, Sasol received a letter from Solidarity demanding a payment to their members (non-qualifying employees for Phase 2 of Khanyisa) equal to "the market value of the Sasol Khanyisa shares which qualifying employees will be entitled to within seven days after such entitlement (2028) or payment to each member of R500 000 by the end of December 2018." A second referral to the CCMA was received on 8 March 2018, conciliation was attempted on two occasions, on 9 and 25 May 2018, but was unsuccessful and a certificate to this effect was issued on 14 June 2018. This would entitle Solidarity to conduct a lawful strike provided picketing rules are in place.

On 25 October 2018, Solidarity served Sasol with its referral of the dispute to the CCMA in terms which Solidarity seeks the dispute be conciliated as an unfair discrimination matter. If unsuccessfully conciliated by the CCMA, it will be referred to the Labour Court for adjudication. This process was originally proposed by Sasol, but unheeded by Solidarity. The matter was referred to the CCMA and was subsequently certified as unresolved in February 2019. On 6 May 2019, Sasol received Solidarity's statement of claim filed with the Labour Court in Johannesburg. Sasol filed its replying documentation to Solidarity's statement of claim on the last day of July 2019. Subsequently the Judge President of the Labour Court invited Sasol and three other respondents (PPC, ArcelorMittal and Minopex) in three other cases where Solidarity is the Applicant on similar grounds, to meet. The purpose of the meeting was to make attempts to consolidate the disputes and set a stated case (combined version setting out the dispute) to afford the court to save time by hearing similar matters simultaneously. The various legal teams gathered at a meeting during the first week of October 2019 and a draft Statement of Case was prepared. The Labour Court will hear the matter on 17 September 2020 in Johannesburg. No provision has been raised

Legal review of Sasol Gas National Energy Regulator of South Africa (NERSA) maximum price decision and NERSA gas transmission tariff application (March 2013)

In October 2013, following the March 2013 decisions by the National Energy Regulator of South Africa (NERSA) (pursuant to the applications by Sasol Gas (Pty) Ltd), seven of the customers of Sasol Gas brought a legal review application requesting the setting aside of the Maximum Price Methodology used by NERSA in evaluating the Maximum Price Application by Sasol Gas as well as the Maximum Price decision and Gas Transmission Tariff decision.

The basis of the challenge to the NERSA price decision was the allegation that the methodology used by NERSA to determine its approval of the Maximum Gas Prices was unreasonable and irrational.

In October 2016, the dispute was taken to the High Court and after an appeal to the Supreme Court of Appeal (SCA) the matter ultimately concluded in the decision by the Constitutional Court handed down on 15 July 2019. The court upheld the appeal from the SCA on the Transmission Tariff decision, but dismissed the appeal on the Maximum Price decision.

In terms of the order, the NERSA Maximum Price decision of March 2013 has been set aside.

After the judgement, NERSA restarted the consultation process regarding the methodology to approve maximum gas prices. During November 2019 NERSA published a discussion paper regarding possible approaches that it may follow regarding a possible new methodology for the determination of Maximum Gas Prices. Sasol submitted a written submission to NERSA as part of this comment process. A Public Hearing, in which Sasol participated, was hosted by NERSA on 23 March 2020. After this public hearing NERSA adopted a new Maximum Price Methodology in April 2020. The new Maximum Price Methodology was published during June 2020 and as part of the transitional period leading up to the utilisation of the new Methodology by NERSA in considering Maximum Gas Price applications, NERSA is engaging with various stakeholders in the industry to clarify the intended application of the Methodology in such applications.

Sasol Gas is currently analysing the effect of the new methodology to determine an appropriate basis for the new Maximum Price Application (retrospective from March 2014) to be prepared and submitted in the latter part of calendar year 2020. This new Methodology adopted by NERSA was only published during June 2020 and NERSA anticipates a transitional period of between 3 and 6 months before fully implementing the methodology. In addition, the decision by the Constitutional Court expressly confirmed that the Methodology is only a guideline to be utilised by NERSA in its consideration of Maximum Gas Price applications. Therefore, all relevant facts and circumstances relating to the application by a particular licensee have to be considered by NERSA and not only the Methodology. For these reasons it is currently not determinable if the new Maximum Gas Price to be approved by NERSA will be lower than the actual price charged to the customers and whether any civil claims will be instituted by any affected customers and if instituted, whether such claims will indeed be upheld and lead to a liability on the part of Sasol Gas.

During June 2020, IGUA, an industry association whose members include a number of large gas customers, launched an application to review and overturn the November 2017 NERSA Maximum Gas Price decision approving Maximum Gas Prices for Sasol Gas. This NERSA decision approved maximum gas prices for Sasol Gas for the period 1 July 2017 up to 30 June 2020. Because the basis for this NERSA decision was similar to the previously overturned 2013 NERSA decision, both NERSA and Sasol Gas concluded that based on the merits of the matter, the application will in all probability not be capable of being opposed successfully. Accordingly, neither Sasol Gas nor NERSA will oppose the application.

Sasol Gas is currently engaging with NERSA to clarify intent of and data sources used in the Revised Maximum Gas Price methodology. On completion of these engagements Sasol Gas will develop a new (or possibly 2) new Maximum Price Application(s), which will be submitted to NERSA for approval. This approval process will include a public participation process prior to the approval of a Maximum Gas Price by NERSA. Once the NERSA decision has been taken, Sasol Gas will be in a position to definitively determine the quantum of any potential retrospective civil claims from customers. In parallel Sasol Gas is obtaining legal advice on the potential basis of such claims and how to deal with such claims to prepare for an eventuality where the new maximum prices are not higher than historical prices that were actually charged to customers.

Based on the above update and process still to be followed, there are numerous uncertainties surrounding the matter. Sasol Gas has a possible legal obligation to refund the affected customers if the new maximum gas price to be determined by NERSA is lower than the actual price charged, however the probability that a future liability will arise cannot be determined with certainty and neither can the amount be reliably estimated. Accordingly, no provision has been raised in respect of this matter as at 30 June 2020.

Securities class action against Sasol Limited and some of its current and former executive directors

A class action lawsuit was filed against Sasol Limited and several of its current and former officers in a Federal District Court in New York.

The lawsuit alleges that Sasol violated U.S. federal securities laws by allegedly making false or misleading public statements regarding the Lake Charles Chemicals Project (LCCP) between 2015 and 2020, specifically with respect to timing, costs, and control procedures.

Sasol disputes the allegations and is defending the lawsuit and retained Weil Gotshal & Manges as external counsel. The insurers have initially confirmed coverage within Sasol's policy, subject to a deductible for an amount of costs.

40 Contingent liabilities continued

40.1 Litigation continued

An amended complaint was filed by the plaintiff on 4 June 2020. A key argument by the plaintiff is that Sasol allegedly received a non-negotiable "change order" for LCCP of US$11,7 billion from Fluor in February 2019 excluding a contingency. In its Motion to Dismiss the complaint which was filed on 2 July 2020, Sasol disputed the existence of such a change order and referred to the cost review which started in March 2019 and the announcement in August 2019 that the total indicated cost of LCCP is US$11 billion including a contingency. The cost estimate included engineering and construction cost estimates which were signed-off by Fluor and Technip. At this stage of the proceeding, no discovery of evidence and witness deposition will take place. The discovery phase will only start if the Motion to Dismiss is not granted.

The plaintiff has not specified any amount of damages to date. In the amended complaint, a compensatory claim for damages for the members of the class was left for the trial to be determined. Therefore, no potential loss can be reliably estimated at this stage. Consequently, no provision has been recognised at 30 June 2020. In this context, it is important to also note that Sasol's Directors and Officers insurance has indicated coverage under the policy for this matter

Other litigation and tax matters

From time to time, Sasol companies are involved in other litigation and similar proceedings in the normal course of business. A detailed assessment is performed on each matter and a provision is recognised where appropriate. Although the outcome of these proceedings and claims cannot be predicted with certainty, the company does not believe that the outcome of any of these cases would have a material effect on the group's financial results.

40.2 Competition matters

Sasol continuously evaluates its compliance programmes and controls in general, including its competition law compliance programmes and controls. As a consequence of these compliance programmes and controls, including monitoring and review activities, Sasol has adopted appropriate remedial and/or mitigating steps, where necessary or advisable, lodged leniency applications and made disclosures on material findings as and when appropriate. These ongoing compliance activities have already revealed, and may still reveal, competition law contraventions or potential contraventions in respect of which we have taken, or will take, appropriate remedial and/or mitigating steps including lodging leniency applications.

40.3 Environmental orders

Sasol's environmental obligation accrued at 30 June 2020 was R21 790 million compared to R18 742 million at 30 June 2019.

Although Sasol has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs relating to remediation and rehabilitation may be material to results of operations in the period in which they are recognised. It is not expected that these environmental obligations will have a material effect on the financial position of the group.

41 Related party transactions

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of the reporting entity (Sasol Limited). In particular, this relates to joint ventures and associates. Disclosure in respect of joint ventures and associates is provided in note 24.

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis. Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those statement of financial position items. No impairment of receivables related to the amount of outstanding balances is required.

Material related party transactions

The following table shows the material transactions that are included in the annual financial statements using the equity method for associates and joint ventures.

for the year ended 30 June	2020 Rm	2019 Rm	2018 Rm
Sales and services rendered from subsidiaries to related parties			
Joint ventures	**672**	1 474	965
Purchases by subsidiaries from related parties			
Joint ventures	**691**	718	671
Associates	**15**	95	88
	706	813	759

Identity of related parties with whom material transactions have occurred

Except for the group's interests in joint ventures and associates, there are no other related parties with whom material individual transactions have taken place.

Key management remuneration

Key management comprises of Executive and Non-executive Directors as well as other members of the Group Executive Committee (GEC)/Prescribed Officers. Refer to pages 22 to 45 of the audited Remuneration Report for full details of remuneration of key management personnel and Non-executive Directors, as well as the former Joint CEOs and Presidents.

	Salary R'000	Retirement funding R'000	Other benefits R'000	**Total 2020 R'000**	Total 2019 [1] R'000	Total 2018 [1] R'000
Executive Directors	17 935	1 848	3 161	**22 944**	46 948	66 808

1 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

Gains on Long-term incentives and Share Appreciation Rights for the Executive Directors' and former Executive Director were as follows:

	Long-term incentive rights vested[1] R'000	Share appreciation rights, with and without CPTs exercised R'000	**Total 2020 R'000**	Total 2019 R'000	Total 2018 R'000
Executive Directors	2 657	–	**2 657**	25 025	20 515

1 Long-term incentives for the 2020 financial year represent incentives approved on the group results for the 2020 financial year, payable in the 2021 financial year.

