

# SASOL KHANYISA FREQUENTLY ASKED QUESTIONS AND ANSWERS

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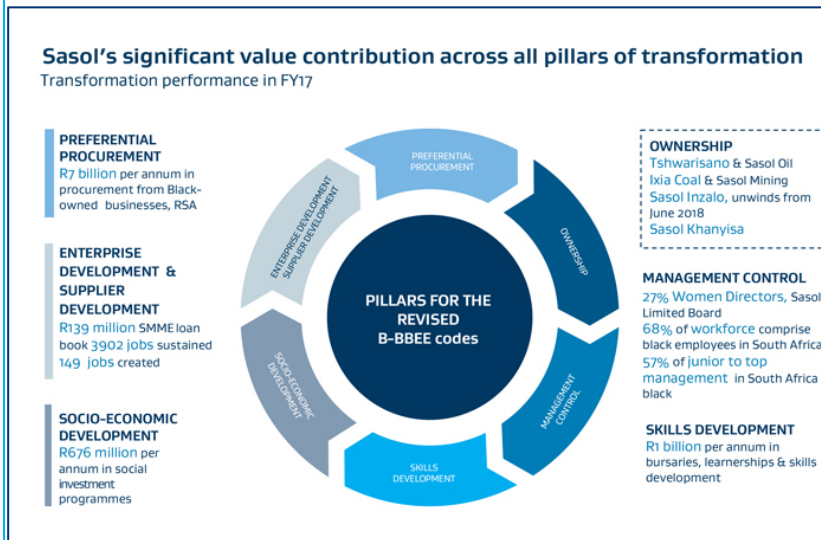


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Transformation and B-BBEE	
1. Why is transformation so important in South Africa and Sasol?	<ul style="list-style-type: none"> <li>• Economic transformation and inclusive growth, are essential for South Africa’s long term sustainability and success. Broad-Based Black Economic Empowerment (B-BBEE) is a key enabler of this transformation.</li> <li>• At Sasol, transformation is a strategic, business and social imperative which we are committed to contributing to in a meaningful way. We believe that driving transformation across our South African businesses’ will enhance our ability to deliver superior returns to shareholders and stakeholders and deepen our commitment to South Africa’s national objective of redressing the inequalities of our country’s past.</li> </ul>
2. What is the objective of B-BBEE?	<ul style="list-style-type: none"> <li>• B-BBEE is aimed at redressing the imbalances of the past by seeking to substantially and equitably transfer the ownership, management and control of South Africa’s financial and economic resources to the majority of its citizens. It seeks to ensure broader and meaningful participation in the economy by Black people to achieve sustainable development and prosperity.</li> </ul>
3. How are Black people defined in the Sasol Khanyisa Transaction?	<ul style="list-style-type: none"> <li>• The definition of “Black people” is contained in the B-BBEE Act, which currently means African, Indian, Coloured (including Chinese) who are citizens of South Africa - <ul style="list-style-type: none"> <li>○ by birth or descent; or</li> <li>○ who became citizens of South Africa by naturalisation before 27 April 1994;</li> <li>○ or who would have been entitled to acquire citizenship by naturalisation prior to that date.</li> </ul> </li> </ul>
4. Why does B-BBEE favour African, Indian and Coloured (including Chinese) racial groups over others and why do White employees and Foreign Nationals not qualify for the 10 year Khanyisa transaction?	<ul style="list-style-type: none"> <li>• Black Economic Empowerment (BEE) is a racially selective programme launched by the South African government to redress the inequalities of Apartheid by giving Black South African citizens (African, Indian, Coloured (including Chinese)) economic privileges previously not available to them under Apartheid (BEE Commission Report, 2011).</li> <li>• B-BBEE does not favour one race group over another. It is essentially an economic growth strategy, targeting the South African economy’s weakest point: inequality.</li> <li>• Therefore, White employees and Foreign national employees are excluded from the 10 year Khanyisa transaction.</li> </ul>
5. Is B-BBEE reverse racism?	<ul style="list-style-type: none"> <li>• B-BBEE is not reverse racism; its objective is aimed at redressing the imbalances of the past.</li> <li>• Sasol does not tolerate unfair discrimination but BEE is a form of fair discrimination which is protected by our Constitution and the law of the country.</li> <li>• In 1994, the economy was, to a large extent, in the hands of the minority group being White citizens, which constituted 11% of the population at the time. It is not sustainable to exclude, or partially exclude, 90% of the population from contributing to the economic success of South Africa. Hence, we as a nation need to put in place measures to accelerate the participation of South Africans who were placed on the back foot so that all South African citizens can equally contribute to the success of our country’s economic growth and progress. In addition, the Labour Relations Act makes employment equity the only legal form of discrimination in South Africa.</li> <li>• The programme does not aim to take wealth from one race group and give it to another. It is essentially an economic growth strategy, targeting the South African economy’s weakest point: inequality.</li> </ul>
6. What are the B-BBEE Codes of Good Practice?	<ul style="list-style-type: none"> <li>• Sasol has taken an integrated approach to accelerate our transformation strategy across each of these codes. Equity ownership; <ul style="list-style-type: none"> <li>○ Management control;</li> </ul> </li> </ul>

