



# Human Resources | Group Policy: Remuneration Policy

HR GP RW 208

Revision: 7

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## Purpose

The remuneration policy is a crucial enabler of Sasol's business strategy and is intended to encourage sustainable high performance based on a values-driven organisational culture, while at the same time aligning behaviour with the company's risk framework.

## Applicable to

This document is applicable globally to all Employees of the Sasol Group of Companies

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## Approval:

Designation of approver:	Chairman: Remuneration Committee
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Date of approval:	
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# 1 Abbreviations and definitions

## 1.1 Abbreviations

ADR	American Depository Receipt
CPT	Corporate Performance Target
EVP	Executive Vice President
GEC	Group Executive Committee
LTI	Long Term Incentive
MSP	Monthly Salaried Personnel
NED	Non-Executive Director
NPE	Non-Permanent Employee
Remco	Sasol Ltd Remuneration Committee
REF	Restricted Equity Fund
RLTI	Restricted Long-Term Incentive
SP	Salaried Personnel
STI	Short Term Incentive
SVP	Senior Vice President
TGP	Total Guaranteed Package
VP	Vice President

## 1.2 Definitions

### 13<sup>th</sup> Cheque

For South African MSP employees this is an amount that is paid over and above an employee's control amount. For South African SP employees, it is optional to structure an amount towards a 13<sup>th</sup> cheque from an employee's Total Guaranteed Package. Offered as part of the reward package in certain countries where it is market practice.

### American Depository Receipt

Refers to an American Depository Receipt, which is a negotiable certificate issued by a US bank representing one ordinary share each in the share capital of the Company and which is traded on a US exchange or an 'over the counter' market.

### Base pay

For South African employees this refers to basic salary/ control amount.

### Benefit Value

This is only relevant to South African employees and is calculated as 72% of TGP. All allowance calculations are based on benefit value.

### Compa-ratio

A compa-ratio describes the positioning of an employee's salary within the salary range or pay range and is often expressed as a percentage of the reference salary or the midpoint within the pay range. It is calculated as per the following example:

Sasol reference salary: \$100 000

Employee salary: \$110 000

Compa-ratio = employee salary ÷ Sasol reference salary or pay range midpoint

\$110 000 ÷ \$100 000

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= 1.1 x 100 = 110%

The compa-ratio is used for determining pay positioning of employees versus an internal peer group (internal equity) or the external market (external equity).

### **Control amount (Basic Salary) / Base Salary / Base Pay**

This is the guaranteed monthly cash payment made to a South African MSP (bargaining unit) employee excluding any cash bonuses or allowances. In non-South African operations, this would typically refer to an employees' salary before any additional allowances and excluding STI and LTI values.

### **Cost of Employee Benefits**

This represents the cost to the organisation of providing "non-cash" employee benefits such as company contribution to retirement funds, health funds/medical aid, housing allowances, company car or car allowances etc.

### **Corporate Performance Targets (CPTs)**

Refers to the performance milestones against which Long-Term Incentives (LTIs), or a portion thereof, are measured to determine the extent of vesting of LTIs, in addition to other conditions as determined by the Remco.

### **Employer**

Shall mean the Sasol Group of Companies or any of its subsidiary companies and / or associated organisations.

### **Fixed Allowances**

This is the amount, linked to identified positions or categories of employees that is paid in addition to the control amount / TGP on a monthly basis i.e., housing allowance, market rate allowance and operational allowance.

### **Group Executive Committee (GEC)**

A Committee comprising the President and CEO, Chief Financial Officer (CFO), other Executive Directors and Executive Vice Presidents reporting to the President and CEO. Also referred to under the SA Companies Act as Prescribed Officers. Internally also referred to as group executives.

### **Gender**

Reference to any one gender shall include reference to both genders.

### **Long-Term Incentives (LTIs)**

Long-Term Incentives refer to share / notional share / ADR awards made to eligible participants.

The current LTI plan has a three (3) year time vesting period for eligible participants in the role category of Vice President and lower, and a split vesting period of three (3) and five (5) years (50% vesting at each of the two (2) vesting dates), for SVPs and EVPs being participants in Group Leadership and Group Executive role categories.