Remuneration and benefits paid and short-term incentives approved for the Prescribed Officers were as follows:

	Salary R'000	Retirement funding R'000	Other benefits R'000	**Total 2020 R'000**	Total 2019 [1] R'000	Total 2018 [1] R'000
Prescribed Officers	38 272	6 554	7 316	**52 142**	67 488	89 007
Number of Prescribed Officers				**6**	8	8

1 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

Gains on Long-term incentives and Share Appreciation Rights for the Prescribed Officers were as follows:

	Long-term incentive rights vested[1] R'000	Share appreciation rights, with and without CPTs exercised R'000	**Total 2020 R'000**	Total 2019 R'000	Total 2018 R'000
Prescribed Officers	4 201	–	**4 201**	68 559	44 962

1 Long-term incentives for the 2020 financial year represent incentives approved on the group results for the 2020 financial year, payable in the 2021 financial year.

Messrs. Cornell and Nqwababa agreed with the Board to terminate their employment. The Board has acknowledged, following an external investigation, that there was no personal wrongdoing on their part. The remuneration and benefits earned during their tenure as Joint CEOs and Presidents in addition to the mutual separation detail was as follows:

	Salary R'000	Retirement funding R'000	Other benefits R'000	**Total 2020 R'000**
Former Joint CEOs and Presidents	29 278	11 682	51 184	**92 144**

1 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

41 Related party transactions continued

Gains on Long-term incentives and Share Appreciation Rights for the former Joint CEOs and Presidents were as follows:

	Long-term incentive rights vested[1] R'000	Share appreciation rights, with and without CPTs exercised R'000	Total 2020 R'000
Former Joint CEOs and Presidents	3 765	–	**3 765**

1 Long-term incentives for the 2020 financial year represent incentives approved on the group results for the 2020 financial year, payable in the 2021 financial year.

The gains from SARs exercised during 2020 is disclosed on pages 42 to 43.

The total IFRS 2 charge for Executive Directors and the Prescribed Officers in 2020 amounted to R10 million and R16 million, respectively and amounted to R14 million for the former Joint CEOs and Presidents.

Non-executive Directors' emoluments for the year was as follows:

	Board meeting fees R'000	Lead Director fees R'000	Committee fees R'000	Ad Hoc Special Board – Committee Meeting R'000	Other R'000	Total 2020 R'000	Total 2019 R'000	Total 2018 R'000
Non-executive Directors	29 952	637	7 959	1 172	23	**39 743**	32 455	27 823

42 Subsequent events

There were no events that occurred subsequent to 30 June 2020.

43 Financial risk management and financial instruments

Financial instruments overview

The following table summarises the group's classification of financial instruments.

	Note	Carrying value			
		At fair value through profit and loss Rm	Designated at fair value through other comprehensive income Rm	Amortised cost Rm	Fair value Rm
2020					
Financial assets					
Investments in listed securities		–	498	–	498
Investments in unlisted securities		–	13	–	13
Other long-term investments		–	–	1 415	1 415
Long-term receivables	23	–	–	5 799	5 799
Long- and short-term financial assets		645	–	–	645
Trade and other receivables**	28	–	–	22 066	22 066 *
Cash and cash equivalents*	31	–	–	34 739	34 739 *
Financial liabilities					
Listed long-term debt (Bonds issued)+	17	–	–	56 760	50 701
Unlisted long-term debt+	17	–	–	110 437	109 724
Lease liabilities	18	–	–	17 719	–
Short-term debt and bank overdraft		–	–	22 533	22 533 *
Long- and short-term financial liabilities		9 891	–	–	9 891
Trade and other payables+	29	–	–	21 164	21 164 *

	Note	Carrying value At fair value through profit and loss Rm	Designated at fair value through other comprehensive income Rm	Amortised cost Rm	Fair value Rm
2019					
Financial assets					
Investments in listed securities		–	830	–	830
Investments in unlisted securities		–	393	–	393
Other long-term investments		–	–	25	25
Long-term receivables	23	–	–	5 582	5 582
Long- and short-term financial assets		645	–	–	645
Trade and other receivables**	28	–	–	25 611	25 611 *
Cash and cash equivalents	31	–	–	15 877	15 877 *
Financial liabilities					
Listed long-term debt (Bonds issued)+	17	–	–	46 060	49 421
Unlisted long-term debt+	17	–	–	83 509	84 007
Lease liabilities	18	–	–	7 770	–
Short-term debt and bank overdraft		–	–	1 297	1 297 *
Long- and short-term financial liabilities		2 205	–	–	2 205
Trade and other payables+	29	–	–	28 501	28 501 *

* The fair value of these instruments approximates carrying value, due to their short-term nature.

** Trade and other receivables includes employee-related and insurance-related receivables.

\+ Includes unamortised loan costs.

43.1 Financial risk management

The group is exposed in varying degrees to a number of financial instrument related risks. The Group Executive Committee (GEC) has the overall responsibility for the establishment and oversight of the group's risk management framework. The GEC established the risk and safety, health and environment committee, which is responsible for providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and assess these risks. Based on the risk management process Sasol refined its hedging policy and the Sasol Limited Board appointed a subcommittee, the Hedging and Digital Committee that meets regularly to review and, if appropriate, approve the implementation of hedging strategies for the effective management of financial market related risks.

The group has a central treasury function that manages the financial risks relating to the group's operations.

Capital allocation

The group's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to grow shareholder value sustainably.

The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The group monitors capital utilising a number of measures, including the gearing ratio. The group's targeted gearing (net debt to shareholders' equity) ratio has been lifted to a range of 55% to 65% for 2020 and thereafter will be managed down to the long-term target of between 20% and 40%. Gearing takes into account the group's substantial capital investment and susceptibility to external market factors such as crude oil prices, exchange rates and commodity chemical prices. The group's gearing level for 2020 is 114,5% (2019 – 56,3%; 2018 – 42,2%).

Financing risk

Financing risk refers to the risk that financing of the group’s net debt requirements and refinancing of existing borrowings could become more difficult or more costly in the future. This risk can be decreased by managing the group within the targeted gearing ratio, maintaining an appropriate spread of maturity dates, and managing short-term borrowings within acceptable levels.

The group’s target for long-term borrowings include an average time to maturity of at least two years, and an even spread of maturities.

43 Financial risk management and financial instruments continued

43.1 Financial risk management continued

Credit rating

Sasol's credit rating came under pressure when the global economic outlook deteriorated whilst our debt was at its highest level at the completion of the LCCP. Consequently, after S&P Global initially affirmed Sasol's rating of 'BBB-' with a negative outlook in March 2020, they revised Sasol's rating on 30 March 2020 to 'BB' with the negative outlook unchanged, reflective of the risk of a prolonged period of economic uncertainty, weaker crude oil and commodity prices and an uncertain demand outlook.

Similarly, Moody's Investors Service (Moody's) on 5 March 2020 revised Sasol's credit rating from Baa3, negative to Ba1 stable and on 31 March 2020 further revised it to Ba2 and placed the company under review for a downgrade on the back of oil price volatility and the impact of the COVID-19 pandemic on the global economy.

On 27 March 2020, Moody's downgraded South Africa from Baa3 to Ba1, maintaining a negative outlook while in April 2020 S&P Global revised South Africa's credit rating from 'BB' to 'BB-' with a stable outlook. The continuing deterioration in fiscal strength and the structurally weak growth are key drivers for the downgrade and there are concerns that current policy settings will be unable to address these factors effectively. The national issuer scale rating changed from Aa1.za to Aa2.za. Sasol, like all South African domiciled entities, is constrained (but not necessarily capped) by the South African Sovereign rating.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below (sub-categorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position.

Credit risk

Credit risk is the risk of financial loss due to counterparties not meeting their contractual obligations. Credit risk is deemed to be low when, based on the forward available information, it is highly probable that the customer will service its debt in accordance with the agreement throughout the period.

The outbreak of the COVID-19 pandemic during 2020 and the turmoil in the global economic environment following the decline in oil prices are expected to impact counterparties' ability to meet contractual obligations when they become due, but also the amount expected to be recovered in case of default. These factors have contributed to the increase of R484 million (2019: R199 million) in the provision for expected credit losses recognised for 2020.

How we manage the risk

The risk is managed by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary credit management committees. The central treasury function provides credit risk management for the group-wide exposure in respect of a diversified group of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations. The group maximum exposure is the outstanding carrying amount of the financial asset.

For all financial assets measured at amortised cost, the group calculates the expected credit loss based on contractual payment terms of the asset. The contractual payment terms for receivables vary from 30 days to 120 days. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Financial assets at amortised cost are carefully monitored and reviewed on a regular basis for expected credit loss and impairment based on our credit risk policy.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The group allocates probability of default based on external and internal information. The major portion of the financial assets at amortised cost consists of externally rated customers and the group uses the average of Moody's, Fitch and S&P Corporate and Sovereign probability of defaults, depending on whether the customer or holder of the financial asset is corporate or government related. No changes were made to the majority of formal credit ratings as these credit ratings were obtained close to year-end and therefore already incorporate the current negative economic environment, as well as an entity's specific circumstances, financial strength and outlook. For customers or debtors that are not rated by a formal rating agency, the group allocates internal credit ratings and default rates taking into account forward looking information, based on the debtors profile and financial status. Loss given default (LGD) is based on the Basel model. Until 2019, the group used a 45% LGD for unsecured financial assets and 35% for secured financial assets. Basel II, however, requires that LGD parameters reflect economic downturn conditions, meaning that entities' credit exposures need to reflect the losses entities would expect to incur if all defaults occur during the downturn part of an economic cycle. Based on the current economic downturn the group, therefore, applied the Board of Governors of the Federal Reserve System's formula for deriving downturn LGD to be used for 2020, namely 50% for unsecured financial assets and 40% for secured financial assets. Credit enhancement is only taken into account if it is integral to the asset. Trade receivables expected credit loss is calculated over lifetime. Other financial assets expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased. Credit risk is deemed to have increased when the payment is 30 days overdue and the customer has defaulted, indicating their inability to honor the debt.

No single customer represents more than 10% of the group's total turnover or more than 10% of total trade receivables for the years ended 30 June 2020, 2019 and 2018. Approximately 44% (2019 – 50%; 2018 – 49%) of the group's total turnover is generated from sales within South Africa, while about 23% (2019 – 22%; 2018 – 24%) relates to European sales and 17% (2019 – 14%; 2018 – 13%) relates to sales within the US. The concentration of credit risk within geographic regions is largely aligned with the geographic regions in which the turnover was earned.