- Skills development;
  - Socio-economic development; and
  - Enterprise and supplier development, which includes preferential procurement expenditure as a sub-component.
- The performance of these pillars for FY17 can be seen diagrammatically below:



7. What is Sasol doing to improve its B-BBEE accreditation?

- As a company proudly rooted in our South African heritage, we recognise transformation is a key enabler for economic and inclusive growth. We have adopted a firm empowerment strategy to improve our contributor level status.
- Sasol is progressing on a number of initiatives to improve its contributor level under the Revised Codes of Good Practice. From FY18 (i.e. June 2017) Sasol aims to improve by at least one contributor level per annum to achieve at least a Level 4 by 2020.
- A dedicated Executive Mandating Committee with adequate resources, under the guidance of an advisory committee of the Board, drives and monitors the achievement of the empowerment objectives under the Revised Codes.

8. How does Sasol Khanyisa fit in under the Board mandate of achieving at least a Level 4 B-BBEE rating by FY20?

- As the Sasol Inzalo scheme will unwind in June 2018 (after a 10-year period), Sasol is required to implement another B-BBEE transaction. A B-BBEE ownership transaction is unavoidable if Sasol wishes to maintain a B-BBEE status of Level 6 or better.
- Sasol Inzalo and the new Sasol Khanyisa transactions will assist Sasol to achieve B-BBEE ownership credentials on the ownership element of the B-BBEE scorecard and meet the net value sub-minimum criteria.
- Sasol Khanyisa is ultimately intended to achieve an effective (direct and indirect) Black ownership of at least 25% in Sasol South Africa ("SSA"), currently a wholly-owned subsidiary of Sasol.
- Based on current assumptions Sasol Khanyisa will have a direct ownership of Sasol South Africa to the effect of approximately 19.8%, on the ownership element.

<p>9. Where does Sasol Khanyisa fit in under the B-BBEE Codes?</p>	<ul style="list-style-type: none"> <li>• Sasol Khanyisa fits primarily under the Ownership element of the B-BBEE Codes. The Ownership element comprises of 25 points, broken down into: <ul style="list-style-type: none"> <li>○ Economic and voting rights, which count for 17 points; and</li> <li>○ Net value realisation, which counts for 8 points.</li> </ul> </li> <li>• Ownership has become an even more important requirement necessitating South African companies to assess their structures and strategies in order to remain compliant.</li> <li>• In addition, Ownership is considered a “Priority Element” under the revised Codes and non-compliance with the sub-minimum requirement stipulated by the Codes will result in a company’s rating being further discounted by one full level.</li> <li>• Sasol Khanyisa is a key enabler to the long-lasting ownership of Sasol by Black South Africans.</li> </ul>
<p>10. Should B-BBEE not end now since it has been running for long enough to empower the generation impacted by Apartheid?</p>	<ul style="list-style-type: none"> <li>• The impact of the exclusion from economic participation of many generations will ripple into the generations that follow. The impact of Apartheid cannot be rectified as part of a once-off exercise, it requires an on-going commitment until such time that economic access is proportionately allocated to all South Africans.</li> <li>• Progress has been made over the years in undoing the legacy of the past. However, we still have not reached a point where all South Africans have access to the same economic opportunities and the economy has not yet been transformed. B-BBEE is also an evolutionary process; legislation is continually updated to make sure that transformation is more effective.</li> </ul>