### **Minimum Shareholding Requirement**

Executive Directors and Prescribed Officers are required to build and maintain a 'qualifying interest in Sasol shares' of such aggregate market value as equal to a percentage of their basic pay / pensionable salary at appointment date.

### **Monthly Salaried Personnel (MSP)**

A South African term referring to employees belonging to a collective bargaining unit.

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### **Non-Permanent Employee (NPE)**

Employees who are on short-term contracts for a specific period and with a defined end date.

### **Pensionable Income / Remuneration**

Refers to the amount on which an employee's retirement fund contributions are calculated.

### **Percentiles**

**90<sup>th</sup> Percentile** – The point at which 90% of the sample earns equal to or less than this value, and 10% of the sample earns more than this value.

**Lower Quartile** - This is also referred to as the 25<sup>th</sup> percentile. In a sample of employee salaries, the point at which 25% of the salary values will be equal to or lower than this value and 75% of the sample will be higher than this value.

**Median** - Also referred to as the 50<sup>th</sup> percentile or the midpoint. In a sample of employee salary values ranked highest to lowest, this salary would be the middle value therefore 50% of the salaries would be higher, and 50% would be lower than this salary value.

**Upper Quartile** - This is also referred to as the 75<sup>th</sup> percentile. In a sample of employee salaries, the point at which 75% of the salary values will be equal to or lower than this salary value and 25% of the sample will be higher than this value.

### **Remuneration / Compensation**

Typically, within South Africa shall mean an employee's base pay, control amount or TGP and any allowances. This amount excludes any variable remuneration.

In non-South African operations, this would typically refer to an employee's base pay / salary and employee benefits. Typical employee benefits would comprise car allowances / company car, medical and retirement benefits.

### **Restricted Equity Fund (REF)**

In South Africa due to local legislation enabling the REF, Sasol may offer eligible participants awards under the REF (a long-term wealth creation vehicle intended to complement existing retirement benefits) as part of a comprehensive and balanced remuneration package, without increasing the cost of employment to the employer.

### **Restricted Long-Term Incentives (RLTIs)**

Forms part of Sasol's broader LTI Plan. RLTIs refers to restricted long-term incentives awarded to members of the GEC with a five (5) year time-based vesting condition.

### **Role Category**

Roles with similar levels of accountability, complexities and type of responsibilities are grouped within a role category.

### **Sasol or Company**

Shall mean the employer company or any company in the Sasol Group of Companies or associated organisation.

### **Salaried Personnel (SP)**

A South African term typically referring to employees not belonging to a collective bargaining unit.

### **Share**

Refers to an ordinary share in the share capital of the Company listed on the main board of the JSE or an ADR. Could also be reference to a notional share used in the context of the LTI Plan.

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### Short Term Incentive (STI)

This is an annual incentive linked to the performance of the company, team and / or individual. STIs refer to incentives that are applicable for a performance period of up to one year and is typically paid out after the financial year end on which the performance is assessed against pre-determined targets.

### Total Guaranteed Package (TGP)

A South African term which represents the total fixed annual guaranteed cost to the organisation of employing a permanent employee, including the employer's contributions towards benefit funds as well as the value of a 13<sup>th</sup> cheque, but excluding STIs and LTIs. All increases to employer contributions are funded from the TGP, where the TGP does not increase, such benefit fund contribution increases will result in a reduction in the net salary of the employee.

### Variable allowance

This is an allowance that is variable in nature and is paid for a specific event i.e. overtime, standby, shift or call-out subject to prior approval.

## 2 Responsibilities and authorities

The VP Group Reward and HRIS is responsible for this policy.

The following persons must be notified of this policy and any revisions made to it:

- SVP: HR (Energy)
- SVP: Strategy, Sustainability and Human Capital (Chemicals)
- VP: Reward (Energy)
- Head of Chemicals Reward and Systems
- Members of the Group Executive Committee.