Detail of allowances for credit losses:

	Lifetime ECL				12-month ECL	
	Significant increase in credit risk since initial recognition Rm	Simplified approach for trade receivables Rm	Credit-impaired Rm	Total lifetime ECL Rm	No significant increase in credit risk since initial recognition Rm	Total expected credit loss Rm
2020						
Long-term receivables	349	–	47	396	46	442
Trade receivables	–	64	299	363	–	363
Other receivables	12	–	330	342	1	343
	361	64	676	1 101	47	1 148

	Lifetime ECL				12-month ECL	
	Significant increase in credit risk since initial recognition Rm	Simplified approach for trade receivables Rm	Credit-impaired Rm	Total lifetime ECL Rm	No significant increase in credit risk since initial recognition Rm	Total expected credit loss Rm
2019						
Long-term receivables	121	–	38	159	52	211
Trade receivables	–	77	148	225	–	225
Other receivables	3	–	223	226	2	228
	124	77	409	610	54	664

Overview of the credit risk profile of financial assets measured at amortised cost is as follows:

	2020 %	2019 %
AAA to A-	39	85
BBB to B-	54	8
CCC+ and – below	7	7

The deterioration in the credit risk profile is mainly due to the current economic downturn considered in our credit risk assessment.

Liquidity risk

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations as they become due.

The COVID-19 pandemic together with the oil price volatility during the year have significantly impacted on the group's operations and results. In South Africa, a decrease in product demand led to the temporary reduction or suspension of production at certain of the group's operations such as Secunda Synfuels Operations (SSO) and the Natref Refinery in Sasolburg during the year. Globally, the lower oil price environment impacted negatively on chemical prices across most of the group's sales regions and products. This has led to increased pressure on the group's liquidity.

How we manage the risk

The group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a central treasury function to manage pooled business unit cash investments and borrowing requirements. Currently the group is maintaining a positive liquidity position, conserving the group's cash resources through continued focus on working capital improvement, cost savings and capital reprioritisation especially in the light of the current economic environment.

The group meets its financing requirements through a mixture of cash generated from its operations and, short and long-term borrowings and strives to maintain adequate banking facilities and reserve borrowing capacities.

To manage cash generated from operations, management implemented the following measures:

- Continued focus on hedging programmes aimed to protect margins at several of its operations;
- Using periods of lower production to bring forward planned maintenance shutdown at SSO and Natref;
- A US$2 billion cash conservation programme focused on enhancing cash flow and cost competitiveness in a low oil price environment.

From a financing perspective, the group currently has sufficient undrawn borrowing facilities. The group has negotiated increased balance sheet flexibility with lenders in the context of the COVID-19 impacts and market volatility. The group's lenders have agreed to waive their covenants in June 2020 and lift the December 2020 covenants from 3 times to 4 times Net Debt:EBITDA, as defined in the loan agreements. There are no significant debt maturities before June 2021 and the group aims to significantly reduce its debt through initiatives such as an accelerated and expanded asset disposal programme.

Management believes that the group currently has sufficient liquidity to withstand the lower product demand and market volatility in the short-term. Refer to note 17.

43 Financial risk management and financial instruments continued

43.1 Financial risk management continued

Our exposure to and assessment of the risk

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows* Rm	Within one year**** Rm	One to five years Rm	More than five years Rm
2020					
Financial assets					
Non-derivative instruments					
Long-term receivables	23	5 799	–	3 255	2 544
Trade and other receivables	28	22 090	22 090	–	–
Cash and cash equivalents (excluding restricted cash)	31	32 932	32 932	–	–
Investments through other comprehensive income		511	511	–	–
Other long-term investments		1 415	1 415	–	–
		62 747	56 948	3 255	2 544
Derivative instruments					
Foreign exchange contracts		9 185	9 185	–	–
Crude oil put options		113	113	–	–
Ethane swap options		104	104	–	–
Other commodity derivatives		11	11	–	–
		72 160	66 361	3 255	2 544
Financial liabilities					
Non-derivative instruments					
Long-term debt***	17	(188 940)	(24 213)	(147 859)	(16 868)
Lease liabilities	18	(38 187)	(3 051)	(9 319)	(25 817)
Short-term debt	17	(21 888)	(21 888)	–	–
Trade and other payables	29	(21 164)	(21 164)	–	–
Bank overdraft	31	(645)	(645)	–	–
Financial guarantees**		(913)	(913)	–	–
		(271 737)	(71 874)	(157 178)	(42 685)
Derivative instruments					
Foreign exchange contracts		(8 770)	(8 770)	–	–
Interest rate swap options		(4 143)	(780)	(2 631)	(732)
Foreign exchange zero cost collars		(2 861)	(2 861)	–	–
Crude oil zero cost collar		(174)	(174)	–	–
Ethane swap options		(230)	(230)	–	–
Crude oil futures		(66)	(66)	–	–
Other currency derivatives		(2 183)	(53)	(129)	(2 001)
Other commodity derivatives		(103)	(103)	–	–
		(290 267)	(84 911)	(159 938)	(45 418)

* Contractual cash flows include interest payments.

** Issued financial guarantees contracts are all repayable on default, however the likelihood of default is considered remote.

*** Of the amounts due in one to five years, R126 billion relates to the capital repayment of the bonds, the revolving credit facility and the term loan.

**** Refer to note 2 Going concern assessment.

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2019					
Financial assets					
Non-derivative instruments					
Long-term receivables	23	5 582	–	4 203	1 379
Trade and other receivables	28	25 611	25 611	–	–
Cash and cash equivalents (excluding restricted cash)	31	13 397	13 397	–	–
Investments through other comprehensive income		1 223	680	543	–
Other long-term investments		25	–	25	–
		45 838	39 688	4 771	1 379
Derivative instruments					
Foreign exchange contracts		2 161	2 161	–	–
Interest rate swap options		15	–	8	7
Foreign exchange zero cost collars		582	582	–	–
Ethane swap options		2	2	–	–
Other commodity derivatives		31	31	–	–
		48 629	42 464	4 779	1 386
Financial liabilities					
Non-derivative instruments					
Long-term debt***	17	(157 965)	(7 025)	(134 318)	(16 622)
Lease liabilities	18	(25 480)	(1 207)	(4 135)	(20 138)
Short-term debt	17	(1 239)	(1 239)	–	–
Trade and other payables	29	(28 501)	(28 501)	–	–
Bank overdraft	31	(58)	(58)	–	–
Financial guarantees**		(1 326)	(1 326)	–	–
		(214 569)	(39 356)	(138 453)	(36 760)
Derivative instruments					
Foreign exchange contracts		(2 190)	(2 190)	–	–
Interest rate swap options		(1 488)	(213)	(1 029)	(246)
Foreign exchange zero cost collars		(3)	(3)	–	–
Ethane swap options		(456)	(456)	–	–
Crude oil futures		(27)	(27)	–	–
Other commodity derivatives		(10)	(10)	–	–
		(218 743)	(42 255)	(139 482)	(37 006)

* Contractual cash flows include interest payments.

** Issued financial guarantees contracts are all repayable on default, however the likelihood of default is considered remote.

*** Of the amounts due in one to five years, R131 billion relates to the repayment of the bonds, the revolving credit facility and the term loan.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the group is exposed to:

Foreign currency risk

Foreign currency risk is a risk that earnings and cash flows will be affected due to changes in exchange rates.

How we manage the risk

Our Hedging and Digital Committee sets broad guidelines in terms of tenor and hedge cover ratios specifically to assess future currency exposure, which have the potential to materially affect our financial position. These guidelines and our hedging policy are reviewed from time to time. This hedging strategy enables us to better predict cash flows and thus manage our liquidity and key financial metrics more effectively. Foreign currency risks are managed through the group's hedging policy and financing policies and the selective use of various derivatives.

43 Financial risk management and financial instruments continued

43.1 Financial risk management continued

Our exposure to and assessment of the risk

The group's transactions are predominantly entered into in the respective functional currency of the individual operations. The construction of the LCCP has largely been financed through funds obtained in US dollar, with a small portion of funds obtained from Rand sources. A large portion of our turnover and capital investments are significantly impacted by the rand/US$ and rand/EUR exchange rates. Some of our fuel products are governed by the BFP, of which a significant variable is the rand/US$ exchange rate. Our export chemical products are mostly commodity products whose prices are largely based on global commodity and benchmark prices quoted in US dollars and consequently are exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency. The most significant exposure for the group exists in relation to the US dollar and the Euro. The translation of foreign operations to the presentation currency of the group is not taken into account when considering foreign currency risk.

Zero-cost collars

In line with the risk mitigation strategy, the group hedges a significant portion of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The group uses zero-cost collars to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign exchange contracts

Foreign exchange contracts (FECs) are utilised throughout the group to hedge the risk of currency depreciation on committed and highly probable forecast transactions. Transactions hedged with FECs include capital and goods purchases (imports) and sales (exports). Other transactions hedged include certain intercompany loans which expose the group to foreign currency risk.

A number of FECs were entered into during the year which are held for trading. FECs are also utilised in the group in cash flow hedge relationships.

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2020 Rand	2019 Rand	**2020 Rand**	2019 Rand
Rand/Euro	**17,34**	16,19	**19,46**	16,01
Rand/US dollar	**15,69**	14,20	**17,33**	14,08

The table below shows the significant currency exposure where entities within the group have monetary assets or liabilities that are not in their functional currency, have exposure to the US dollar or the Euro. The amounts have been presented in rand by converting the foreign currency amount at the closing rate at the reporting date.

	2020		2019	
	Euro Rm	**US dollar Rm**	Euro Rm	US dollar Rm
Long-term receivables	**–**	**427**	–	–
Trade and other receivables	**394**	**3 218**	515	2 375
Cash and cash equivalents	**1 476**	**964**	1 470	1 256
Net exposure on assets	**1 870**	**4 609**	1 985	3 631
Long-term debt (including lease liabilities)	**(119)**	**(718)**	(122)	(1 851)
Trade and other payables	**(268)**	**(1 674)**	(186)	(1 077)
Net exposure on liabilities	**(387)**	**(2 392)**	(308)	(2 928)
Exposure on external balances	**1 483**	**2 217**	1 677	703
Net exposure on balances between group companies*	**(2 046)**	**(31 894)**	(1 135)	(22 132)
Total net exposure	**(563)**	**(29 677)**	542	(21 429)

* The US$ increase relates to additional funding provided to the LCCP by Sasol Investment Company.

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the individual entities at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year-end, for which there is currency risk, before consideration of currency derivatives, which exist at that point in time. The effect on equity is calculated as the effect on profit and loss. The effect of translation of results into presentation currency of the group is excluded from the information provided.

A 10% weakening in the group's significant exposure to the foreign currency at 30 June would have increased either the equity or the profit by the amounts below, before the effect of tax. This analysis assumes that all other variables, in particular, interest rates, remain constant, and has been performed on the same basis for 2019.

