



SUPPLY CHAIN



In order to remain sustainable, Sasol’s Supply Chain function considers risks most applicable to it as well as prevailing regulatory requirements it must adhere to or ensure that Sasol suppliers adhere to.

Anti-Bribery and Corruption

In line with Sasol’s Anti-Bribery and Corruption (ABAC) policy, a set of commitments, principles and standards that will be comprehensively implemented within a 36-month period to ensure ABAC compliance as per the Foreign Corrupt Practices Act (FCPA), UK Bribery Act and the UN Global Compact Guidelines have been implemented as part of the Sasol supplier application and verification process.

Compliance towards ABAC will be guided by the following principles:

Pre-task risk assessment:

Principles being applied in Sasol	Principle description	Deliverables
Top-level commitment	The top level management is committed to prevent bribery and foster a culture within Sasol in which bribery is never acceptable.	Necessary training and communications have been completed
Due diligence	Due diligence (DD) procedures are applied taking a proportionate and risk-based approach in respect of persons performing services on behalf of Sasol in order to mitigate identified ABAC risks.	Procedures and training have been implemented and applied

Principles being applied in Sasol	Principle description	Deliverables
Risk assessment	▶ The nature and extent of Sasol's exposure to potential external and internal risks of ABAC are being assessed.	▶ Transactions in countries with a poor Transparency International Corruption Perception Index score. <ul style="list-style-type: none"> • Transactions with government officials/ Politically Exposed Persons. • Transactions with state-owned entities. • Transactions that involve representatives, distributors or consultants. • High value or high transactional value spend on an annual basis. • Cross-border transactions. • Specific payment structures linked to commissions or advance payments.
Proportionate procedures	▶ Those proportionate procedures and activities being applied to cater for the ABAC risks.	▶ The necessary procedures and controls have been identified and are being implemented where required.
Communication and training	▶ Sasol seeks to ensure that its ABAC prevention policies and procedures are embedded and understood throughout the organisation and with its suppliers.	▶ Regular training and communication interventions are being implemented.
Monitoring and review	▶ Monitoring and reviewing the process and procedures.	▶ Sasol regularly monitors and reviews the effectiveness of the procedures designed to prevent ABAC and makes improvements where necessary.

Based on the above principles, a Supply Chain risk assessment was conducted via workshops with key stakeholders and high-risk transactions were identified:

- Transactions in countries with a poor Transparency International Corruption Perception Index score
- Transactions with government officials/Politically Exposed Persons
- Transactions with state-owned entities
- Transactions that involve representatives, distributors or consultants
- High value or high transactional value spend on an annual basis
- Cross-border transactions
- Specific payment structures linked to commissions or advance payments

The following high level sequence of activities is part of the ABAC process:

- Perform DD on new vendor applications by interpreting the answers to the due diligence questionnaires provided in the Supplier Profile Questionnaire
- Obtain ABAC risk rating by using the Supply Chain ABAC risk assessment matrix
- Apply risk-based approach on new and legacy vendors
- Implement proportionate/mitigating controls
- Monitor adherence to mitigating controls on a frequent basis

SANCTION SCREENING

Supply Chain implemented a process which will be used to ensure that Supply Chain and Sasol suppliers is/are legally compliant in terms of the Sanction Screening Legislation and requirements. They have implemented a process which will screen legacy and new suppliers. Screening is further being performed on the following transactions within the Supply Chain:

- Supplier Purchase Orders (PO).
- Deliveries from suppliers.

SUPPLIER CODE OF CONDUCT

Sasol engaged with suppliers who deviate from or do not support our Supplier Code of Conduct (the Code). Our aim is to achieve a commitment to acceptable levels of ethical behaviour. Suppliers are being trained on the specific requirements contained in the Code.

SUPPLIER ENVIRONMENTAL ASSESSMENTS

Supplier accreditation protocol is based on OSHAS 14001 regarding environmental requirements which is used as a guideline for supplier assessments. Suppliers need to be OSHAS certified. During the Supplier Application all suppliers need to agree that they will comply with the minimum standard set for Supplier Safety Management. Suppliers agreed to the SHE requirements as part of their contractual commitment. Environmental, Social and Governance (ESG) Compliance Audits are conducted on an *ad hoc* basis with our material suppliers.

The Logistics Command Centre is utilised for transport planning and scheduling. All distribution centers/hubs are captured in Product Movement database created by Sasol Supply Chain.

SUPPLIER COMPLIANCE WITH ENVIRONMENTAL STANDARD

Compliance with environmental standards is a requirement in the supplier accreditation protocol. Suppliers are required to have procedures and records in place for recording and investigating non-conformances to indicate immediate actions taken to avoid problems pending further investigation. All non-conformances should be reported within 24 hours after becoming aware of the occurrence. A detailed report should be prepared for the responsible management of all non-conformances. Deviations from accreditation protocol requirements will be re-audited once amended by the supplier. Sasol is also a signatory to the Responsible Care programme, which includes environmental aspects and strives for continuous improvement with respect to workplace health and safety, public safety, process safety, environmental performance and the security of the Company's facilities and products.

SUPPLIER RISK ASSESSMENT

Sasol recently conducted a supplier risk analysis to identify potential risks and preventative mitigation actions. The following risks and mitigation actions have been addressed to ensure continued and un-interrupted support to our business.

Risk	Risk effect	Mitigation
Failure of the comprehensive supplier selection process.	Reputational damage in that Sasol is regarded as biased, subjective and favour certain suppliers over other suppliers.	Supplier engagements, retracting of request for quotations, followed by cooling off period and re-issue of quotations.
Supplier non-compliance to legal regulatory requirements.	This is a non-deliberate or deliberate failure to comply to laws, regulations or standards pertaining to supply chain activities of countries that we operate in.	Internal consequences management, legal advice and informative communication actions. External consequences management such as supplier contractual remediation actions.
Supplier non-conformance to Safety Health Environment and other Sasol requirements.	Suppliers not conforming to Safety, Health and Environment, quality or technical requirements causing a key undesirable event.	Supplier engagement, stakeholder awareness education and introduction of contractual clauses to address the shortcomings.
Non-compliance to Preferential Procurement.	Non-compliance with governmental and local content requirements.	Supplier engagement and supplier development are conducted to improve and educate the supplier.