## 3 Amendment record

Revision	Date	Author	Summary of Changes
0	01 Nov 2015	R Nienaber	Creation of document in new policy format
1	01 April 2016	R Nienaber	Alignment to new terminology
2	01 March 2017	R Nienaber	Alignment to the King IV Code for Good Corporate Governance (SA)
3	01 June 2017	R Nienaber	Included the Remuneration Philosophy and reference to the Sasol Restricted Equity Fund in SA.
4	01 August 2019	R Nienaber	Removal of reference to the closed Sasol Inzalo Scheme Include compensation for loss of personal effects due to crime Update to managing employees above the pay range maximum in SA Update to reflect changes to the Sasol Clawback and Malus Policy LTI awards may not be encumbered or hedged.
5	12 August 2020	R Nienaber	Inclusion of clause relating to appointment to serve as Executive Director Differentiation of MSR for Chief Financial Officer and other Executive Directors Updated variable pay content for FY21
6	9 March 2021	N Pagan	Inclusion of Minimum Shareholding requirements for Prescribed officers Inclusion of Restricted LTIs applicable to GEC only Update to capping principles

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7	1 November 2022	I Thomas	Included abbreviations Removed reference to the expired Share Appreciate Rights (SARs) LTI plan, Job titles updated in line with recent changes within the Chemicals Business. Updated section 7- (MSR) with post service termination holding requirement. Updated terminology where applicable.
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#### 4 Remuneration Philosophy

Sasol's Remuneration Philosophy is to use internally equitable and externally competitive salary, benefits and incentive structures as a means to attract, retain and motivate competent 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 programs to all our employees that are benchmarked to the market median and are strongly linked to performance-based outcomes and applied competence. Executive remuneration has a strong relationship with shareholder interests; entry level salaries are determined by the Company and negotiated through collective bargaining structures and are further enhanced by value-added benefits aligned with our employee value proposition.

The mix and flexibility of our remuneration options depend on the type of positions in our organisational structure and 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. No form of unfair discrimination will be tolerated, and salary differentials are substantiated through defensible principles included in our remuneration policy.

#### 5 Remuneration Policy

The Remuneration Policy (the Policy) is a crucial enabler of Sasol's business strategy and is intended to encourage sustainable high performance based on a values-driven high performance organisational culture, while at the same time aligning behaviour with the company's risk management framework. The Policy aims at providing competitive, market-aligned pay and balancing this with the structural need for cost containment.

The Policy aligns top management's interests with that of shareholders by promoting and measuring performance that drives long term growth and sustainable shareholder value.

Key policy design principles include:

- Providing strong stimuli for employee attraction, motivation and retention;
- Establishing a strong relationship between pay and performance;
- Benchmarking peer groups appropriately selected and regularly reviewed;
- Ensuring that performance targets support positive outcomes with regard to economic, social and environmental measures over the short, medium and long term;
- Reinforcing performance targets at individual, team, BU and Group levels respectively;
- Embracing reasonable differentiation in remuneration for purposes of rewarding high performing employees, attracting and retaining scarce skills;
- Acknowledgement of the Sasol Enterprise-wide Risk Framework;
- Positioning Sasol as a preferred employer in the markets within which it operates by strengthening the employee value proposition;
- Recognition for equal pay for work of equal value within the ambit of this Policy;
- Fair and reasonable remuneration practices for group executives, in the context of overall remuneration in the company;
- A fair, market related living wage; and
- Promoting responsible corporate citizenship and ethical behaviour.

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Differences in actual remuneration practices will only be permitted if linked to role requirements, performance, service, competence or potential. No differentiation in remuneration is permitted for any other reason.

The Sasol Limited Remuneration Committee (the Committee), has full discretion to alter rewards offered in terms of the Policy as well as pay-outs, vesting periods or cessation arrangements linked to but not limited to all approved short term and long-term incentive plans.

Ongoing engagement with large institutional shareholders is encouraged to obtain feedback on this Policy which is taken into consideration by the Committee when the Policy is reviewed annually.