	2020		2019	
	Equity Rm	Income statement Rm	Equity Rm	Income statement Rm
Euro	**(56)**	**(56)**	54	54
US dollar	**(2 968)**	**(2 968)**	(2 143)	(2 143)

A 10% movement in the opposite direction in the group's exposure to foreign currency would have an equal and opposite effect to the amounts disclosed above.

Interest rate risk

Interest rate risk is the risk that the value of short term investments and financial activities will change as a result of fluctuations in the interest rates.

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. The group has significant exposure to interest rate risk due to the volatility in South African, European and US interest rates.

How we manage the risk

Our debt is comprised of different instrument notes, which by their nature either bear interest at a floating or a fixed rate. We monitor the ratio of floating and fixed interest in our loan portfolio and manage this ratio, by electing to incur either bank loans, bearing a floating interest rate, or bonds, which bear a fixed interest rate. We may also use interest rate swaps, where appropriate, to convert some of our debt into either floating or fixed rate debt to manage the composition of our portfolio. In some cases, we may also use other interest rate derivatives, which enables us to mitigate the risks associated with this exposure.

In respect of financial assets, the group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Our exposure to and assessment of the risk

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

Hedge effectiveness was determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. A regression analysis method is employed for assessing the effectiveness of each designated hedging relationship.

Possible sources of hedge ineffectiveness include:

- Differences in critical terms between the interest rate swaps and interest payments, including future payment date mismatches;
- A significant change in the credit risk of either party to the hedging relationship during the period of the hedge; and
- The effects of the forthcoming IBOR reform, because changes might take effect at a different time and have a different impact on the hedged item (the floating-rate debt) and the hedging instrument (the interest rate swap used to hedge the debt).

There has not been any ineffectiveness recognised in relation to the interest rate swaps in profit or loss for 2020.

Developments in respect of the proposed reform of the US dollar LIBOR and the impact thereof on our LIBOR linked debt facilities and interest rate swap are actively monitored. Changes to the interest rate benchmark will be considered in conjunction with the surrounding facts and circumstances at the time and appropriate changes and resetting of rates with counterparties will be negotiated and agreed.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments, including the effect of the interest rate swap was:

	Carrying value	
	2020 Rm	2019 Rm
Variable rate instruments		
Financial assets	**36 140**	16 663
Financial liabilities	**(97 531)**	(54 542)
	(61 391)	(37 879)
Fixed rate instruments		
Financial assets	**525**	197
Financial liabilities	**(109 919)**	(83 151)
	(109 394)	(82 954)
Interest profile (variable: fixed rate as a percentage of total financial assets)	**99:1**	99:1
Interest profile (variable: fixed rate as a percentage of total financial liabilities)	**47:53**	40:60

43 Financial risk management and financial instruments continued

43.1 Financial risk management continued

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. A change of 1% in the prevailing interest rate in a particular currency at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2019. The sensitivity has been calculated including consideration of the effect of existing interest rate swap derivative instruments. Interest is recognised in the income statement using the effective interest rate method. The interest rate swap is designated as a hedge instrument in financial year 2020, the cash flow hedge reserve will be reclassified to profit and loss on a similar basis. Currently the total notional exposure hedged under the swap is US$1,90 billion (2019 – US$1,95 billion).

Income statement – 1% increase

	South Africa Rm	Europe Rm	United States of America Rm	Other Rm
30 June 2020	**110**	**15**	**(761)**	**21**
30 June 2019	27	15	(433)	12

Income statement – 1% decrease

	South Africa Rm	Europe* Rm	United States of America* Rm	Other* Rm
30 June 2020	**(110)**	**(15)**	**761**	**(21)**
30 June 2019	(27)	(15)	433	(12)

* A decrease of 1% in interest rates for the United States of America and Europe will not have an effect on the income statement as it is not considered reasonably possible that the repo interest rates will decrease below 0%.

	Average fixed rate %	Expiry	Fair value loss recognised in other comprehensive income 2020 Rm	Fair value loss recognised in other comprehensive income 2019 Rm	Recognised in profit and loss 2020 Rm	Recognised in profit and loss 2019 Rm
Interest rate swap derivatives						
US$ – pay fixed rate receive floating rate						
North America**	**2,82**	**December 2026**	**(2 192)**	(285)	**(4)**	(1 485)
Mozambique	**2,80**	**February 2030**	**–**	–	**(97)**	10

** The interest rate swap was redesignated as a hedging instrument in a cash flow hedge during the current year, with hedge accounting resumed. Losses incurred on the movement in the swap derivative are recognised in other comprehensive income. 2019 also included a gain of R115 million relating to the reclassification of the swap to profit and loss on termination of the hedge relationship.

Commodity price risk

Commodity price risk is the risk of fluctuations in our earnings as a result of fluctuation in the price of commodities.

How we manage the risk

Crude oil and coal price

The group makes use of derivative instruments, including options and commodity swaps as a means of mitigating price movements and timing risks on crude oil purchases and sales, ethane purchases and export coal sales. The group entered into hedging contracts which provide downside protection against decreases in commodity prices.

Our exposure to and assessment of the risk

A substantial proportion of our turnover is derived from sales of petroleum and petrochemical products. Market prices for crude oil fluctuate because they are subject to international supply and demand and political factors. Our exposure to the crude oil price centres primarily around the selling price of the fuel marketed by our Energy business which is governed by the Basic Fuel Price (BFP) formula, the crude oil related raw materials used in our Natref refinery and certain of our offshore operations including were chemical prices are linked to the crude oil price. Key factors in the BFP are the Mediterranean and Singapore or Mediterranean and Arab Gulf product prices for petrol and diesel, respectively.

Dated Brent Crude prices applied during the year:

	Dated Brent Crude 2020 US$	Dated Brent Crude 2019 US$
High	**69,96**	86,16
Average	**51,22**	68,63
Low	**13,24**	50,21

The following futures were in place at 30 June:

	Contract amount 2020 Rm	**Fair value 2020 Rm**	**Within one year 2020 Rm**	Contract amount 2019 Rm	Fair value 2019 Rm	Within one year 2019 Rm
Crude oil futures	**716**	**(66)**	**(66)**	1 521	(27)	(27)
Other commodity derivatives	**109**	**(92)**	**(92)**	254	21	21

Sensitivity analysis

A 10% increase of the commodity prices at 30 June would have increased the fair value losses recognised in other operating costs in the income statement by the amounts shown below, before the effect of tax. This analysis assumes that all other variables remain constant and should not be considered predictive of future performances. This calculation has been performed on the same basis for 2019.

	2020 Rm	2019 Rm
Crude oil	**(81)**	(193)

Sensitivity analysis

A 10% decrease in the commodity prices at 30 June would have the equal but opposite effect on the fair value amounts shown above, on the basis that all other variables remain constant.

Summary of our derivatives

In the normal course of business, the group enters into various derivative transactions to mitigate our exposure to foreign exchange rates, interest rates, and commodity prices Derivative instruments used by the group in hedging activities include swaps, options, forwards and other similar types of instruments.

Income statement impact	**2020 Rm**	2019 Rm	2018 Rm
Financial instruments			
Net (loss)/gain on derivative instruments			
Foreign exchange zero cost collars	**(4 298)**	323	936
Other foreign exchange derivatives*	**(1 562)**	85	–
Ethane swap options	**(732)**	(462)	29
Foreign exchange contracts (losses)/gains	**(372)**	(794)	121
Crude oil swap options	**(160)**	–	–
Crude oil zero cost collars	**(157)**	–	–
Crude oil put options	**(153)**	(498)	(3 303)
Interest rate swap options	**(101)**	(1 475)	52
Coal swap options	**–**	91	(1 024)
Crude oil futures	**538**	265	(687)
	(6 997)	(2 465)	(3 876)

* Mainly relates to a US dollar derivative that is embedded in a long-term oxygen supply contract to our Secunda Synfuels Operations that was recognised on adoption of IFRS 16.

43 Financial risk management and financial instruments continued

43.1 Financial risk management continued

Statement of financial position impact	**2020 Rm**	2019 Rm
Financial instrument		
Derivative financial assets		
Foreign exchange contracts	**417**	15
Crude oil put options	**113**	–
Ethane swap options	**104**	2
Other commodity derivatives	**11**	31
Foreign exchange zero cost collars	**–**	582
Interest rate swap options	**–**	15
	645	645
Derivative financial liabilities		
Interest rate swap options	**(4 143)**	(1 488)
Foreign exchange zero cost collars	**(2 861)**	(3)
Other foreign exchange derivatives**	**(2 183)**	–
Ethane swap options	**(230)**	(456)
Crude oil zero cost collars	**(174)**	–
Other commodity derivatives	**(103)**	(10)
Crude oil futures	**(66)**	(27)
Foreign exchange contracts	**(1)**	(44)
	(9 761)	(2 028)
Non-derivative financial liabilities		
Financial guarantees	**(130)**	(177)
	(9 891)	(2 205)

** Mainly relates to a US dollar derivative that is embedded in a long-term oxygen supply contract to our Secunda Synfuels Operations that was recognised on adoption of IFRS 16.

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

The other derivatives within the group are economic hedges to our exposure to the rand/US$ exchange rates and commodity prices that have not been classified as cash flow hedges.

	Fair value of assets/ (liabilities) 2020 Rm	Fair value of assets/ (liabilities) 2019 Rm
Interest rate swap derivatives – cash flow hedge (2019 – held for trading)	**(4 143)**	(1 473)

	Fair value of assets 2020 Rm	Fair value of assets 2019 Rm	**Fair value of liabilities 2020 Rm**	Fair value of liabilities 2019 Rm		**Contract/ Notional amount* 2020**	Contract/ Notional amount* 2019
Derivatives held for trading							
Foreign exchange contracts	**417**	15	**(1)**	(44)	US$m	**481**	146
Crude oil futures	**–**	–	**(66)**	(27)	US$m	**36**	92
	417	15	**(67)**	(71)			

* The notional amount is the sum of the absolute value of all contracts for both derivative assets and liabilities.

In addition to foreign exchange contract utilised in normal operating activities, the following derivatives were entered into to mitigate the risks associated with the crude oil price, the rand/US$ exchange rate, ethane price and the coal price.

