



## SASOL HUMAN RIGHTS DUE DILIGENCE PROCESSES

**Explanatory note:** this document provides an overview of the human rights' due diligence processes currently in place within Sasol and documented in the Sasol Human Rights Critical Control Framework. The Sasol Human Rights Critical Control Framework sets out the controls to be implemented by the Sasol business units to mitigate the risk of non-compliance with human rights regulatory requirements.

Copies of actual due diligence questionnaires and/or other related internal documents can be obtained by contacting the Sasol Human Rights team.

### 1. HUMAN RIGHTS DUE DILIGENCE IN TRANSACTIONS

1.1 Sasol embeds human rights considerations into its due diligence and decision-making relating to mergers and acquisitions (**M&A**), joint ventures (**JVs**) and other transactions with business partners.

#### 1.2 Sasol M&A Due Diligence Guidance on Human Rights

1.2.1 Sasol's M&A Due Diligence Guidance on Human Rights is included in our internal M&A Handbook, to ensure that potential human rights issues (including modern slavery) associated with acquisitions and sales of corporate entities by Sasol are identified and managed appropriately, in accordance with our Human Rights Policy. The Guidance sets out the human rights considerations that Sasol takes into account during M&A and JV due diligence. Referencing Sasol's Human Rights Policy, Business and Human Rights Framework, the UN Guiding Principles on Business and Human Rights, and human rights issues which have been prioritised by Sasol given the nature, location and scale of our activities, the Guidance sets out:

1.2.1.1 Buy-side considerations, which require an understanding of the counterparty's/target's human rights framework, human rights performance and human rights due diligence;

1.2.1.2 Sell-side considerations, which focus on the human rights record of the buyer, including its human rights processes and commitments around ongoing human rights due diligence post sale;

1.2.1.3 Considerations relating to JVs, including understanding the human rights record of the JV partner(s), as well as their human rights risks and ability to address potential human rights risks; and

1.2.1.4 Contractual considerations to ensure respect for human rights post-transaction, including options for responsible termination where appropriate in the case of serious human rights breaches.

1.2.2 The Guidance also reflects the human rights considerations to be taken into account in JVs where Sasol will have a minority interest.

### 1.3 M&A Due Diligence Questionnaire

1.3.1 Before engaging with third parties through mergers, acquisitions, joint ventures or similar business transactions, Sasol provides parties with a M&A Due Diligence Questionnaire.

1.3.2 In this Questionnaire, Sasol asks counterparties to:

1.3.2.1 identify their salient human rights risks;

1.3.2.2 demonstrate the steps they have taken to effectively identify and manage human rights risks; and

1.3.2.3 facilitate engagement with Sasol on human rights related issues, so that key risks or challenges can be managed as appropriate.

1.3.3 The Questionnaire addresses topics such as:

1.3.3.1 the counterparty's human rights policy, and how this is communicated, implemented and embedded in governance structures; and

1.3.3.2 what processes the counterparty has in place to prevent, mitigate and address adverse human rights impacts, including in relation to its business relationships.

1.3.4 The Questionnaire also asks questions on specific topics such as grievance mechanisms, the use of private security services, and whether the counterparty operates in conflict zones or areas where it is known that laws are incompatible with international human rights standards.

1.3.5 The information received through the Questionnaire is taken into account as part of the due diligence process, in accordance with Sasol's M&A Due Diligence Guidance on Human Rights.

## 2. SUPPLY CHAIN DUE DILIGENCE

### 2.1 Due Diligence Questionnaire for Suppliers

2.1.1 Sasol has publicly committed in its Human Rights Policy to uphold and respect human rights in all of its business activities. This commitment extends to our own activities as well as our business relationships, including our suppliers.

