

# SUSTAINING VALUE AND OUR TRADE-OFFS

Apart from creating and preserving value, there are instances where value is diminished through our activities. When making decisions on how to manage our business, we consider the trade-offs between capitals: we aim to maximise positive outputs and outcomes and limit negative impacts.

	Key inputs*	Key outcomes and outputs*	Key actions	Trade-offs
<b>Human</b>	<ul style="list-style-type: none"> <li>Diverse Board.</li> <li>Strong leadership team.</li> <li>30 670 permanent employees (31 112).</li> <li>331 non-permanent employees (317).</li> <li>Investment in employee learning R967 million (R1 272 million).</li> </ul>	<ul style="list-style-type: none"> <li>Six work-related employee fatalities (three).</li> <li>RCR of 0,27 (0,26).</li> <li>Wages and benefits R32 billion (R31,9 billion).</li> <li>New cases of occupational disease 77 (66).</li> <li>Limited COVID-19 infections to 130 by 30 June 2020.</li> </ul>	<ul style="list-style-type: none"> <li>Hiring freeze, salary sacrifices, suspension of Sasol's contribution to retirement funds, no 2021 salary increases, Board fee reductions.</li> <li>Progressed initiatives to improve our culture and remediate the LCCP material weaknesses.</li> <li>Improved the Board's gender diversity.</li> </ul>	<ul style="list-style-type: none"> <li>The loss of lives at Sasol impacted negatively on all capitals. Employee morale and social capital were hit by cost-cutting measures, however financial capital benefitted.</li> <li>Employees working from home during COVID-19 supported intellectual capital.</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>Partnerships with customers, suppliers, business peers, research bodies.</li> <li>Relationships with communities, governments, regulators, civil society.</li> <li>Engagements with investors, shareholders.</li> <li>A strong established brand.</li> </ul>	<ul style="list-style-type: none"> <li>Paid taxes of R39,1 billion (R39,5 billion) in South Africa and R1,8 billion (R1,4 billion) in Mozambique.</li> <li>Spent R1,2 billion (R2 billion) on skills and socio-economic development.</li> <li>B-BBEE Level 3 (Level 4).</li> <li>Black-owned spend R26,3 billion (R19,2 billion).</li> <li>Valuation of B-BBEE transaction-Sasol Khanyisa was negatively impacted by lower earnings.</li> </ul>	<ul style="list-style-type: none"> <li>Engaged stakeholders to develop our emission reductions roadmap, after a perceived lack of urgency on sustainability issues.</li> <li>Engaged investors to understand concerns after failing to meet required support threshold for remuneration.</li> <li>Supported local communities through meaningful contributions, including various initiatives during COVID-19 (Refer to pages 48 to 49).</li> </ul>	<ul style="list-style-type: none"> <li>Investment in and donations to fenceline communities reduced financial capital, but will positively impact all capitals in the long term.</li> <li>Sasol Khanyisa's lower valuation negatively impacted social and human capital.</li> <li>Some new remuneration measures negatively impacted human capital but will ultimately benefit social capital.</li> </ul>
<b>Natural</b>	<ul style="list-style-type: none"> <li>Coal to process (kilotons): 16 942 (17 038).</li> <li>Crude oil processed (mm bbl): 17,2 (22,2).</li> <li>Natural gas to process (bscf): 90 (90).</li> <li>Total water used (thousand cubic meters): 142 614 (134 260).</li> <li>Total energy used (thousand GJ) 413 776 (402 641).</li> </ul>	<ul style="list-style-type: none"> <li>112,4 bscf of natural gas from Mozambique (114 bscf).</li> <li>36,1 mm tons of saleable coal (36,1 mm tons).</li> <li>GHG emissions 66 015 kt CO<sub>2</sub>e (66 558 kt CO<sub>2</sub>e).</li> <li>Hazardous waste (kilotons) 333 (328 kt).</li> <li>Non-hazardous waste (kilotons) 195 (237 kt).</li> <li>Nitrogen oxides (kilotons) 135,8 (149,1 kt).</li> <li>Sulphur oxides (kilotons) 196,3 (191,5 kt).</li> <li>Recycled 157 484 thousand cubic metres of water (177 680 thousand cubic metres), and 83 kilotons of total waste (105 kt).</li> </ul>	<ul style="list-style-type: none"> <li>Updated our strategy, removing upstream oil activities as a growth area. Mining is also not a growth area although it is still part of our integrated energy value chain.</li> <li>Progressed work to secure affordable gas feedstock to continue our operations beyond 2024.</li> <li>Prioritised a greater role for renewable energy in our operations.</li> </ul>	<ul style="list-style-type: none"> <li>Impacted negatively on natural capital by using non-renewable resources and through our emissions and wastes.</li> <li>Competition for natural resources impacted negatively on human and social capital.</li> <li>By converting natural resources into value-added products, we boosted all other capitals.</li> <li>Securing new gas supply will negatively impact our financial capital in the short term but will positively impact natural capital by reducing our GHG emissions.</li> </ul>