		2020	2019
Brent crude oil – Put options			
Premium paid	US$m	**17,4**	–
Number of barrels	million	**6,5**	48,0
Open positions	million	**5,5**	–
Settled	million	**1,0**	48,0
Average Brent crude oil price floor, net of costs (open positions)	US$/bbl	**34,49**	–
Losses recognised in the income statement	Rm	**(153)**	(498)
Amount included in the statement of financial position	Rm	**113**	–
Rand/US$ currency – Zero-cost collar instruments			
US$ exposure – open positions	US$bn	**5,4**	4,3
Annual average floor	R/US$	**14,80**	13,84
Annual average cap	R/US$	**17,77**	16,63
(Losses)/gains recognised in the income statement	Rm	**(4 298)**	323
Amount included in the statement of financial position	Rm	**(2 861)**	579
Brent crude oil – Zero-cost collar instruments			
Number of barrels – open positions	million	**3,1**	–
Annual average floor	R/US$	**31,79**	–
Annual average cap	R/US$	**39,88**	–
Losses recognised in the income statement	Rm	**(157)**	–
Amount included in the statement of financial position	Rm	**(174)**	–
Brent crude oil – Swap options			
Number of tons – settled during year	million	**5,0**	–
Losses recognised in the income statement	Rm	**(160)**	–
Export coal – Swap options			
Number of tons – settled during year	million	**–**	1,4
Gains recognised in the income statement	Rm	**–**	91
Ethane – Swap options			
Number of barrels	million	**38,9**	16,0
Open positions	million	**21,5**	12,5
Settled	million	**17,4**	3,5
Average ethane swap price (open positions)	US$ c/gal	**20**	28
Losses recognised in the income statement	Rm	**(733)**	(462)
Amount included in the statement of financial position	Rm	**(126)**	(454)

Sensitivity analysis

The fair value of significant derivatives held for trading is impacted by a number of market observable variables at valuation date. The sensitivities provided below reflect the impact on fair value as a result of movements in the significant input variables utilised for valuation purposes:

43 Financial risk management and financial instruments continued

43.1 Financial risk management continued

30 June 2020		Volatility		Ethane price		Crude oil price		Rand/US$ spot price		US$ Libor curve**
		+2%	-2%	+USD 2 c/gal	-USD 2 c/gal	+USD 2/ bbl	-USD 2/ bbl	-R1/ US$	+R1/ US$*	+0,5%
Crude oil put options	Rm					(45)	55			
Ethane swap options	Rm			329	(329)					
Foreign exchange zero cost collars	Rm	(196)	209					2 172	(2 504)	
Crude oil zero-cost collar	Rm	(12)	14			(81)	72			
Interest rate swap	Rm									811

30 June 2019		Volatility		Ethane price		Crude oil price		Rand/US$	US$ Libor curve	
		+2%	-2%	+USD 2 c/gal	-USD 2 c/gal	+USD 2 /bbl	-USD 2 /bbl	-R1/US$*	+0,5%	-0,5%
Ethane swap options	Rm			146	(146)					
Foreign exchange zero cost collars	Rm	115	(125)					2 495		
Interest rate swap	Rm								754	(748)

* A weakening of the Rand/US$ spot exchange rate of R0,44 will likely result in the spot price falling within the corridor of the cap and floor rates of the zero-cost collars. No gain or loss will be made if these derivatives are settled at a spot price between the cap and floor. The exchange rate would have to weaken by at least R0,44/US$, up to the cap of R17,77, before losses are incurred on the derivatives.

** Sensitivities on the downward shift has been limited by the low US$ Libor at 30 June 2020.

30 June 2020		US$/Rand Spot price		US$ Swap curve		Rand Swap curve	
		+R1/US$	-R1/US$	+0,1%	-0,1%	+1,0%	-1,0%
Oxygen supply contract embedded derivative	Rm	(506)	506	117	(120)	(724)	860

The fair value of the embedded derivative financial instrument contained in a long-term oxygen supply contract to our Secunda Synfuels Operations is impacted by a number of observable and unobservable variables at valuation date. The sensitivities provided above reflect the impact on fair value as a result of movements in the significant input variables utilised for valuation purposes.

Accounting policies:

Derivative financial instruments and hedging activities

Financial liabilities are recognised on the transaction date when the group becomes a party to the contract and thus has a contractual obligation and are derecognised when these contractual obligations are discharged, cancelled or expired.

All derivative financial instruments are initially recognised at fair value and are subsequently stated at fair value at the reporting date. Attributable transaction costs are recognised in the income statement when incurred. Resulting gains or losses on derivative instruments, excluding designated and effective hedging instruments, are recognised in the income statement.

The group is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group uses derivative instruments to hedge its exposure to these risks. To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as a non-current asset or liability.

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or highly probable forecast transaction that could affect the income statement, the effective part of any gain or loss arising on the derivative instrument is recognised as other comprehensive income and is classified as a cash flow hedge accounting reserve until the underlying transaction occurs. The ineffective part of any gain or loss is recognised in the income statement. If the hedging instrument no longer meets the criteria for cash flow hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

If the forecast transaction results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is transferred from the cash flow hedge accounting reserve, as other comprehensive income, to the underlying asset or liability on the transaction date. If the forecast transaction is no longer expected to occur, then the cumulative balance in other comprehensive income is recognised immediately in the income statement as reclassification adjustments. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

When derivative instruments, including forward exchange contracts, are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on fair value hedges are recognised in the income statement.

43.2 Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The group does not hold any financial instruments traded in an active market, except for the investment in listed equity instruments. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The following table is provided representing the assets and liabilities measured at fair value at reporting date, or for which fair value is disclosed at reporting date.

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13, as shown below.

There have been no transfers between levels in the current year. Transfers between levels are considered to have occurred at the date of the event or change in circumstances.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).

Level 3 Inputs for the asset or liability that are unobservable.

43 Financial risk management and financial instruments continued

43.2 Fair value continued

Financial instrument	Fair value 30 June 2020	Fair value 30 June 2019	Valuation method	Significant inputs	Fair value hierarchy of inputs
Financial assets					
Investments in listed securities	**498**	830	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1
Investments in unlisted securities	**13**	393	Discounted cash flow	Forecasted earnings, capital expenditure and debt cash flows of the underlying business, based on the forecasted assumptions of inflation, exchange rates, commodity prices etc. Appropriate WACC for the region.	Level 3
Other long-term investments	**25**	25	Discounted cash flow	Market related interest rates.	Level 3
	1 390	–	**	**	Level 1
Long-term receivables	**5 799**	5 582	Discounted cash flow	Market related interest rates.	Level 3
Derivative assets	**645**	645	Forward rate interpolator model, appropriate currency specific discount curve, discounted expected cash flows, numerical approximation	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices, coal prices, crude oil prices	Level 2
Trade and other receivables	**22 066**	25 611	Discounted cash flow	Market related interest rates.	Level 3*
Cash and cash equivalents	**34 739**	15 877	**	**	Level 1**
Financial liabilities					
Listed long-term debt	**50 701**	49 421	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1
Unlisted long-term debt	**109 724**	91 777	Discounted cash flow	Market related interest rates	Level 3
Short-term debt and bank overdraft	**22 533**	1 297	Discounted cash flow	Market related interest rates	Level 3*
Derivative liabilities	**7 723**	2 205	Discounted net cash flows, using a swap curve to infer the future floating cash flows, forward rate interpolator model, discounted expected cash flows, numerical approximation	US$ Overnight Indexed Swap (OIS) curve, recovery probabilities, forward exchange contracted rates, coal prices, market foreign exchange rates	Level 2
	2 168	–	Forward rate interpolator model, discounted expected cash flows, numerical approximation, as appropriate***	US PPI, US labour index, US Dollar and ZAR treasury curves, Rand zero swap discount rate***	Level 3***
Trade and other payables	**21 164**	28 501	Discounted cash flow	Market related interest rates	Level 3*

* The fair value of these instruments approximates their carrying value, due to their short-term nature.

** The carrying value of cash is considered to reflect its fair value.

*** Relates to the embedded derivative contained in the long-term oxygen supply contract to our Secunda Synfuels Operations. On initial application of IFRS 16 on 1 July 2019, the IAS 17 finance lease relating to the contract was derecognised as the arrangement did not meet the revised definition of a lease under IFRS 16, and an embedded derivative was recognised. The monthly payments consist of fixed fees which are denominated in USD and ZAR and increase in line with US and ZAR labour and inflation indices. This resulted in the presence of an embedded derivative in the arrangement, which has been separately recognised as a financial instrument measured at fair value through profit or loss. The initial impact of recognising the embedded derivative of R624 million was recognised directly in retained earnings while subsequent fair value adjustments of R1,6 billion were recognised in other operating expenses in the income statement.

Sasol Limited Company

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STATEMENT OF FINANCIAL POSITION
at 30 June

	Note	2020 Rm	2019 Rm
Assets			
Investments in subsidiaries	1	**103 059**	132 892
Investment in security	1	**8**	7
Long-term receivables	2	**47 630**	54 976
Deferred tax asset	3	**372**	359
Non-current assets		**151 069**	188 234
Other receivables and prepaid expenses	4	**862**	426
Tax receivable		**–**	69
Cash and cash equivalents	5	**5 753**	4 315
Current assets		**6 615**	4 810
Total assets		**157 684**	193 044
Equity and liabilities			
Shareholders' equity		**155 974**	186 861
Long-term financial liabilities	6	**872**	983
Long-term loan from subsidiary	7	**–**	4 700
Non-current liabilities		**872**	5 683
Short-term financial liabilities	6	**456**	305
Short-term provision	8	**1**	23
Tax payable		**9**	–
Trade and other payables	9	**372**	172
Current liabilities		**838**	500
Total equity and liabilities		**157 684**	193 044

INCOME STATEMENT
for the year ended 30 June

	Note	2020 Rm	2019 Rm
Revenue	14	**7 587**	8 635
Other expenses (net)		**(8 142)**	(1 226)
Translation losses	10	**(145)**	(4)
Expected credit losses	11	**(7 316)**	(574)
Other operating expenses	12	**(684)**	(652)
Other operating income		**3**	4
Remeasurement items	13	**(36 508)**	(2 973)
Net finance income		**4 983**	4 629
Finance income	15	**5 236**	5 951
Finance costs	16	**(253)**	(1 322)
(Loss)/earnings before tax		**(32 080)**	9 065
Taxation	17	**(126)**	(34)
(Loss)/earnings for the year		**(32 206)**	9 031

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June

	2020 Rm	2019 Rm
(Loss)/earnings for the year	**(32 206)**	9 031
Other comprehensive income, net of tax		
Items that can be subsequently reclassified to the income statement		
Fair value of investment in security	**1**	–
Total comprehensive (loss)/income for the year	**(32 205)**	9 031

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June

	Note	2020 Rm	2019 Rm
Share capital			
Balance at beginning of year	18	**9 888**	15 775
Repurchase of shares[1]		**–**	(5 887)
Shares issued		**–**	–
Balance at end of year		**9 888**	9 888
Share-based payment reserve			
Balance at beginning of year		**5 206**	6 555
Expiry of Inzalo Share Incentive Schemes		**–**	(2 435)
Sasol incentive schemes vested and settled		**(614)**	(573)
Share-based payment expense	19	**1 946**	1 659
Balance at end of year		**6 538**	5 206
Retained earnings			
Balance at beginning of year[2]		**171 761**	169 245
(Loss)/earnings for the year		**(32 206)**	9 031
Expiry of Inzalo Share Incentive Schemes		**–**	2 435
Sasol incentive schemes vested and settled		**608**	573
Khanyisa Tier 1 vesting		**(622)**	(610)
Dividends paid	22	**–**	(8 913)
Dividend received in specie	24	**–**	–
Balance at end of year		**139 541**	171 761
Investment fair value reserve			
Balance at beginning of year		**6**	6
Total comprehensive income for year		**1**	–
Balance at end of year		**7**	6
Total shareholders' equity		**155 974**	186 861

1 The Sasol Inzalo transaction was terminated in September 2018. On 7 September 2018, 16 085 199 Sasol Limited Preferred ordinary shares were purchased from Sasol Inzalo Public Funding (RF) (Pty) Ltd at a purchase price for R542,11 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017.