Sasol Inzalo	
1. How has Sasol Inzalo performed?	<ul style="list-style-type: none"> <li>Sasol Inzalo was implemented at a Sasol share price of R366 per share in 2008. Since then, the share price has been impacted by high and low oil and commodity prices.</li> <li>Various forms of funding were used to fund the Sasol Inzalo transaction.</li> <li>Sasol Inzalo's success is linked to the Sasol share price. A Sasol share price of above R905 is required for any pay-outs to employees to happen.</li> <li>Based on all information at hand, Sasol believes that the share price of R905 won't be reached by June 2018 when the Sasol Inzalo employee participation will conclude.</li> </ul>
2. Why doesn't Sasol give participating employees the 850 shares they are expecting to receive?	<ul style="list-style-type: none"> <li>Sasol employees, who were Inzalo participants, were in most instances given "rights to shares".</li> <li>Various forms of funding were used to fund the "rights to shares".</li> <li>Over the past nine years, dividends of R105 000 were declared in respect of the 850 "rights to shares". R55 310 was used to partially settle the funding. The other R55 310 was paid to ESOP participants who participated since 2008, in the form of dividends.</li> <li>Sasol Inzalo's success is also linked to the Sasol share price.</li> <li>As of today, the growth in the share price has not been enough to settle the funding.</li> <li>At the current share price of approximately R400, for Sasol Inzalo participants, no net value has been created and therefore no shares can be transferred to employees.</li> </ul>
3. Will participating employees receive any money once Sasol Inzalo matures?	<ul style="list-style-type: none"> <li>Over the past nine years, dividends of R105 000 were declared in respect of the "rights" to shares.</li> <li>R52 500 was used to partially settle the funding. The other R52 500 was paid to employee participants who were part of the plan since 2008, as dividends.</li> <li>Sasol Inzalo's success is linked to the Sasol share price.</li> <li>As of today, the growth in the share price has not been enough to settle the funding.</li> <li>At the current share price of approximately R400, for Sasol Inzalo participants, no net value has been created and therefore no shares can be transferred to employees.</li> <li>Employees will still receive 50% of declared dividends until Sasol Inzalo ends in June 2018.</li> </ul>
4. Why hasn't Sasol communicated about the performance of Sasol Inzalo in the last 9 years?	<ul style="list-style-type: none"> <li>There are certain legal constraints on what can be communicated, for example, Sasol cannot make projections with respect to its future share price and it cannot provide financial advice.</li> <li>Sasol will ensure that Sasol Khanyisa's performance is regularly communicated to participants as the transaction progresses.</li> </ul>
5. What did Sasol proactively do to have a positive impact on the transaction?	<ul style="list-style-type: none"> <li>In 2014, Sasol re-negotiated the interest charge on the debt with funders. As a result, the debt was refinanced and the interest rate reduced, making a significant contribution to reducing Sasol Inzalo's financing costs.</li> </ul>

Sasol Khanyisa	
1. Who will take part in the Sasol Khanyisa transaction?	<ul style="list-style-type: none"> <li>The eligible participants will comprise (to be finalised on implementation): <ul style="list-style-type: none"> <li>Eligible Sasol employees (~10% of SSA);</li> <li>Existing Sasol Inzalo Public and Groups shareholders (~10% indirectly of SSA); and</li> <li>Existing Black Sasol shareholders that trade on the</li> </ul> </li> </ul>

