

SASOL LIMITED
("Sasol" or "the Company")

**ORDINARY RESOLUTIONS¹ PROPOSED BY SASOL SHAREHOLDERS: the RAITH Foundation,
and Just Share NPC**

Ordinary resolutions in terms of section 65(3) of the Companies Act, 71 of 2008

In order to promote the long-term success of the Company, taking into account the significant risks associated with global temperature increases above 1.5 degrees Celsius (°C), and the opportunities inherent in the just transition to a low-carbon economy, shareholders resolve that:

- **Ordinary resolution 1:** The Company includes in its annual reports² from 2021 onwards, its strategy to align its global operations with the goals set out in Articles 2.1(a)³ and 4.1⁴ of the Paris Agreement (Paris Goals); in particular, transition plans which are consistent with the Paris Goal of *"holding the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels"*.
- **Ordinary resolution 2:** The Company includes in its annual reports from 2021 onwards, short, medium and long-term Scope 1, 2 and 3 greenhouse gas (GHG) emission reduction targets for the Company's global operations, and how these targets are aligned with the Paris Goals.
- **Ordinary resolution 3:** The Company includes in its annual reports from 2021 onwards, how executive remuneration will incentivise achievement of the Company's Paris-aligned transition strategy (Resolution 1) and GHG emission reduction targets (Resolution 2).

Nothing in these resolutions shall limit the Company's powers to set and vary its strategy, or associated targets or metrics, or to take any action which it, in good faith, believes would best promote the long-term success of the Company.

¹ Section 65(4) of the Companies Act provides that *"A proposed resolution is not subject to the requirements of section 6(4), but must be— (a) expressed with sufficient clarity and specificity; and (b) accompanied by sufficient information or explanatory material to enable a shareholder who is entitled to vote on the resolution to determine whether to participate in the meeting and to seek to influence the outcome of the vote on the resolution."*

² "Annual reports" means any or all of the Company's integrated reports, sustainability reports, climate change reports and financial reports.

³ Article 2.1(a) of the Paris Agreement states the goal of *"Holding the increase in global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change."*

⁴ Article 4.1 of the Paris Agreement states that: *"In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty."*

Explanatory notes to resolutions

- a) The purpose of the Paris Agreement⁵ is to limit global warming to well below 2°C above pre-industrial levels, and to pursue efforts to limit temperature increase to 1.5°C. The Intergovernmental Panel on Climate Change's 2018 Special Report: *Global Warming of 1.5°C* emphasised that climate-related risks are significantly higher at 2°C than at 1.5°C, and that limiting warming to 1.5°C would require carbon dioxide (CO₂) emissions to reach net zero by 2050.
- b) In order to reach that goal, however, it is essential that we take urgent and dramatic action in the next decade. The United Nations Environment Programme's *Emissions Gap Report 2019* warns that *"unless global greenhouse gas emissions fall by 7.6% each year between 2020 and 2030, the world will miss the opportunity to get on track towards the 1.5°C temperature goal of the Paris Agreement. If we don't do this, the 1.5°C goal will be out of reach before 2030"*.⁶
- c) Prudent risk management and responsible stewardship are essential to achieving the goals of the Paris Agreement. Emission-intensive companies can make or break these goals. The Task Force on Climate-related Financial Disclosures points out that the Paris Agreement could have *"significant, near-term financial implications for organizations dependent on extracting, producing and using coal, oil and natural gas"*.⁷ Companies should: (1) align their strategies with the Paris Goals, and (2) invest accordingly in the energy transition to a net-zero-emission energy system.
- d) Sasol has been identified in the "Carbon Majors" report as one of the 100 fossil fuel companies linked to 71% of global industrial GHG emissions since 1988.⁸ It remains a substantial contributor to GHG emissions and its Secunda plant is the largest single point-source GHG emitter.⁹ The climate crisis will also have a significant impact on Sasol's operations, and presents both risks and opportunities for shareholders and other stakeholders. Although Sasol's disclosure of these risks in its annual reports has improved, the Company's emission reduction targets are not aligned with the Paris Goals, are only applicable to its South African operations, and do not include Scope 3 emissions.
- e) Sasol's 2020 Climate Change Report includes a *"roadmap for achieving our 2030 target"*. The target, set in 2019, is to reduce absolute GHG emissions from its South African operations by at least 10%, off its 2017 baseline of 63,9 megatonnes of carbon dioxide equivalent (Mt CO₂e). This target is not aligned with the goals of the Paris Agreement, but is *"based on the probability of success of potential reduction opportunities, associated risks, economic viability and balance sheet capability to finance these activities"*.¹⁰
- f) By 2019, Sasol had achieved a 2,25 Mt CO₂e reduction in emissions, *"using energy and process efficiency opportunities"* at its Secunda and Sasolburg operations.¹¹ The Company also indicates

⁵ Ratified by South Africa on 1 November 2016.

⁶ <https://unfccc.int/news/cut-global-emissions-by-76-percent-every-year-for-next-decade-to-meet-15degc-paris-target-un-report>

⁷ Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures, June 2017 at page ii.

⁸ <https://www.cdp.net/en/articles/media/new-report-shows-just-100-companies-are-source-of-over-70-of-emissions>

⁹ Sasol Limited Sustainability Report, 30 June 2020 at page 8.

¹⁰ Sasol Limited Climate Change Report, 30 June 2019 at page 12.

¹¹ Sasol Limited Climate Change Report, 30 June 2020 at page 29.

that it will communicate its “2050 reduction ambition and roadmap” in 2021.¹² However, Sasol has made no commitment that this “reduction ambition” will be aligned with the Paris Goals.

- g) Sasol has, in its 2020 Climate Change Report, assessed its scope 3 emissions, which it estimates at 42,3 Mt CO₂e for 2019, or 39% of its total GHG emissions. However, it has removed scope 3 emissions from its calculation of total GHG emissions elsewhere in its reporting. The Company reflects total GHG emissions for 2019 at 66 Mt CO₂e, whereas total scope 1, 2, and 3 GHG emissions, according to Sasol’s numbers, are in fact 108,8 Mt CO₂e. The inclusion of Scope 3 emissions increases Sasol’s overall carbon footprint by approximately 64%. Long-term management of Scope 3 emissions from energy product use is crucial to achievement of the Paris Goals.
- h) In summary, although Sasol has set a 2030 GHG emission reduction target:
 - a. This target is not aligned with the Paris Goals;
 - b. It is only applicable to the Company’s South African operations;
 - c. It does not address Scope 3 emissions; and
 - d. Executive remuneration is not linked strongly enough to this target to incentivise its achievement.
- i) The co-filing shareholders are therefore proposing these resolutions in the long-term interests of the Company and its shareholders.

19 October 2020

¹² Sasol Limited Climate Change Report 2020 at page 1.