## 5.1 Remuneration Landscape and Mix

The following table illustrates the key components and strategic drivers of Sasol's remuneration policy, which are collectively referred to as the Total Reward Framework:

Remuneration component	Strategic intent and drivers
Base Salary, Basic Salary or Total Guaranteed Package (TGP)	<ul style="list-style-type: none"> <li>Attraction and retention of key employees</li> <li>Internally equitable and externally competitive</li> <li>Recognition of competence and / or performance applied at bargaining units as per co-determination agreements</li> <li>Individual performance at non-bargaining units</li> <li>Annual salary increases determined subject to co-determination agreements, and in relation to i.e. performance, competence, experience, potential, values, as appropriate</li> </ul>
Benefits	<ul style="list-style-type: none"> <li>External market competitiveness</li> <li>Appropriate, cost-effective and sustainable</li> <li>Integrated approach towards Sasol Wellness, driving employee effectiveness and engagement</li> <li>An expatriate policy governs remuneration approach and benefits offered to employees on short-term, developmental and long-term expatriate assignments</li> </ul>
Allowances	<ul style="list-style-type: none"> <li>Compliance with legislation</li> <li>Negotiated and contractual commitments</li> </ul>
Short-Term Incentive (STI) plan (<12 months)	<p>The STI is designed to promote value creation and includes safe and sustainable performance against pre-determined targets</p> <p>Alignment with Group and Business Unit performance in terms of:</p> <ul style="list-style-type: none"> <li>Financial and non-financial targets</li> <li>Employment equity (South African employees only; included in the performance agreements of leaders to be incorporated into the Individual Performance Factor (IPF))</li> <li>Safety performance (against both leading and lagging targets); and</li> <li>ESG targets (which also includes an assessment of how performance was delivered and general compliance)</li> <li>OME / Team-specific performance targets are incorporated into the performance agreements of leaders</li> </ul> <p>The STI target % is globally aligned based on role category. The implementation of the IPF may differ from region to region.</p>

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	Adjustments to the target percentage take into consideration alignment to local market practice and bargaining unit agreements.
Long-Term Incentive (LTI)	Alignment with both group performance and retention objectives in terms of: <ul style="list-style-type: none"> <li>• Attraction and retention of senior employees and / or those with scarce skills; and</li> <li>• Direct alignment with shareholders' long-term interests by linking the vesting of awards to the achievement of CPTs where units can be forfeited or enhanced if targets are not met or exceeded. Specific CPT measures are detailed in the Annual Remuneration Report.</li> </ul>

The remuneration mix for employees consists of:

- Basic salary / base pay / total guaranteed package (TGP) and employee benefits (which includes wellbeing programmes as appropriate);
- Short-Term Incentives (applicable to all role categories); and
- Long-Term Incentives (applicable to specific role categories).

The ratios within the remuneration mix vary at different role categories within the Group and geographic locations. In order to remain competitive, all elements of total remuneration, as well as the remuneration mix, are subject to regular benchmarking exercises.

The conditions of employment of non-South African employees may be subject to collective bargaining structures and works councils.

The Committee approves all incentive plans implemented in the Group.

## 5.2 Benchmarking

Sasol uses a globally accepted job measurement tool (job evaluation) to determine the size of job roles.

Total reward is benchmarked against data provided in external independently coordinated remuneration surveys, as well as information disclosed in the remuneration reports of organisations included in our benchmarking comparator group. The comparator group is reviewed every two (2) years or whenever there is a request from the GEC or the Committee.

Survey reports from approved survey providers are used to determine base salary / TGP reference points as well as target incentive points for the STI and LTI awards. The benchmarking methodology is approved by the Committee.

The Committee annually reviews the executive benchmarking data to ensure relevance, consistency and reliability.

## 5.3 Base Pay / Base Salary / Total Guaranteed Package (TGP)

South African employees, who are not covered by collective bargaining agreements, receive a TGP which includes employer contributions towards retirement, risk (life and disability insurance) and health care benefits. The concept of TGP was introduced in 2008 for SP (non-bargaining unit) employees and in terms of this model, all changes to benefit contribution levels are cost neutral to the employer.

Although there is ordinarily no entitlement to an increase, if an annual increase is awarded, this increase is determined as follows:

Annual increases to TGP / base salary are determined with reference to:

- the scope and nature of an employee's role;
- market benchmarks;
- performance and competence;
- affordability;

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- forecasted market movement; and
- projected consumer price index figures.

Annual increases for all employees outside of the collective bargaining councils take effect from one (1) October. The Committee approves the cost of annual increases for all employees.

