

# SASOL LIMITED

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

#### 1. PURPOSE AND OBJECTIVE

The Remuneration Committee (The Committee) has been appointed by the Sasol Limited (the Company) Board of Directors (the Board) as a committee of the Board to –

- 1.1 act as Remuneration Committee of the Company and all its wholly-owned subsidiaries and all other subsidiaries and joint ventures of Sasol (the Group) in respect of which Sasol Limited has the right, or power, to fulfill the functions as Remuneration Committee in terms of prevailing regulatory requirements;
- 1.2 assist the Board in exercising its function of ensuring that the Group remunerates its employees fairly, responsibly and transparently by, *inter alia*, implementing affordable, competitive and fair reward practices so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term;
- 1.3 provide a channel of communication between the Board and management on remuneration matters.

#### 2 CONSTITUTION AND MEMBERSHIP

- 2.1 The Committee shall comprise no less than three members, and all members shall at all times be independent non-executive directors.
- 2.2 The Chairman of the Board is not eligible to be appointed as Chairman of the Committee.
- 2.3 The Committee shall appoint the Committee Secretary.

#### 3 MANDATE

##### 3.1 The key decision rights<sup>1</sup> of the Committee are to:

- 3.1.1 approve Group material<sup>2</sup> human resources policies with a remuneration impact;
- 3.1.2 approve the principles for the mix between guaranteed and variable components of remuneration for all levels of employees;

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<sup>1</sup> In line with delegated authority and responsibilities as provided for in the Sasol Limited and Sasol Group Limits and Delegation of Authority, from time to time

<sup>2</sup> Materiality is determined by the Sasol Limited Board

- 3.1.3 approve mandates for annual salary adjustments in the Group;
- 3.1.4 approve the benchmarking methodology adopted in the Group for the setting of base salaries and incentive target amounts;
- 3.1.5 approve all retention schemes, with or without corporate performance targets;
- 3.1.6 annually review the list of participants in the Sasol retention scheme as approved by the CEO within the parameters of the Retention policy;
- 3.1.7 review standard conditions of service and benefits offered to employees, for example: leave, housing, motor vehicles and others;
- 3.1.8 approve proposals on short- and long-term incentive schemes including all bonus plans (design principles, target setting and allocation principles) and make recommendations to the Board for approval by the shareholders;
- 3.1.9 consider the living wage for locations where Sasol has large operations, confirming that the Company pays at least a living wage in all countries of operation<sup>3</sup>;
- 3.1.10 consider the distribution of annual rewards to Senior Vice Presidents confirming that there is no unfair discrimination in the Company's reward practices;
- 3.1.11 determine and approve any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities and confirm that there is alignment between individual and group performance and reward outcomes recommended to the Board;
- 3.1.12 review and approve corporate goals and objectives relevant to the remuneration of the CEO, consider the performance evaluation of the CEO as conducted by the Chairman and recommend the reward outcomes of the CEO based on this evaluation;
- 3.1.13 review and approve the terms and conditions of executive directors' and EVPs' service agreements;
- 3.1.14 approve the fair value of long-term incentive grants offered to participants of the company's employee share scheme by role category (excluding the company secretary, executive directors and the CEO);
- 3.1.15 approve the actual long-term incentive grants offered to EVPs, and recommend to the Board, long-term incentive grants offered to the company secretary, executive directors and the CEO;

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<sup>3</sup> As per core conventions of the International Labour Organisation.

- 3.1.16 recommend non-executive directors' remuneration to the Board for approval by shareholders, considering input from external remuneration specialists and management;
- 3.1.17 ensure that the annual remuneration report, which includes a background statement, the Group's remuneration policy and an implementation report forms part of the annual Integrated Report<sup>4</sup>, provides sufficient level of disclosure as required in terms of the King Report on Corporate Governance for South Africa 2016 (King IV™);
- 3.1.18 consider the health of in-house pension funds, provident funds, medical aid, and other similar schemes;
- 3.1.19 obtain assurance in respect of the internal and disclosure controls over reporting on matters for which the Committee has responsibility; and
- 3.1.20 assess the performance of the Committee and its members at least once every two years.

**3.2 The Committee will apply the following principles in exercising its mandate:**

- 3.2.1 ensure that there is alignment between individual performance and rewards;
- 3.2.2 co-ordinate its activities with the Chairman of the Board and the CEO;
- 3.2.3 the broad framework and cost of executive remuneration should be a matter for the Board on advice of the Committee; and
- 3.2.4 liaise with the Board in relation to the preparation of the Committee's remuneration report and referral thereof to shareholders as may be required by the law or any applicable regulatory requirements.