	empowerment segment of the JSE (~2%).
2. How are Black people defined in the Sasol Khanyisa Transaction?	<ul style="list-style-type: none"> <li>• In the Sasol Khanyisa transaction “Black people” are defined as African, Indian, Coloured (including Chinese) who are citizens of South Africa - <ul style="list-style-type: none"> <li>○ by birth or descent; or</li> <li>○ who became citizens of South Africa by naturalisation before 27 April 1994;</li> <li>○ or who would have been entitled to acquire citizenship by naturalisation prior to that date.</li> </ul> </li> </ul>
3. How will Sasol Khanyisa be funded?	<ul style="list-style-type: none"> <li>• Sasol Khanyisa will be fully vendor funded by Sasol i.e. no third-party funding. As a result, there will no external funding, and no cash flows out of Sasol.</li> </ul>
4. What is the duration of Sasol Khanyisa?	<ul style="list-style-type: none"> <li>• For eligible Inzalo participants who are still employed at the time that we implement Khanyisa, rights to shares will vest after three years.</li> <li>• For Black participants, all “rights to shares” will be exchanged for Sasol shares listed on the empowerment segment of the JSE at the earlier of 10-years or full debt repayment.</li> <li>• This value-for-value exchange to SOLBE1 shares trading on the JSE Empowerment Segment should assist in ensuring that 25% of SSA remains empowered.</li> <li>• SOLBE1 can only be traded amongst Black participants, so even when existing SOLBE1 shareholders sell their shares, SSA will still be able to track and retain its required 25% B-BBEE ownership credentials.</li> </ul>
5. How does Sasol Khanyisa assist in creating net value for its participants?	<ul style="list-style-type: none"> <li>• The initial step is to grant participants a shareholding in Sasol’s South African businesses (except Sasol Oil and Sasol Mining, both of which are separately empowered). Sasol South Africa houses our Synfuels, chemicals and gas businesses, which are our most cash generative entities, placing Sasol Khanyisa close to the cash flows of the businesses as possible, i.e. at operating asset level. This gives Sasol more control over the management of Sasol Khanyisa’s debt.</li> <li>• This is one of the key lessons learned from our analysis of B-BBEE transactions in South Africa and will create net value to the extent that vendor financing should probably be repaid within 10 years (as per base case assumptions).</li> <li>• Subsequent to this, participants will exchange their shareholdings for value equivalent shareholdings in Sasol Limited’s SOLBE1 shares, thereby allowing for monetisation of their shareholding without compromising Sasol’s B-BBEE credentials.</li> </ul>