Generally, Southern African employees outside of SA Operations, are remunerated on a base salary plus employee benefits basis; additionally, STI and LTI incentives may be awarded and if so, will be linked to the role and performance criteria. Employee benefits are generally aligned to competitive local market practice.

### 5.3.1 Sasol Reference Salaries / Pay range midpoints

Sasol reference salaries are derived from the market data extracted from the approved external surveys and forms the midpoint of pay ranges. Market surveys generally indicate the competitive level of remuneration – for proficient, experienced and performing employees – when compared to the external market. Within the South African and Eurasian environment “reference salaries” for non-bargaining unit employees are benchmarked against TGP/base salary which is the common local market practice. The market median is used as the reference point. In the USA market pricing is used to determine reference salaries for jobs.

When determining salary scales, a salary regression line is calculated using the different job specific salary points that are obtained from the market data. A regression line moderates the fluctuations in the market and ensures a logical step-increase between Sasol’s internal pay range midpoints. As salary data is collected from the various survey participants at a single point in the year the data is first corrected to take into account variations due to the timing difference between the data collection utilisation / analysis, thus the data is ‘aged or time-adjusted’ to one (1) April / one (1) July being half-way between two increase cycles (depending on the increase date).

The different regression lines are generally re-calculated annually or adjusted with forecasted market movement based on survey data. As survey participants who join and leave surveys can have a significant impact on the data, Sasol does not immediately reduce or increase a reference salary or a pay scale, unless the reduction happens two years’ consecutively where after logical, cost-effective and defensible adjustments will be considered. Also, where data points increase suddenly year on year, by a margin that does not conform to the market trend, Sasol will increase the reference salary or the pay scale, by a moderate market-related percentage based on discussion and agreement with the VP: Group Reward & HRIS. Salary reference points for SVP and EVP roles are approved by the Committee.

In the Eurasia region, the reference salary is managed so that it is effective 1 October (6 month lead 6 month lag) and no salary regression line is applied in this region. The salaries are effective from 1 April to end March.

### 5.3.2 Managing remuneration around pay range midpoints

For non-collective bargaining levels, Sasol implements a preferred broad banded pay range approach using the range between 70% and 130% of the reference salary. The pay range enables differentiation between roles, experience, competence, values-driven behaviours and individual performance in a role. A wider range may be used where supported by market data. There is no entitlement to earn a salary that is within this range – the range merely indicates the pay range typically offered to positions of a similar nature in the external market. Individual competence, performance, potential, tenure, market data and affordability are all factors that should be considered in determining the salary or TGP offered to an employee.

Salaries below 70% of the reference salary (also referred to as the start of the pay range) are acceptable under circumstances such as:

- when an employee has been promoted in rapid succession over a few years;
- where an employee’s performance has not justified market-related increases;
- where an employee’s level of competence is not yet on par with what is required of the position;
- where there is no or limited budget available for salary increments; and
- where there is an agreement with the employee that the salary will be adjusted in line with a personal development plan.

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Salaries that are above 130% of the reference salary are allowed as a result of:

- retention concerns;
- scarce skills;
- superior performance over many years; and
- local legislative constraints.

Additionally, a pay range maximum of 150% may be approved by the VP: Group Reward & HRIS, in exceptional cases where the roles are deemed scarce and critical in a particular region. No more than 5% of positions may be classified as scarce and critical, each Business will define the applicable jobs.

Salaries that are above the maximum of the role pay range that do not meet the above criteria may be managed to fall within the pay range maximum over a period of time with consideration for legal constraints in the jurisdictions in which we operate

### South Africa

Where an employees' TGP / base pay is at or above 130% (or 150% for identified exceptional cases) of the approved pay range midpoints any increase awarded may be managed in the following way:

- An employees' TGP / base pay will first be increased to the relevant maximum, 130% or 150% of the pay range;
- Any amount in excess of the relevant maximum will not be added to the employees' TGP / base pay but will instead be paid as a once off non-pensionable lump-sum; No recovery will be made in the event an employee terminates service regardless of the reason;
- No additional/ad-hoc payments for any impacted employees;
- Any future increases may continue to be managed in this way until the employees' TGP / base pay again falls within the relevant pay range;
- All allowances will be based on the unadjusted TGP / base pay, excluding the non-pensionable allowance; and
- OMEs to actively consider these affected employees as part of the Talent Management process.