2 On 1 July 2018, the company adopted IFRS 9 'Financial Instruments'. The new accounting standard has been modified retrospectively. The impact of the adoption of the new standard would have been a reduction of R49 million on the opening shareholders' equity position for 2019. This was adjusted for in the 2019 year as the impact is not significant.

STATEMENT OF CASH FLOWS
for the year ended 30 June

	Note	2020 Rm	2019 Rm
Cash generated by operating activities	20	**7 153**	11 186
Finance income received	15	**1 002**	1 015
Finance cost paid	16	**(94)**	(339)
Tax paid		**(61)**	(250)
Cash available from operating activities		**8 000**	11 612
Dividends paid	22	**–**	(8 913)
Cash retained from operating activities		**8 000**	2 699
Additional investments in subsidiaries	23	**(1 527)**	(2 619)
Repayment of long-term receivables		**33**	–
Cash used in investing activities		**(1 494)**	(2 619)
Repayment of loan from subsidiary	7	**(4 700)**	–
Prepayment relating to funding activities		**(365)**	–
Loan from subsidiary	7	**–**	4 700
Repurchase of shares		**–**	(8 720)
Cash utilised in financing activities		**(5 065)**	(4 020)
Increase/(decrease) in cash and cash equivalents		**1 441**	(3 940)
Cash and cash equivalents at beginning of year		**4 315**	8 255
Cash and cash equivalents at end of year	5	**5 756**	4 315

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June

1 Investments

	2020 Rm	2019 Rm
Investment in subsidiaries		
Reflected as non-current assets		
Shares at cost	**132 206**	126 446
Shareholder loan to subsidiary	**525**	525
Share-based payment expense	**7 589**	6 674
Impairment (net of reversals) of investment in subsidiary	**(37 261)**	(753)
	103 059	132 892
Investment in security	**8**	7

Investments in subsidiaries are accounted for at cost less impairment losses.

Impairment

The current year impairment of R36 508 million relates to the investment in Sasol South Africa Limited (SSA). Since the inception of the Sasol Khanyisa transaction an annual valuation of the Sasol South Africa Group is performed. For the main assumptions informing the SSA valuation refer to note 10, page 76 of the Group Financial Statements. The investment in Sasol South Africa was written down to the fair value of the SSA Group. The fair value of Sasol South Africa decreased significantly as a result of the impact of the lower oil price, depressed chemical market and the impact of COVID-19. The investment was impaired to a recoverable amount of R3,3 billion. The prior year impairment relates to the company's investment in Sasol New Energy Holdings (Pty) Ltd.

2 Long-term receivables

		2020 Rm	2019 Rm
Sasol South Africa Limited	(a)	**46 877**	46 877
Sasol Khanyisa Fundco (RF) Ltd	(b)	**8 622**	8 655
Other		**17**	17
Total long-term receivables		**55 516**	55 549
Less: Expected credit loss	(c)	**(7 886)**	(573)
		47 630	54 976

The long-term receivables are measured at amortised cost.

The long-term receivables consist of:

a) Funding to Sasol South Africa Limited (SSA) to purchase the investment in Sasol Gas (Pty) Ltd. The loan attracts interest at 0% and Sasol Limited has no intent of demanding payment in the next 12 months.

b) Loan to Sasol Khanyisa Fundco (Fundco) to fund the preference share subscription for the Khanyisa Public Participants. The ability of Fundco the repay the loan is dependent on dividends received from SSA. The loan attracts interest at 75% of prime and Sasol Limited has no intent of demanding payment in the next 12 months.

c) A specific expected credit loss of R7,7 billion was recognised on the Sasol Khanyisa Fundco long-term receivable. Refer to note 25 for details on expected credit loss calculation.

	2020	2019
Interest-bearing status		
Sasol South Africa Limited	**0,0%**	0,0%
Sasol Khanyisa Fundco (RF) Ltd	**5,4%**	7,6%

	2020 Rm	2019 Rm
Maturity profile		
More than five years	**47 630**	54 976

3 Deferred tax asset

	Note	2020 Rm	2019 Rm
Reconciliation			
Balance at beginning of year		**359**	177
Current year charge per the income statement	17	**13**	182
Balance at end of year		**372**	359

A deferred tax asset has been recognised to the extent that it is probable that the entity will generate future taxable income against which this temporary difference can be utilised and consists mainly of movements in financial liabilities.

4 Other receivables and prepaid expenses

	Note	2020 Rm	2019 Rm
Related party receivables – intercompany receivables	24	**498**	425
Other receivables		**–**	2
		498	427
Less: Expected credit loss[1]		**(1)**	(1)
		497	426
Prepaid expenses[2]		**365**	–
		862	426

1 Refer to note 25 for details on expected credit loss calculation.

2 Prepaid expenses relate mainly to standby underwriters fees, legal fees and other cost incurred in relation to a potential rights issue as announced on 17 March 2020.

Fair value of other receivables

The carrying amount approximates fair value due to the short period to maturity of these receivables.

5 Cash and cash equivalents

	2020 Rm	2019 Rm
Cash	**1**	3
Cash – deposit with Group Treasury	**5 755**	4 312
Cash – Per the statement of cash flows	**5 756**	4 315
Less: Expected credit loss*	**(3)**	–
	5 753	4 315

* Refer to note 25 for details on expected credit loss calculation.

Fair value of cash

The carrying amount of cash approximates fair value.

6 Long-term financial liabilities

	2020 Rm	2019 Rm
Non-derivative instruments		
Financial guarantees recognised	**1 387**	1 607
Expected credit loss adjustment	**60**	9
Translation difference	**263**	(4)
Less: amortisation of financial guarantees	**(382)**	(324)
	1 328	1 288
Less: short-term portion of financial guarantees	**(456)**	(305)
Arising on long-term financial instruments	**872**	983
Guarantees – maximum exposure	**200 193**	149 462

	2020 Rm	2019 Rm
Measurement of long-term financial guarantees		
Initial fair value is calculated by reference to the expected loss model where three factors are considered:		
The notional amount of the guarantee, the probability of default and the loss given default. A premium of WACC is then applied to determine the minimum level of return required. Subsequently at each reporting period the fair value is calculated using the IFRS 9 expected credit loss model. Refer to note 25 for details on expected credit loss.	**1 328**	1 288

The long-term financial liabilities consist of guarantees issued on related party debt:

	2020		2019	
	Maximum exposure Rm	**Liability included in statement of financial position Rm**	Maximum exposure Rm	Liability included in statement of financial position Rm
Financial guarantees				
Revolving credit facility – various banks[1]	**67 336**	**285**	54 915	327
Bank of America Merril Lynch[3]	**31 214**	**287**	25 258	293
US Bond Holders (2024 Notes)[2]	**26 388**	**267**	21 313	275
US Bond Holders (2022 Notes)[4]	**17 428**	**82**	14 164	95
Bank of America Merril Lynch[3]	**17 362**	**52**	–	–
US Bond Holders (2028 Notes)[2]	**13 215**	**270**	10 671	246
ABSA Bank Limited – banking facility[5]	**6 507**	**19**	4 507	3
Citibank[6]	**3 465**	**10**	2 816	3
Nedbank Limited – banking facility[5]	**3 000**	**9**	3 000	5
FirstRand Bank Limited – banking facility[5]	**3 000**	**9**	3 000	5
Eskom Holdings Limited[7]	**2 713**	**8**	2 885	6
Mizuho Bank of Europe N.V[8]	**2 604**	**8**	–	–
Noteholders of Commercial Paper[9]	**2 197**	**9**	–	–
Saudi Aramco[10]	**1 213**	**4**	986	11
The Standard Bank of South Africa Limited – banking facility[5]	**1 030**	**3**	4 330	6
Investec Bank Limited – banking facility[5]	**1 000**	**3**	1 000	–
ABSA Bank Limited – Natref debt[11]	**432**	**2**	498	11
Nedbank Limited – Natref debt[11]	**64**	**1**	97	2
Nedbank Limited – Sasol Oil[12]	**25**	**–**	22	–
	200 193	**1 328**	149 462	1 288

1 Guarantee issued to various banks over the joint revolving credit facility of Sasol Financing International Limited, Sasol Financing Limited and Sasol Financing (USA) LLC maximum exposure amounting to US$3 900 million.

2 Guarantees issued for the US$ bonds issued by Sasol Financing (USA) LLC, maximum exposure of US$2 286 million including accrued interest of US$36 million.

3 Guarantees issued to Bank of America Merril Lynch (effective June 2019 and November 2019) over the term loan and syndicated loan of Sasol Financing (USA) LLC, maximum exposure amounting to US$2 804 million including accrued interest and net of amortised costs.

4 Guarantee issued for the US$ bond issued by Sasol Financing International Limited, maximum exposure US$1 006 million including accrued interest of US$6 million.

5 Sasol Limited has issued guarantees of R14 537 million to various banks in relation to central treasury credit facilities available to Sasol Financing Limited.

6 Guarantee issued to Citibank over the joint Letter of Credit facility of Sasol Financing International Limited and Sasol International Services Limited, maximum exposure of US$200 million.

7 Sasol Limited issued a number of guarantees on behalf of Sasol South Africa Limited to Eskom relating to Project Mulalo and a financial guarantee of R1 786 million over the Eskom electricity account.

8 Guarantee issued to Mizuho Bank Europe N.V over the Credit facility of Sasol Financing International Limited, maximum exposure of US$150 million including interest accrued.

9 Guarantee of paper to the value of R2 176 million issued in the local debt market under the current Domestic Medium Term Note (DMTN) programme.