<b>Financial</b>	<ul style="list-style-type: none"> <li>Market capitalisation R83 billion (R221 billion).</li> <li>Debt raised R56 billion (R95 billion).</li> <li>Equity R159 billion (R226 billion).</li> <li>Finance income R0,9 billion (R0,8 billion).</li> <li>Finance expense R7,3 billion (R1,3 billion).</li> <li>Funding facilities R200 billion (R160 billion).</li> </ul>	<ul style="list-style-type: none"> <li>Loss before interest and tax R111 billion (EBIT R9,7 billion).</li> <li>Cash generated by operating activities R42,4 billion (R51,4 billion).</li> <li>Headline loss per share R11,79 (HEPS R30,72).</li> <li>Attributable loss R91,1 billion (earnings R4,3 billion).</li> <li>Net debt to EBITDA 4,3 times (2,3 times).</li> <li>Gearing 114,5% (56,3%).</li> <li>Standard and Poor's (S&amp;P) and Moody's reduced Sasol's credit rating to sub-investment grade.</li> </ul>	<ul style="list-style-type: none"> <li>Managed our comprehensive response by focusing on self-help measures, asset disposals and transitioning to Future Sasol.</li> <li>Conserved in excess of US\$1 billion of cash and disposed of assets worth US\$0,6 billion.</li> <li>Passed interim and final dividend.</li> </ul>	<ul style="list-style-type: none"> <li>Constrained balance sheet impacted manufactured capital as we were not able to execute comprehensively on our plans. Intellectual capital was affected by delays in implementing digital initiatives as funds were diverted to liquidity management and repaying debt.</li> <li>Human capital felt impact of cost-saving measures, which benefitted financial capital.</li> <li>Social capital was affected by no dividend payments.</li> </ul>
<b>Manufactured</b>	<ul style="list-style-type: none"> <li>Property, plant and equipment R204 billion (R234 billion).</li> <li>Assets under construction R28 billion (R128 billion).</li> <li>Exploration, development, production, marketing and sales operations in 30 countries (31).</li> </ul>	<ul style="list-style-type: none"> <li>7 230 kilotons of saleable production (6 415 kt).</li> <li>Secunda Synfuels production of 7 373 kilotons (7 619 kt).</li> <li>Natref production 16,8 mm bbl (21,6 mm bbl).</li> <li>52,7 mm bbl of liquid fuels sales (60 mm bbl) in South Africa.</li> <li>Capital expenditure R35,2 billion (R55,8 billion).</li> <li>Depreciation and amortisation R22,6 billion (R18 billion).</li> <li>Net impairment of assets R111,6 billion (R17,5 billion).</li> </ul>	<ul style="list-style-type: none"> <li>Reached beneficial operation for LCCP's ethoxylates, Ziegler, Guerbet units; LDPE unit start-up delayed.</li> <li>Temporarily suspended Natref production and reduced Secunda Synfuels Operations (SSO) production during COVID-19. During this time SSO successfully completed certain maintenance activities which allowed for the postponement of the September 2020 shutdown.</li> <li>Divested 51% of our explosives business to Enaex.</li> <li>Disposed of indirect equity interest in Escravos GTL.</li> </ul>	<ul style="list-style-type: none"> <li>Growth in manufactured capital negatively impacted natural capital and, in the short term, financial capital.</li> <li>Lower production had an adverse impact on our financial and social capital.</li> <li>Investments to reduce the environmental footprint of facilities benefitted natural, intellectual, human and social capital, but came at a cost to financial capital.</li> </ul>
<b>Intellectual</b>	<ul style="list-style-type: none"> <li>Skilled and experienced employees, industry thought leaders and experts.</li> <li>Our 2 400 patented technologies.</li> <li>Digital enablers to create value through innovation.</li> </ul>	<ul style="list-style-type: none"> <li>New patents issued 130 (150).</li> <li>Worldwide patents held 2 400 (2 500).</li> <li>Corporate bursaries 455 (497).</li> <li>Invested R1 233 million in research and development (R&amp;D) (R966 million).</li> </ul>	<ul style="list-style-type: none"> <li>Updated our strategy, using scenario planning to understand the Group's future state in a range of possible outcomes.</li> <li>Reviewed our Remuneration Policy; changed it where appropriate.</li> <li>Deployed technology and support to enable most employees to work from home.</li> </ul>	<ul style="list-style-type: none"> <li>Under our revised strategy, we plan to support all capitals, but decision not to pursue growth in coal could impact negatively on human and social capital.</li> <li>Reconsideration of remuneration at Sasol affected our human capital adversely but could benefit natural and social capital.</li> </ul>

\* 2019 comparative figures indicated in brackets.