Share Investing	
1. What is a share?	<ul style="list-style-type: none"> <li>Shares represent ownership of a company. When an individual buys shares in a company, they become one of its owners. As a shareholder you will have certain rights, for example, you will be allowed to vote who sits on their board.</li> </ul>
2. What does it mean to be a shareholder?	<ul style="list-style-type: none"> <li>By owning shares individuals share in the risk and rewards of being a shareholder which means they own a portion of a company. They are entitled to an equal per share distribution in any profits, if any are declared, in the form of dividends, but their investment is at risk if the business results decrease. In addition, they are provided with the rights and responsibilities of being a shareholder and are given the opportunity to cast their vote on resolutions during the Annual General Meeting.</li> </ul>
3. What is a dividend?	<ul style="list-style-type: none"> <li>A dividend is a payment to shareholders of a portion of a company's earnings. This portion is decided by the board of directors after evaluating commitments and obligations that the company has to pay in future.</li> </ul>
4. What is a SOLBE1 shareholder?	<ul style="list-style-type: none"> <li>A SOLBE1 shareholder is a member of the South African Black public community who owns Sasol shares that are listed on the BEE segment of the JSE. SOLBE1 shareholders have the same rights and responsibilities as a Sasol ordinary shareholder (SOL shares).</li> </ul>
5. What is the difference between a SOLBE1 share and a SOL share?	<ul style="list-style-type: none"> <li>A SOL share, or a Sasol Limited Share, is a share in Sasol Limited that is listed on the JSE. It is the most common share that you track to judge the performance of Sasol as a company.</li> <li>SOL shares trade on the main board of the JSE. There are no restrictions on the purchase and sale of SOL shares.</li> <li>A SOLBE1 share is a share that trades on the Empowerment Segment of the JSE (BEE) and is only available to trade with fellow Black South Africans as defined by the codes. SOLBE1 shareholders are entitled to the same dividends as SOL shareholders, but SOLBE1 shares currently trade at a slight discount to SOL shares as they were originally listed at a lower price to accommodate liquidity on the Empowerment Segment of the JSE.</li> <li>SOLBE1 shares may only be sold to and bought by "BEE Compliant Persons" as defined in the JSE Listings Requirements. For that reason, SOLBE1 shares trade on the BEE segment of the JSE.</li> </ul>
6. What happens to a SOLBE1 shareholder if they don't respond to the election request?	<ul style="list-style-type: none"> <li>If they do nothing (i.e. do not exercise the Election) then their existing SOLBE1 shares will automatically re-designate as SOL Shares on 5 April 2018. They will no longer hold SOLBE1 Shares (which is one of the bases for participation in Sasol Khanyisa) but rather SOL Shares from 5 April 2018. These shareholders will not receive the bonus shares and will also not be eligible to participate in Khanyisa.</li> </ul>
7. What is a SIPBEE share?	<ul style="list-style-type: none"> <li>During May 2008, Sasol Inzalo Public issued the funded invitation prospectus inviting Black People, B-BBEE Owned Companies and B-BBEE Controlled Companies, as defined in the BEE Codes, to make offers, in terms of which successful applicants would be allotted and issued Sasol Inzalo Ordinary Shares ("Funded Invitation"). The funded invitation formed part of the BEE ownership initiatives of Sasol aimed at furthering Sasol's BEE objectives. A total of 16 085 199 Sasol Inzalo ordinary shares were issued by Sasol Inzalo Public to 214 404 successful applicants.</li> <li>From 8 September 2011, Sasol Inzalo Ordinary Shareholders were permitted to trade their Sasol Inzalo Ordinary Shares and as undertaken in the funded invitation Prospectus, Sasol and Sasol Inzalo Public established an informal over-the-counter mechanism to allow trading of the Sasol Inzalo ordinary shares. In March 2012, Sasol and Sasol Inzalo Public established the automated Sasol Inzalo Share Trading Platform.</li> <li>In July 2014, the Financial Services Board ("FSB") issued a directive stipulating that a person who maintains or provides infrastructure which meets the requirements of the definition of an exchange in the Financial Markets Act 2012 (Act No 19 of 2012)("FMA") operates an</li> </ul>



	<p>exchange, regardless of whether the infrastructure is provided for transactions in respect of only one security.</p> <ul style="list-style-type: none"> <li>• The Sasol Inzalo Public board of directors (“Board”) decided to apply for the listing of Sasol Inzalo Ordinary Shares on the BEE Segment of the Main Board of the JSE as an Asset Backed Security.</li> <li>• The JSE has granted Sasol Inzalo Public a listing by way of an introduction of all the Sasol Inzalo Ordinary Shares in issue on the BEE Segment of the Main Board of the JSE in the “Specialist Securities – Other Securities” sector as an Asset Backed Security under the abbreviated name “S-Inzalo BEE”, JSE share code “SIPBEE” and “ISIN ZAE000210050” with effect from the commencement of trading on 1 December 2015.</li> </ul>
8. What is the difference between SOLBE1 and SIPBEE shares?	<ul style="list-style-type: none"> <li>• Holders of SOLBE1 shares paid the full price for their Sasol Ltd shares, whereas SIPBEE shareholders hold a share in Sasol Inzalo Public (RF) Ltd (not direct shareholding in Sasol Ltd) and were part of the funded offer to the public as part of the Sasol Inzalo transaction. This means that they only paid for a portion of the share and the balance of the money was funded through external companies.</li> </ul>
9. How can a SOLBE1 shareholder elect to participate in Sasol Khanyisa?	<ul style="list-style-type: none"> <li>• Look out for communications from Sasol in the weeks ahead which will detail how you can elect to participate either via e-mail, SMS or post. If you need more information, please visit our Sasol Khanyisa website: <a href="http://www.sasolkhanyisa.com">www.sasolkhanyisa.com</a>.</li> </ul>
10. Why does a SOLBE1 share trade at a lower price than a SOL share?	<ul style="list-style-type: none"> <li>• There is currently less liquidity in the market (less buyers and sellers at the moment) and this is priced into the market pricing as a “liquidity discount”.</li> </ul>