10 Guarantee issued on behalf of Sasol International Services Limited, maximum exposure amounting to US$70 million.

11 Guarantee issued over the debt of National Petroleum Refiners of South Africa (Pty) Ltd.

12 Guarantee issued over the debt of Sasol Oil (Pty) Ltd.

	2020 Rm	2019 Rm
7 Long-term loan from subsidiary		
Sasol Financing Limited	–	4 700

Funding from Sasol Financing Limited for the repurchase of the Sasol Limited preferred ordinary shares from Sasol Inzalo Public (RF) (Pty) Ltd. The loan bears interest at Jibar (6 month) + 1%.

On 4 September 2019, R4 billion was repaid with the proceeds from dividends declared by subsidiaries in August 2019. The balance of the loan was settled in February 2020.

Fair value of long-term debt

The carrying amount of the long-term loan from subsidiary approximates fair value. The fair value is based on the current rates available for debt with the same maturity profile and with similar cash flows.

	Note	2020 Rm	2019 Rm
8 Short-term provision			
Comprising share-based payment			
Balance at beginning of year		23	81
Per the income statement	19	(22)	(45)
Utilised during year		–	(13)
Balance at end of year		1	23

	Note	2020 Rm	2019 Rm
9 Trade and other payables			
Related party payables – intercompany payables	24	193	122
Trade payables		149	40
Employee-related payables		30	10
		372	172
Age analysis of trade payables			
Not past due date		149	40

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

	2020 Rm	2019 Rm
10 Translation losses		
Arising from:		
Guarantees	(263)	4
Intercompany payables	(2)	2
Deposit with Group Treasury	120	(10)
	(145)	(4)

Differences arising on the translation of monetary assets and liabilities from one currency into the functional currency of the company at a different exchange rate.

	Note	2020 Rm	2019 Rm
11 Expected credit losses			
Net expected credit losses raised/(released)			
Long-term receivables	2	7 313	573
Cash and cash equivalents	5	3	–
Other receivables	4	–	1
		7 316	574

12 Other operating expenses

	Note	2020 Rm	2019 Rm
Other operating expenses includes:			
Management fee paid to Sasol South Africa Limited		**142**	103
Professional fees[1]		**166**	10
Employee-related expenditure		**134**	78
salary and related expenses		**131**	85
share-based payment expense	19	**3**	(7)
Donations		**167**	405
Other		**75**	56
		684	652

1 Professional fees include costs incurred relating to the independent review, commissioned by the Board of Directors, of the Lake Charles Chemical Project (LCCP).

13 Remeasurement items affecting operating profit

	2020 Rm	2019 Rm
Effect of remeasurement items		
Loss on repurchase of shares	**–**	(2 833)
Impairment of investment in subsidiary	**(36 508)**	(140)
	(36 508)	(2 973)

Remeasurement items 2020

Impairment of investment in subsidiary

The company's investment in Sasol South Africa Limited has been impaired to fair value, based on the results of an internal valuation of Sasol South Africa Limited performed at 30 June 2020. The lower valuation of the entity is mainly due to the impact of the lower oil price, depressed chemical market and the impact of COVID-19. The investment was impaired to a recoverable amount of R3,3 billion.

Remeasurement items 2019

Loss on repurchase of shares

Sasol Inzalo Public Funding (RF) (Pty) Ltd subscribed to 16 085 199 Sasol Limited Preferred ordinary share at a cost of R366 per share in 2008. The Sasol Inzalo transaction was terminated in September 2018. On 7 September 2018, 16 085 199 Sasol Limited Preferred ordinary shares were purchased from Sasol Inzalo Public (RF) (Pty) Ltd at a price for R542,11 per share as per the shareholders authorisation obtained at the Annual General Meeting held on 17 November 2017.

Impairment of investment in subsidiary

The company's investment in Sasol New Energy Holdings (Pty) Ltd has been impaired to fair value, based on the results of the value-in-use calculations performed on the underlying operating assets.

14 Revenue

	2020 Rm	2019 Rm
Dividends received from subsidiaries – recognised in revenue	**7 587**	8 635
Cash dividends received – per statement of cash flows	**7 587**	8 635

15 Finance income

	2020 Rm	2019 Rm
Interest accrued and received	**622**	670
Guarantee fees received – indirect subsidiaries (refer to note 24)	**380**	703
Notional interest received	**4 234**	4 578
Finance income	**5 236**	5 951
Cash interest received – per statement of cash flows	**1 002**	1 015
Interest accrued	**–**	358
Notional interest	**4 234**	4 578
	5 236	5 951

16 Finance costs

	2020 Rm	2019 Rm
Debt – direct subsidiary (refer to note 24)	**(94)**	(338)
Other	**–**	(1)
Cash interest paid – per statement of cash flows	**(94)**	(339)
Notional interest	**(159)**	(983)
Per income statement	**(253)**	(1 322)

17 Taxation

	2020 Rm	2019 Rm
Securities transfer tax	**–**	(22)
South African normal tax	**(139)**	(194)
current year	**(139)**	(194)
prior years	**–**	–
Deferred tax – South Africa	**13**	182
current year	**13**	182
	(126)	(34)

Reconciliation of effective tax rate

The table below shows the difference between the South African enacted tax rate (28%) compared to the tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to earnings before tax. The reasons for these differences are:

	2020 %	2 019 %
South African normal tax rate	**28,0**	28,0
Increase in rate of tax due to:		
exempt income	**10,5**	–
disallowed expenditure	**–**	14,0
securities transfer tax	**–**	0,2
	38,5	42,2
Decrease in rate of tax due to:		
exempt income	**–**	(41,8)
disallowed expenditure	**(7,0)**	–
other adjustments*	**(31,9)**	–
Effective tax rate	**(0,4)**	0,4

* Other adjustments relate to the impairment of investment in subsidiaries.

	Number of shares 2020	Number of shares 2019

18 Share capital

Authorised	**1 314 407 571**	1 314 407 571
Issued	**632 365 757**	631 028 318

For further details of share capital, refer to note 16 in the consolidated Annual Financial Statements.

19 Share-based payment

19.1 Share-based payment expense

During the year, the following share-based payment expenses were recognised in the income statement regarding share-based payment arrangements that existed:

	2020 Rm	2019 Rm
Cash-settled – recognised in share-based payment provision		
Sasol Share Appreciation Rights Scheme	**(22)**	(45)
Equity-settled – recognised in share-based payment reserve		
Sasol Long-term Incentive Scheme	**25**	38
Sasol Khanyisa share transaction	**–**	–
	3	(7)

19.2 Share-based payment reserve

	2020 Rm	2019 Rm
Equity-settled		
Sasol Khanyisa share transaction	**1 068**	953
Sasol Long-term Incentive Scheme	**878**	706
	1 946	1 659

For further details of the Sasol Khanyisa transaction, refer to note 39 in the consolidated Annual Financial Statements.

20 Cash generated by operating activities

	Note	2020 Rm	2019 Rm
Cash flow from operations	21	**7 024**	7 959
Decrease in working capital		**129**	3 227
		7 153	11 186

21 Cash flow from operations

	Note	2020 Rm	2019 Rm
(Loss)/earnings before tax		**(32 080)**	9 065
Adjusted for			
finance income	15	**(5 236)**	(5 951)
finance costs	16	**253**	1 322
translation on guarantees	10	**263**	(4)
equity-settled share-based payment expense	19	**25**	38
effect of remeasurement items	13	**36 508**	2 973
movement in provision		**(22)**	(58)
income statement charge	8	**(22)**	(45)
utilisation	8	**–**	(13)
expected credit losses on long and short-term receivables	11	**7 316**	574
other non-cash movements		**(3)**	–
		7 024	7 959

22 Dividends paid

	2020 Rm	2019 Rm
Final dividend – prior year		
external shareholders	**–**	(4 898)
related party – subsidiary company	**–**	–
related parties – Inzalo	**–**	(292)
Interim dividend – current year		
external shareholders	**–**	(3 667)
related parties – Inzalo	**–**	(56)
Per statement of cash flows	**–**	(8 913)

23 Additional investments in subsidiaries and long-term receivables movements

	Note	2020 Rm	2019 Rm
Decrease/(increase) in investments per statement of financial position	1	**29 833**	(7 744)
Adjusted for			
dividend received in specie	24	**–**	–
notional interest		**3 851**	4 254
long-term incentive scheme		**1 297**	1 011
impairment of investment in subsidiary		**(36 508)**	(140)
Per statement of cash flows		**(1 527)**	(2 619)

	Note	2020 Rm	2019 Rm

24 Related party transactions

During the year, the company in the ordinary course of business, entered into various transactions with its direct and indirect subsidiaries. The effect of these transactions is included in the financial performance and results of the company.

Material related party transactions were as follows:

	Note	2020 Rm	2019 Rm
Other income statement items to related parties			
Management fee to subsidiary			
Sasol South Africa Limited	12	**142**	103
Donation to			
Sasol Siyakha Enterprise and Supplier Development Trust		**122**	382
Revenue – dividends from subsidiaries			
Sasol Mining Holdings (Pty) Ltd		**1 308**	1 530
Sasol South Africa Limited		**5 877**	3 311
Sasol Technology (Pty) Ltd		**–**	174
Sasol Oil (Pty) Ltd		**105**	1 535
Sasol Middle East and India (Pty) Ltd		**–**	2 033
Sasol Africa (Pty) Ltd		**297**	–
Other		**–**	52
		7 587	8 635
Finance income – interest from subsidiaries			
Sasol Khanyisa Fundco (RF) Ltd		**613**	647
Sasol South Africa Limited		**3 851**	4 254
Sasol Financing Limited		**–**	1
Sasol Financing International Limited		**7**	14
		4 471	4 916
Finance income – guarantee fees from subsidiaries			
Sasol Chemicals (USA) LLC*		**(166)**	611
Sasol Chemicals North America LLC		**81**	61
Sasol International Services Limited		**11**	10
Sasol Financing USA LLC		**446**	–
Sasol Mining (Pty) Ltd		**–**	1
Sasol South Africa Limited		**7**	19
Sasol Oil (Pty) Ltd		**1**	1
		380	703
Finance cost paid to subsidiary			
Sasol Financing Limited		**94**	338
Amounts reflected as non-current assets			
Investments in subsidiaries at cost	**1**	**132 206**	126 446
Long-term loans to indirect subsidiaries			
Sasol Mining (Pty) Ltd	1	**525**	525
		132 731	126 971
Long-term receivables relating to subsidiaries			
Sasol South Africa Limited	2	**46 877**	46 877
Sasol Khanyisa Fundco (RF) Ltd	2	**8 622**	8 655
		55 499	55 532

* The current year includes credit notes issued in respect of prior year guarantee fees.