## 5.4 Employee Benefits and Wellbeing

Sasol employee benefits and wellbeing programmes are periodically benchmarked against independent market surveys to ensure the company offers an overall market competitive, appropriate and sustainable total reward package to employees within each of the countries within which we operate.

### 5.4.1 Employee compensation for the loss of personal effects due to crime

All Sasol employees are entitled to submit a claim for consideration of compensation for the loss of personal effects as a result of crime during working hours, subject to the following conditions:

- a) The loss is not due to negligence on the part of the employee;
- b) The employee did not have insurance cover / sufficient personal cover to cover their loss;
- c) The incident occurred while the employee was on duty (to / from work is excluded);
- d) The incident has been reported to the local police / authorities;
- e) Reasonable proof of the value of the stolen personal effects or items may be requested;
- f) The maximum total value of any claim may not exceed US\$ 1,000;
- g) The claim must be validated and approved by the OME HR VP; and
- h) This amount may be taxed as it constitutes a fringe benefit.

## 5.5 Variable remuneration

### 5.5.1 Short-Term Incentive (STI) plan

The STI plan intends to recognise the achievement of a combination of Group, Business and Individual performance objectives for the applicable role categories.

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Targets are reviewed annually and updated in the Sasol Short-Term Incentive policy.

The Committee has the final discretion in determining the individual amounts that are paid out under the short-term incentive plan considering overall performance versus predetermined targets. Details of the STI plan are published on Sasol Insight as well as in the Annual Remuneration report.

### 5.5.2 Long-Term Incentive (LTI) plan

LTIs are awarded as cash-settled / equity-settled rights with payment based on the market value of ordinary shares at settlement date subject to the achievement of certain conditions. The members of the Committee approve grants in terms of the policy under the following circumstances:

Employees in roles falling within the following role categories may be considered for participation in the LTI Plan, based on merit, retention requirements for critical and scarce skills and organisational affordability:

- Enterprise Leadership (Group Executive Committee);
- Group Leadership (SVP);
- Leadership (VP);
- Expertise;
- Specialisation;
- Optimisation – limited participation; and
- Execution – limited participation.

LTI awards are not a guaranteed right to employees and are subject to management discretion and vesting conditions. Accordingly, unvested LTI awards may not be encumbered or hedged in any way.

LTI awards made since 2014, accrue dividend equivalents to the extent that LTIs vest subject to the meeting of corporate performance targets and employment conditions.

Vesting is considered in terms of the time and performance conditions measured against CPTs annually approved by the Committee. If targets are not achieved or partially achieved, the portion of LTIs linked to the CPTs are forfeited or reduced. However, if the CPTs are exceeded, additional LTIs are awarded. There is no opportunity for retesting of targets. These targets are communicated annually to participants of the LTIs and available on request from the employees' HR department. The Committee has the discretion to vary cessation, vesting and performance conditions.

Restricted Long-Term Incentives (RLTIs) are applicable to members of the GEC only. No corporate performance targets are attached to RLTIs. The split of performance LTIs vs RLTIs is approved by the Committee; 35% of the target LTI award will be granted in terms of Restricted LTIs with a five (5) year vesting period and the balance of 65% in Performance LTIs with a split vesting period of three (3) and five (5) years (50% vesting after each of the two (2) vesting dates). The weightings between RLTIs vs performance LTIs may be varied at the discretion of the Committee.

### 5.6 Sign-on / Retention payments

A sign-on payment is used in the external recruitment of candidates in highly specialised or scarce skill positions, mostly in senior management layers, where partial compensation needs to be offered in respect of rewards in the form of previous retention awards, study grants, STI and / or LTI awards forfeited upon resignation from a company.

Retention payments are offered, at the discretion of management and subject to the relevant policy, to employees who are considered scarce / critical, in respect of skills that are a retention risk and that would cause significant disruption to the business should these incumbents leave the service of the organisation. Retention and sign on payments are linked to work back periods; typically 24 to 36 months in duration depending on the quantum of the payment. Typically, only one sign-on / retention payment may be offered to an employee giving the line manager due opportunity to implement appropriate succession plans.

