

## **TERMS OF REFERENCE**

### **SASOL LIMITED**

#### **CAPITAL INVESTMENT AND DIGITAL COMMITTEE**

##### **1. PURPOSE AND OBJECTIVES**

- 1.1 The Capital Investment and Digital Committee (the Committee) has been appointed by the Sasol Limited Board of Directors (the Board) as a committee of the Board to evaluate mergers, acquisitions, investments, divestments and disposals prior to approval by the Board, and will monitor these mergers, acquisitions and Board approved investments, divestments and disposals, as well as the Company's capital allocation and asset review programmes.
- 1.2 In addition, the Committee is also responsible for leading the strategic direction of Digital and Information Management (IM) developments in a manner that supports the Group in achieving its strategic objectives and ensures the optimal return on Digital and IM investment. It supports the Board in overseeing that the control environment of information and technology is appropriately managed and that any risks posed by pursuing or not advancing certain digital strategies are addressed.

##### **2. CONSTITUTION AND MEMBERSHIP**

- 2.1 The Committee shall comprise of no less than three directors appointed by the Board, the majority of whom shall be independent, non-executive directors.
- 2.2 The Board shall appoint an independent non-executive director as the Committee Chairman and determine the period for which he or she shall hold office.
- 2.3 A Committee Secretary shall be appointed in terms of the Sasol Limited and Sasol Group Delegation of Authority.

##### **3. MANDATE**

- 3.1 The main purpose of the Committee is to consider and provide direction and assurance to the Board on strategic considerations and risks in respect of the following proposed investments or divestments within the Sasol group prior to approval by the Board:
  - 3.1.1 capital investments with a nominal end-of-job cost exceeding R7 billion (USD500 million);
  - 3.1.2 merger and acquisition transactions or forming of joint ventures with a transaction value of more than R7 billion (USD500 million) and any transaction categorised as a category 1 (30% or more of market capitalisation or if the total consideration is not subject to any maximum) and category 2 (5% or more but less than 30% of market capitalisation) transaction in terms of the JSE Listings Requirements;

- 3.1.3 disposal, encumbrance or transfer of tangible or intangible property or assets not in the normal course of business or below market value with a financial implication of more than R7 billion; and
- 3.1.4 plant closures affecting more than 5% of Sasol's group wide turnover for, or profit of, the preceding financial year.
- 3.2 The Committee shall also:
  - 3.2.1 approve any deviation of up to 10% (cumulative) from the approved capital cost for any specific project of which the initial Board approved capital expenditure exceeding R7 billion (USD500 million), provided that such cumulative amounts shall not exceed USD100 million in respect of projects outside of South Africa and will inform the Board of such deviation;
  - 3.2.2 approve disposal, encumbrance or transfer of tangible or intangible property or assets not in the normal course of business or below market value with a financial implication of between R4 billion and R7 billion;
  - 3.2.3 monitor the execution / implementation of any Board approved investments, divestments and disposals falling in one of the above categories; and
  - 3.2.4 monitor mergers and acquisitions on a Sasol Limited level.
- 3.5 When evaluating or monitoring any matter within its mandate, the Committee should as appropriate to the applicable phase of the project:
  - 3.5.1 assess alignment with the Sasol Group strategy, financial viability, financing, feasibility and sustainability;
  - 3.5.2 assess the cost benefit analysis, considering key risks and the short- and long-term environmental and social-economic impacts, ensuring the necessary mitigation controls are implemented;
  - 3.5.3 assess the sensitivity to determine whether investments would remain feasible if assumptions used in the calculations / projections were to change;
  - 3.5.4 assess cost effectiveness and arrangements for implementation in order to ensure efficiency and execution within time and budget;
  - 3.5.5 consider the Sasol Group structure and funding strategies which would best support the investment; and
  - 3.5.6 consider the appropriateness of a communication strategy if applicable.

### **3.6 Digital and Information Management (IM) matters**

The Committee:

- 3.6.1 monitors and oversees Sasol's Digital and Information Management strategies and technology solutions, in the context of the overall Sasol Group strategy, ensuring the

integration of people, technologies, information and processes across the Group and the leveraging of information to sustain and enhance the Group's intellectual capital;

- 3.6.2 ensures that Digital and IM policy is set that articulates and gives effect to its set direction and ensures ethical and responsible use of information technology and compliance with relevant laws;
- 3.6.3 receives and considers reports on IM and Digital strategy and policy, status on IM material strategic initiatives, enterprise architecture, technology roadmap and cyber security; and
- 3.6.4 obtains confirmation that there is adequate assurance and controls in relation to Digital and IM risks and that they are appropriate in design and effectiveness.

### **3.7 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:

- 3.7.1 ensuring the effective monitoring of the allocated Group top risk themes, i.e. risk themes allocated to the Committee;
- 3.7.2 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 plans;
- 3.7.3 considering management updates on action plans identified to remediate any key responses with significant or major deficiencies;
- 3.7.4 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; and
- 3.7.5 providing feedback through the Committee Chairman to the Board on any material risk related matters, specifically the key responses with 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 and when the Committee deems necessary, provided that the Committee shall 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, with the Committee Chairman's confirmation, may call a special meeting of the Committee 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 must, barring exceptional circumstances, be

forwarded to each member of the Committee not less than five 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 decisions of the Committee shall be a majority of independent non-executive directors present for that particular decision. A decision shall be deemed to be passed if a majority vote on the matter for decision is passed by the members present at the Committee.
- 4.5 A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, 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 be a majority of members, of whom the majority shall be independent, one being the Committee Chairman.
- 4.7 Members of the Group Executive Committee and any other person identified by the Committee will attend Committee meetings, as and when required by the Committee.
- 4.8 Unless varied by these Terms of Reference, meetings and proceedings of the Committee will be governed by the Company's Memorandum of Incorporation regulating the meetings and proceedings of directors and committees.
- 4.9 The Committee Secretary shall take minutes of meetings. Minutes of all meetings shall be circulated to all the members of the Committee, and may also, if the Chairman of the Committee so decides, be circulated to other members of the Board.
- 4.10 Any director may, provided that there is no conflict of interest and with the agreement of the Chairman, obtain copies of the Committee's minutes.

## **5. LIMITED LIABILITY**

- 5.1 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.
- 5.2 Subject to the above provisions 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.

## **6. GENERAL**

- 6.1 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.
- 6.2 The Board will ensure that the Committee has access to professional advice both internal and external to the Company in order to perform its duties.
- 6.3 The Committee, through the Committee Secretary, may require from any director, prescribed officer or employee of the Company any information or explanation necessary for the performance of the Committee's functions.
- 6.4 These Terms of Reference should be reviewed every second year and amended as required, subject to the approval of the Board.
- 6.5 The Committee shall assess its and its members' effectiveness at least once every two years.
- 6.6 The Chairman of the Committee, or a person nominated by him/her, will report to the shareholders at the Company's annual general meeting on any matter within its mandate.