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## ORDINARY RESOLUTION

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Section 65(3) of the Companies Act provides that any two shareholders of a company may:

- (a) Propose a resolution concerning any matter in respect of which they are each entitled to exercise voting rights; and
- (b) When proposing a resolution, may require that the resolution be submitted to shareholders for consideration-

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- (ii) At the next shareholders meeting;

Paragraph 10.11 of the JSE Listing Requirements provides that an ordinary resolution is subject to a minimum notice period of 15 business days.

In accordance with the above, the RAITH Foundation, together with Theophilous James Bennett Botha, has submitted the following resolution for consideration by the Company's shareholders at the annual general meeting to be held on 17 November 2017:

Resolved that, in order to provide clarity and certainty to shareholders about the Company's commitment to and plans for full compliance with the Minimum Emission Standards, the Company will provide, within 6 months of the approval of this resolution, answers to the following questions:

1. Is the Company in full compliance with all of the conditions of each of its existing Atmospheric Emission Licences? If not, by when will it comply?
2. How many further postponement applications does the Company intend to submit for postponement of compliance with the applicable 2020 "new plant" Minimum Emission Standards?
3. Has the Company conducted a full operational and financial analysis of the implications of each possible outcome of each of these applications, including the possibility of any or all of such postponement applications being refused and / or withdrawn by the National Air Quality Officer?
4. What are the full operational and financial implications of each of these scenarios?

### **Rationale for and effect of the ordinary resolution**

In 2010, the Department of Environmental Affairs published the *"List of activities which result in atmospheric emissions which have or may have a significant detrimental effect on the environment, including health, social conditions, economic conditions or cultural heritage"*. The list was published together with new "Minimum Emission Standards" (MES) for pollutants contained in those emissions.

The standards, as amended in November 2013, set the maximum limits of each pollutant that can be emitted in the course of various industrial processes. A number of these pollutants are emitted by the Company's operations.

The Company was required to meet “existing plant” MES from 1 April 2015, and must meet stricter “new plant” MES from 1 April 2020.

Globally, setting MES is a standard approach to air quality management. Compliance with the MES by emitters of pollutants is essential to mitigate the harmful effects of these pollutants on human health and the environment.

#### The Company’s applications for postponement of compliance with the MES

South Africa’s air quality legislation provides that each facility which is subject to the MES may apply for approval to postpone its MES compliance for a maximum period of 5 years per application.

Between 2013 and 2016, the Company applied for multiple MES postponements. The Company is now, in 2017, applying for further postponements in respect of its Sasolburg, Secunda and Natref operations. These operations are all located in air quality priority areas in which ambient air quality standards are regularly exceeded.

In the Company’s March 2017 postponement application for Sasolburg, the Company argues that further postponements are necessary because in certain instances *“compliance extensions were granted for three years only from 1 April 2015, with a resultant 31 March 2018 compliance timeframe, in place of the five years initially requested.”*<sup>[1]</sup> In other words, having been refused its initial 5 year postponement application and only been granted 3 years’ postponement, the Company has now returned with a new request for further postponement of compliance.

The Company states in its application that it *“will be challenged to meet the MES for some sources, as reflected within its varied [Atmospheric Emission Licence], by 31 March 2018”* and that it is *“therefore applying for a further five year postponement to allow the necessary time to conclude on the feasibility studies and select the optimal compliance solution, and thereafter, pending the outcome of that decision, to allow for the approval and commencement of the safe execution of the associated projects, which, if proved feasible, will bring about compliance with the prescribed existing plant standards”*<sup>[2]</sup>.

The Company uses substantially the same motivations in both the Secunda and the Natref postponement applications. While the Secunda application is also for a further five year postponement, the Natref application is for further one to four year postponements.

The Company’s 2017 Sustainability Report states that *“some of the new plant standards pose significant compliance challenges from a technical and financial feasibility perspective”*.

In addition, the Company’s 2017 Sustainability Report details multiple breaches of its existing licence limits for the emission of air pollutants.

The retrofitting of pollution abatement equipment and other steps that must be taken in order to ensure that the Company complies with the Minimum Emission Standards require significant capital expenditure which the Company has not detailed in its annual financial statements. Compliance with the “new plant” MES is also likely to require long lead times for implementation.

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<sup>[1]</sup> Page ii, Sasolburg Operations, Motivation for the Postponement of Compliance Timeframes in terms of Regulation 11 of Section 21 NEM:AQA Minimum Emissions Standards, March 2017.

<sup>[2]</sup> Page ii, Sasolburg Operations, Motivation for the Postponement of Compliance Timeframes in terms of Regulation 11 of Section 21 NEM:AQA Minimum Emissions Standards, March 2017.

Failure to comply with the MES constitutes statutory non-compliance that could result in suspension or withdrawal of the Company's licences, and expose the Company, directors and employees to criminal prosecution. The impact of the Company's emissions also pose significant risks to affected communities and the environment. Detailed, time-specific information about the Company's costed and funded plans to ensure statutory compliance is therefore essential to enable shareholders to assess these risks.

This information would also provide the Company's shareholders with comfort and confidence in the Company's commitment to compliance with the MES, and thereby avail the Company of significant opportunities to improve the effects of its operations on local communities and the environment, and to enhance its relationship with stakeholders.

### **Percentage of Voting Rights Required**

The minimum percentage of voting rights that is required for this Ordinary Resolution to be adopted is more than 50% (fifty percent) of the voting rights to be cast on the Ordinary Resolution.