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- 2.1.2 We seek to ensure that our suppliers operate in accordance with applicable laws, as well as the Sasol Code of Conduct and Supplier Code of Conduct. Our suppliers are also required to comply with:
  - 2.1.2.1 all applicable Sasol Safety Policies and Procedures; and
  - 2.1.2.2 Sasol's Supplier Industrial Relations Procedure.
- 2.1.3 Amongst other things, the Supplier Code of Conduct is explicit that Sasol suppliers must not participate in, or benefit from, any form of forced labour and/or child labour. We are opposed to any form of modern slavery and human trafficking in our supply chain or in any part of our business.
- 2.1.4 Sasol has developed a Business and Human Rights Due Diligence Questionnaire for Suppliers, in order to:
  - 2.1.4.1 identify their salient human rights risks;
  - 2.1.4.2 demonstrate the steps they have taken to effectively identify and manage human rights risks; and
  - 2.1.4.3 facilitate engagement with Sasol on human rights related issues, so that key risks or challenges can be managed as appropriate.
- 2.1.5 The Questionnaire includes questions on how the supplier identifies its actual or potential human rights impacts, what the supplier's salient human rights impacts are, and a broad range of specific human rights topics, including labour rights, equality and non-discrimination, minimum age, and wage considerations, as well as risks to vulnerable groups, health and safety, and collective bargaining.
- 2.1.6 Questions also focus on:
  - 2.1.6.1 the supplier's human rights policy, and how this is communicated, implemented, and embedded in the supplier's governance structures; and
  - 2.1.6.2 what processes the supplier has in place to prevent, mitigate and address adverse human rights impacts, including in relation to its business relationships.
- 2.1.7 The Questionnaire also asks questions on specific topics such as grievance mechanisms, the use of private security services, and whether the supplier operates in conflict zones or areas where it is known that laws are incompatible with international human rights standards.
- 2.1.8 The information received through the Questionnaire is taken into account as part of the due diligence process on the relevant supplier, in accordance with Sasol's Code of Conduct and Supplier Code of Conduct, as well as other relevant procedures.

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### 3. HUMAN RIGHTS DUE DILIGENCE IN SASOL'S OWN OPERATIONS

#### 3.1 Self-Assessment Questionnaire on Business and Human Rights

- 3.1.1 In order to foster a systematic and standardised way to identify, prevent, mitigate and account for adverse human rights impacts, in accordance with the United Nations Guiding Principles on Business and Human Rights, Sasol developed the Sasol Business and Human Rights Framework.
- 3.1.2 A key aspect of the Framework is the assimilation of human rights due diligence into our overall enterprise risk management approach. Following the approval of the Framework, Sasol commenced a review of its group wide potential human rights risks, including an assessment of the potential human rights impacts that may arise in connection with the activities of Sasol's business units. This assessment applies a three-phased approach:
- 3.1.2.1 Phase 1 involves the development of a systematic way to identify, prevent, mitigate and account for human rights impacts, in line with the expectations of the United Nations Guiding Principles;
  - 3.1.2.2 Phase 2 involves a human rights focussed self-assessment process led by individual Sasol business units, with the guidance of Sasol's human rights team; and
  - 3.1.2.3 Phase 3 involves the implementation of systematic risk mitigation procedures.
- 3.1.3 In order to assist with these reviews, and particularly the self-assessment process in phase 2, Sasol developed a Self-Assessment Questionnaire on Business and Human Rights. The Questionnaire asked business units to identify risks in relation to five priority human rights risk areas:
- 3.1.3.1 respecting diversity;
  - 3.1.3.2 safe and healthy working environments;
  - 3.1.3.3 supply chain related risks (including modern slavery);
  - 3.1.3.4 respecting the rights of local communities; and
  - 3.1.3.5 managing Sasol's environmental 'footprint'.
- 3.2 The information gathered through this Self-Assessment Questionnaire is used to identify and record how Sasol's commitments in relation to human rights issues are managed, to develop the systematic risk mitigation procedures as part of phase 3, and to help inform the development of Sasol's business and human rights strategy going forward.

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**4. CONTRACTUAL CLAUSES ON HUMAN RIGHTS DUE DILIGENCE**

- 4.1 Sasol’s expectation that suppliers, contractors and service providers uphold and respect human rights and comply with the Sasol Human Rights Policy, is supported by a suite of contractual provisions. These human rights clauses are incorporated into supplier contracts taking a risk-based approach; Sasol’s pre-contract due diligence and onboarding processes determine whether shorter, medium or longer form contractual provisions are appropriate.
- 4.2 We developed Human Rights Risk Matrix which we use to assess and categorise suppliers based on potential human rights risk, taking into account the supplier’s responses to the Due Diligence Questionnaire for Suppliers, background screening and other information, to ensure that appropriate risk mitigation actions are taken.
- 4.3 Counterparties identified as low risk are required to conduct their business in compliance with Sasol’s Human Rights Policy, ensure compliance with applicable laws including regarding human rights, and avoid infringements of internationally recognised human rights. Where a counterparty is identified as higher risk from a human rights perspective, Sasol’s template long-form clauses comprise a range of additional obligations including requirements on the counterparty to:
  - 4.3.1 maintain appropriate human rights due diligence procedures;
  - 4.3.2 notify Sasol of suspected breaches of the human rights provisions;
  - 4.3.3 permit audits by Sasol or appointed third parties to verify compliance with the human rights provisions; and
  - 4.3.4 if required, implement time-bound and monitored corrective action plans or risk mitigation steps to ensure compliance.
- 4.4 The clauses also provide for suspension and termination rights, noting that where possible Sasol’s approach is to first seek to engage with counterparties to address any potential human rights issues that are identified.

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