**3.3 Risk management**

The Committee supports the Board in ensuring effective risk management oversight, specifically in relation to material risks within its scope (Group top risk themes allocated to the Committee). The Committee gives effect to its responsibility through:

- 3.3.1 ensuring the effective monitoring of the allocated Group top risk themes allocated to the Committee;
- 3.3.2 considering and reviewing management's feedback and/or assurance provider reports on the design and operating effectiveness of existing key risk responses (focus on major or significant deficiencies), aligned to the combined assurance

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<sup>4</sup> King IV defines integrated reporting as "a process founded on integrated thinking that results in a periodic integrated report by an organisation about value creation over time. It includes related communications regarding aspects of value creation. An integrated report could be a standalone report which connects the more detailed information in other reports."

plans, as well as, considering management updates on actions plans identified to remediate any key response with significant or major deficiencies;

- 3.3.3 considering management's feedback on key developments that have a potential material impact on the allocated Group top risk themes (materiality informed by the risk materiality lens applied at Group level), as well as, the appropriateness of existing key responses or any new/additional key responses required;
- 3.3.4 considering management's feedback on any risks that have the potential to breach approved financial risk appetite and tolerance levels, as relevant and appropriate; and
- 3.3.5 providing feedback through the Committee Chairman to the Board on any material risk related matters, specifically the key responses on major or significant deficiencies, key developments with a material impact, any new/additional key responses required or any potential breach of approved financial risk appetite and tolerance levels (as relevant and appropriate).

#### **4 MEETINGS AND PROCEEDINGS**

- 4.1 Meetings of the Committee will be held as the Committee deems necessary, provided that the Committee will meet at least four times each year. Meetings should be organised so that attendance is maximised. The Chairman of the Committee or any member of the Committee may call a special meeting at any other time;
- 4.2 The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall other than under exceptional circumstances be forwarded to each member of the Committee not less than two working days prior to the date of the meeting;
- 4.3 The meetings of the Committee may be held in person, by telephone, by telepresence or such other form of long-distance conference facility as the circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met;
- 4.4 The quorum for meetings of the Committee shall be a majority of independent directors present for that particular decision. A decision shall be deemed as passed if a majority vote on the matter is passed by the members present at a meeting;
- 4.5 A decision that could be voted on at a meeting of the Committee may instead be adopted by written resolution by a quorum of members, provided that each member received notice of the matter to be decided. A decision made in such manner has the same effect as if it had been approved at a meeting;

- 4.6 Where decisions are required by way of written resolution, a quorum shall constitute a majority of independent e directors, one of whom shall be the Committee's Chairman;
- 4.7 The Committee shall invite the Chairman of the Board (if not a member of the Committee) and the CEO to attend meetings to discuss the performance of other executive directors and EVPs and to make proposals as necessary;
- 4.8 The Chairman (or in his/her absence, an alternative member) of the Committee shall attend the annual general meeting and be prepared to answer questions concerning the remuneration and/or fees of directors or any other questions that may arise from the Committee's remuneration report;
- 4.9 the Chairman of the Committee shall meet with shareholders from time to time, as required, to obtain input from them on the remuneration policy and its implementation report;
- 4.10 Unless varied by these Terms of Reference, the Company's Memorandum of Incorporation (MOI) regulating the meetings and proceedings of directors and committees, will govern meetings and proceedings of the Committee;
- 4.11 The Committee Secretary shall take minutes of meetings. Any director may, provided that there is no conflict of interest and with the consent of the Chairman, obtain copies of the Committee's minutes; and
- 4.12 No Committee attendee shall participate in any discussion or decision in respect of their own individual remuneration.

## **6. LIMITED LIABILITY**

- 6.1 The deliberations of the Committee do not reduce the individual and collective responsibilities of Board members, with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care, skill and judgment, in accordance with their legal and statutory obligations; and
- 6.2 Subject to the provisions above and any relevant legislation and codes of best practice, the members of the Committee shall not attract any personal liability arising from their appointment and the Company shall indemnify members of the Committee to the extent possible in terms of its approved directors' and officers' liability insurance coverage.

## **7. GENERAL**

- 7.1 The Committee, in carrying out its tasks under these Terms of Reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties, in consultation with the Group Company Secretary;
- 7.2 The Committee will have access to professional advice both internal and external to the Company in order for it to perform its duties and will ensure in selecting such external adviser that the appointee meets the independence tests as stipulated in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010; and
- 7.3 The Committee will review these terms of reference every second year and make recommendations with respect to amendments, if any, to the Nomination and Governance Committee for recommendation to the Sasol Limited Board for approval.