### 5.7 Sasol Khanyisa B-BBEE Plan: SA only

The Sasol B-BBEE plans are not considered to form part of the employee remuneration structure and are included for information purposes only.

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On 16 May 2018, the Sasol Inzalo Black economic empowerment (BEE) transaction was wound up. In June 2018 a new broad-based Black economic empowerment transaction was entered into, known as Sasol Khanyisa. Sasol Khanyisa was divided into two Tiers.

Tier 1 included all Sasol employees who participated in the Sasol Inzalo transaction and who were still in service of Sasol on 18 May 2018. Eligible employees were offered rights to Sasol Ordinary shares with a 3 year vesting period ending on 1 June 2021.

Tier 2 of the Sasol Khanyisa transaction entails an additional share offering to all qualifying Black South African permanent employees. Tier 2 entitles eligible employees to share rights in Sasol South Africa funded by a notional interest bearing loan. These rights have a 10 year vesting period unless the notional debt linked to this transaction is settled prior to this period. These shares will track the financial performance of Sasol South Africa and not the Sasol Ordinary share value on the JSE. Depending on the reason for service termination, rights may be forfeited or retained. The BEE plans are not considered part of the reward package but is issued as part of Sasol's commitment to Black Economic Empowerment in South Africa.

## 5.8 Sasol Share Savings Plan

In order to encourage employee ownership, the company may operate a share savings plan in some locations which may, at the discretion of the company, reward employees who participate in the plan with additional units should they remain invested for the minimum investment period required per the Trust deed. These units may be linked to actual Sasol shares/ADRs or phantom units depending on local country legislation. Members of the GEC are not permitted to participate in this plan.

## 5.9 Risk management

Sasol complies with the relevant remuneration governance codes and statutes that apply in the various jurisdictions within which it operates. Recommended practices stated under Principle 14 of the King IV Report™ are integral to the design of remuneration practices.

The Policy ensures that corporate governance and legal compliance requirements are considered when reviewing existing remuneration practices or implementing new remuneration plans or policies. The following risk-mitigating controls are applied:

- The 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.
- All exceptions are approved by the Committee and by the Sasol Limited Board (the Board), in the case of Executive Directors.
- A Clawback and Malus policy.
- Our LTI plan design, ensures that top management's awards are subject to split vesting which places 50% of the vested share award under a holding period for an additional 24 months after the first three (3) year vesting period, which is forfeited if the participant resigns in this period.
- Maximum (capped) earnings in respect of performance against targets exist through the design of our STI and LTI plans.

## 5.10 Sasol Clawback and Malus Policy

Clawbacks and Malus may be implemented by the Committee or the Board:

- Where there has been an overpayment of an incentive grant due to a material misstatement in the Company's financial reports;
- Where the Company discovers that an error was made in the calculation of any performance condition (intentional or unintentional), either as a result of incorrect information having been provided at the time or due to a mathematical error that was made, whether financial or non-financial, and which resulted in an overpayment or an award;

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- As a result of events that occurred prior to the grant or vesting that have led to material downturn in performance, corporate failure and / or reputational damage and which events were not known at the time of the award or vesting which, had they been known, would have resulted in the incentive not being granted or gain not being realised or paid;
- Where there has been serious misconduct on the part of the employee, where the issue leading to the misconduct related to something which happened prior to the incentive being awarded or gain being realised, settled or paid which, had it been known at the time, would have resulted in the incentive not being granted or gain not being realised or paid; and
- Where there has been a material misrepresentation or non-disclosure on the part of the employee prior to the incentive being awarded or gain being realised or paid which, had it been known at the time, would have resulted in the incentive not being granted or gain not being realised or paid.

Full details of the Sasol Clawback and Malus Policy is contained in Group Policy: HR GP RW 200 available on Sasol Insight and from the VP: Group Reward and HRIS on request.