24 Related party transactions continued

	2020 Rm	2019 Rm
Long-term receivables relating to indirect subsidiaries		
Sasol Khanyisa Warehousing Trust	**17**	17
Amounts reflected as current assets		
Other receivables relating to direct subsidiaries		
Sasol Investment Company (Pty) Ltd	**183**	43
Sasol Oil (Pty) Ltd	**1**	1
Sasol Mining (Pty) Ltd	**–**	–
Sasol South Africa Limited	**6**	22
Other receivables relating to indirect subsidiaries		
Sasol Chemicals North America LLC	**42**	30
Sasol Finanacing USA LLC	**246**	–
Sasol Chemicals (USA) LLC	**–**	307
Other	**20**	22
	498	425
Short-term payables relating to direct and indirect subsidiaries		
Sasol Holdings Netherlands B.V.	**3**	3
Sasol Siyakha Enterprise and Supplier Development Trust	**–**	101
Sasol South Africa Limited	**22**	17
Sasol Chemicals (USA) LLC	**168**	1
	193	122

An analysis of other related party transactions is provided in:

Note 6 – Long-term financial liabilities

Note 7 – Long-term loan from subsidiary

Note 13 – Remeasurement items affecting operating loss

25 Financial risk management and financial instruments

Introduction

The company is exposed in varying degrees to a variety of financial instrument related risks. Refer to note 43 in the consolidated financial statements for more information.

Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations. Credit risk is deemed to be low when based on the forward available information it is highly probable that the customer will service its debt in accordance with the agreement throughout the period.

How we manage the risk

The risk is managed by review of credit status, credit limits and other monitoring procedures. Where appropriate, the company obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by management prior to granting credits. Management has evaluated counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations. The company's maximum exposure is the outstanding carrying amount of the financial asset.

For all financial assets measured at amortised cost, the company calculates the expected credit loss based on contractual payment terms of the asset. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Financial assets at amortised cost are carefully monitored and reviewed on a regular basis for expected credit loss and impairment based on our credit risk policy.

A credit rating of 'BB' to 'BB-' is assigned to long term receivables measured at amortised cost.

Expected credit loss is calculated as a function of probability of default, loss given default and exposure at default. The company determines the probability of default based on the forward-looking external information such as chemical prices and exchange rates and internal information such budgets and customer financial profile analysis. Loss given default is based on the Basel model. The Basel model assumes 40% loss given default for secured financial assets and 50% for unsecured financial assets. Credit enhancement is only taken into account if it is integral to the asset. Financial assets' expected credit loss is measured over 12 months when the credit risk is low and over lifetime where the credit risk has increased. When the financial asset reflects impairment indicators such as fair value of the asset being less than the carrying amount, or the customer is in liquidation, a specific expected credit loss is calculated based on management's view of what is considered as less probable to be received. Refer to note 43 "credit risk" in group financial statements.

Credit risk is deemed to have increased when the payment is 30 days overdue and the customer has defaulted, as this indicates that they are not able to honor the debt.

	2020 Life time Rm	2020 12 months Rm	2020 Expected credit loss Rm	2019 Expected credit loss Rm
Long-term receivables*	7 746	140	7 886	573
Other receivables	–	1	1	1
Cash and cash equivalents	–	3	3	–
	7 746	144	7 890	574

* An internal valuation of Sasol South Africa Limited performed at 30 June 2020, resulted in the Sasol Khanyisa Fundco long-term receivable carrying amount being higher than its fair value. As a result, a specific expected credit loss of R7,7 billion was recognised at 30 June 2020.

Liquidity risk

The company has provided guarantees for the financial obligations of subsidiaries and joint ventures. The outstanding guarantees at 30 June 2020 are provided in note 6.

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2020					
Financial assets					
Non-derivative instruments					
Investment in security	1	8	–	–	8
Long-term receivables		60 054	–	–	60 054
Other receivables	4	498	498	–	–
Cash	5	5 756	5 756	–	–
		66 316	6 254	–	60 062
Financial liabilities					
Non-derivative instruments					
Trade and other payables	9	(372)	(372)	–	–
Financial guarantees[1]	6	(200 193)	(200 193)	–	–
		(200 565)	(200 565)	–	–

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2019					
Financial assets					
Non-derivative instruments					
Investment in security	1	7	–	–	7
Long-term receivables		63 777	–	–	63 777
Other receivables	4	427	427	–	–
Cash	5	4 315	4 315	–	–
		68 526	4 742	–	63 784
Financial liabilities					
Non-derivative instruments					
Long-term loan from subsidiary	7	(6 449)	(411)	(6 038)	–
Trade and other payables	9	(172)	(172)	–	–
Financial guarantees[1]	6	(149 462)	(149 462)	–	–
		(156 083)	(150 045)	(6 038)	–

* Contractual cash flows include interest payments.

1 Issued financial guarantee contracts are all repayable on default, however the likelihood of default is considered remote. Refer to note 6.

25 Financial risk management and financial instruments continued

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the company is exposed to include foreign currency exchange rates. The company has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

Foreign currency risk

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2020	2019	**2020**	2019
Rand/US dollar	**15,69**	14,20	**17,33**	14,08

The most significant exposure of the company's financial assets and liabilities to currency risk is as follows:

	2020 US dollar Rm	2019 US dollar Rm
Other payables	**(86)**	–
Net exposure on balances between group companies	**453**	2 170
Total net exposure	**367**	2 170

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the individual entities at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year-end, for which there is currency risk, before consideration of currency derivatives, which exist at that point in time. The effect on equity is calculated as the effect on profit and loss. The effect of translation of results into presentation currency of the group is excluded from the information provided.

A 10 percent strengthening of the rand on the company's exposure to foreign currency risk at 30 June would have increased either the equity or the income statement by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular interest rates, remain constant and has been performed on the same basis for 2019.

	2020		2019	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
US dollar	**(37)**	**(37)**	(217)	(217)

A 10 percent weakening in the rand against the above currency at 30 June would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African interest rates.

At the reporting date, the interest rate profile of the company's interest-bearing financial instruments was:

	Carrying value before ECL	
	2020 Rm	2019 Rm
Variable rate instruments		
Financial liabilities	**–**	(4 700)
Financial assets	**14 378**	12 970
	14 378	8 270
Fixed rate instruments		
Financial assets	**46 877**	46 877
	46 877	46 877
Interest profile (variable: fixed rate as a percentage of total interest bearing)	**23:77**	15:85

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings and deposits. A change of 1% in the prevailing interest rate in that region at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency exchange rates, remain constant and has been performed on the same basis for 2019.

	Income statement – 1% increase South Africa Rm
30 June 2020	**144**
30 June 2019	82

A 1% decrease in the interest rate at 30 June would have the equal but opposite effect for rand exposure.

26 Statement of compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The financial statements were approved for issue by the Board of Directors on 17 August 2020.

27 Basis of preparation of financial results

The financial statements are prepared using the historic cost convention except that, as set out in the notes above, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and investment in security, are stated at fair value.

The financial statements are prepared on the going concern basis, refer note 2 in the Group financial statements.

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

28 Going concern

Refer to note 2 in the Group annual financial statements.

29 Subsequent events

There were no events that occurred subsequent to 30 June 2020.

30 Other

For further information regarding the remuneration of directors and key management personnel, refer to the audited Report of the Remuneration Committee on pages 22 to 45.

For information on major shareholders, refer to page 19.

Information on contingencies is contained in Note 40 of the consolidated Annual Financial Statements.

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Direct purchase plan

J.P. Morgan offers a convenient way for you to buy ADRs through the GID Program ("Program"). If you wish to participate or review the Program brochure, please visit adr.com/shareholder. At the bottom of the page click on View All Plans and select Sasol Limited to request an enrollment kit or you can call 1-800-990-1135 or 1-651-453-2128.

With the Program, you can:

- Purchase ADSs without a personal broker
- Increase your ADS ownership by automatically reinvesting your cash dividends
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Disclaimer – Forward-looking statements

Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, the impact of the novel coronavirus (COVID-19) pandemic on Sasol's business, results of operations, financial condition and liquidity and statements regarding the effectiveness of any actions taken by Sasol to address or limit any impact of COVID-19 on its business; statements regarding exchange rate fluctuations, changing crude oil prices , volume growth, increases in market share, total shareholder return, executing our growth projects (including LCCP), oil and gas reserves, cost reductions, our climate change strategy and business performance outlook. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour", "target", "forecast" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors and others are discussed more fully in our most recent annual report on Form 20-F filed on 28 October 2019 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Pro-forma financial information

US dollar convenience translations included in these financial statements constitutes pro-forma financial information in terms of the JSE Listing Requirements..

The pro-forma financial information is the responsibility of the board of directors and is presented for illustrative purposes only. Because of its nature, the pro-forma financial information may not fairly present Sasol's financial position, changes in equity, results of operations or cash flows. The underlying information, used in the preparation of the pro-forma financial information, has been prepared using accounting policies which comply with IFRS and are consistent with those applied in the published group consolidated annual financial statements for the year ended 30 June 2020.

This pro-forma information has been reported on by the group's auditors, being PricewaterhouseCoopers Inc. Their unqualified reporting accountant's report prepared in terms of ISAE 3420 is available for inspection at the company's registered address.

Please note: All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word "calendar".

Comprehensive additional information is available on our website: www.sasol.com

Abbreviations

bbl –barrels

mm bbl – million barrels

mm tons – million tons

bscf – billion standard cubic feet

mmscf – million standard cubic feet

mmboe – million barrels oil equivalent

m bbl – thousand barrels

oil –references brent crude

ktpa – thousand tons per annum

Rm – rand millions

one billion –one thousand million

$/ton – US dollar per ton

mm³ –million cubic meters

BFP – Basic Fuel Price

Net debt : EBITDA – EBITDA as defined in the loan agreements

BPEP – Business Performance Enhancement Programme

EGTL – Escravos Gas-to-Liquid

LCCP – Lake Charles Chemicals Project

RP – Response Plan

PSA – Production Sharing Agreement

GTL – Gas-to-Liquids

US – United States of America

B-BBEE – Broad-Based Black Economic Empowerment

CGUs – Cash Generating Units

SARS – South African Revenue Services

JSE – Johannesburg Stock Exchange Limited

IFRS – International Financial Reporting Standards

HEPS – Headline Earnings per Share

DEPS – Dilluted Earnings per share

CHEPS – Core headline earnings per share

EPS – Earnings per share

EBIT – Earnings before interest and tax

WACC – Weighted average cost of capital

LTIs – Long-term incentives

SARs – Share Appreciation Rights scheme

CPTs – Corporate Performance Targets

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