## 6 Executive Service Contracts

Executive service contracts for members of the GEC are negotiated and agreed on an individual basis. Notice periods are at least three (3) months, and contracts may either be of a permanent or a fixed-term nature. Retrenchment or redundancy payments are governed under the Sasol Retrenchment policy. No other golden handshakes are permitted without the Committee or the Board approval.

When a Prescribed Officer or any other GEC member is appointed to serve as an Executive Director, the appointment is not considered a promotion and therefore no change in salary and benefits are applicable unless specifically recommended by the Committee for approval by the Board.

## 7 Minimum Shareholding Requirement – Executive Directors and Prescribed Officers

Executive Directors and Prescribed Officers are expected to build and maintain a 'qualifying interest in Sasol shares' of such aggregate market value as equal to the percentage of their base pay / pensionable salary at the time of their appointment to the role, as noted below (or other such higher level as may be determined and communicated by the Committee from time to time.). Effective May 2020, it was approved that the share ownership requirement for the positions of President and Chief Executive Officer, the Chief Financial Officer and other Executive Directors be further differentiated. With effect from December 2020, the minimum shareholding requirement as approved, was extended to all Prescribed Officers. The table below outlines the requirements.

This build-up should be achieved over a period of five (5) years for the President and Chief Executive Officer, Chief Financial Officer and Other Executive Directors from date of appointment. The build-up for Prescribed Officers should be achieved over a period of six (6) years from the latter of their date of appointment or the policy implementation date being 1 December 2020.

A portion of unvested LTI awards, restricted only by the remaining time condition to vesting date (i.e. a second tranche of an LTI award where the corporate performance target has already been applied to the award at the first vesting date, or a restricted LTI award subject only to a time restriction before vesting) may be used, on a net of tax basis toward this requirement.

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Table 1: MSR applicable to Executives

Position	MSR %	Basis for calculation	Period to achieve MSR (from date of appointment or 1 December 2020 if later)
President and Chief Executive Officer	300	Annual Pensionable Remuneration – (70% of TGP or 100% of annual base salary as applicable)	5 years
Chief Financial Officer	200		5 years
Other Executive Directors	100		5 years
Prescribed Officers	100		6 Years

This minimum shareholding is required to be held by the Executive Directors and Prescribed Officers for a period of up to eighteen (18) months post service termination.

Further details can be sourced from the VP: Group Reward and HRIS as well as with reference to the Minimum Shareholding Requirement and Post-Termination Holding Policy.

## 8 Non-Executive Directors (NEDs)

Non-executive directors are appointed to the Board based on their ability to contribute competence, insight and experience appropriate to assisting the Group to set and achieve its objectives. Consequently, fees are set at levels to attract and retain the calibre of director necessary to contribute to a highly effective board.

NEDs receive fixed fees for services on boards and board committees regardless of attendance. They do not receive short term incentives, nor do they participate in long term incentive plans. No arrangement exists for emoluments in respect of loss of office.

The Board recommends the fees payable to the Chairman and NEDs' for approval by the shareholders. Proposals for fees are prepared with the support of internal and external subject matter experts, for consideration by the Committee and the Board. Consideration is given to the increased responsibility placed on NEDs due to onerous legal and regulatory requirements and the commensurate risk assumed.

Benchmarking information of companies of similar size and complexity and projected inflation rate over the period are factors considered when reviewing the annual fees. The revised fees of the NEDs are submitted to the shareholders for approval at the Annual General Meeting, by way of special resolution.,

## 9 Non-binding vote on the Remuneration Policy and Implementation Report

Sasol values the input received from shareholders with regard to the Policy and Remuneration Report. Accordingly, the Company encourages shareholders to use the channels available to engage with management and the Board with regard to the Company's Policy and plans. Sasol will invite large institutional investors and / or shareholders to annual engagement sessions to discuss the Company's Policy and plans.

The non-binding shareholder votes on the Company Remuneration Policy and the Implementation Report are important measures to gauge whether the Policy and outcomes, are aligned with shareholder expectations.

In the event that support for the Remuneration Policy and the Implementation Report falls below 75%, the non-binding vote results are deemed by the Board to be an area of concern, and further engagements with shareholders will be undertaken to establish the underlying reasons for the dissenting vote(s). The results of prior year's votes, will be published in the following year's Remuneration report.

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