

SASOL LIMITED (“Sasol” or “the Company”)

NON-BINDING ADVISORY RESOLUTION PROPOSED BY SASOL SHAREHOLDERS AEON INVESTMENT MANAGEMENT AND JUST SHARE NPC

7 October 2021

Resolution wording

Shareholders request that the Company strengthen its review of its direct and indirect climate-related lobbying activities to identify and address areas of inconsistency with the goals of the Paris Agreement¹ (“the Paris goals”). The review should include:

1. Details of the climate lobbying **activities** (i.e. not only the climate policy **positions**) of all industry associations involved in climate lobbying, policy influence and engagement of which the Company is a member (“the relevant associations”).
2. The Company’s criteria and procedure for determining whether its climate lobbying activities, and those of the relevant associations, are aligned with the Paris goals, including:
 - a. how the Company incorporates assessments of these lobbying activities by independent organisations; and
 - b. where relevant, an explanation for any differences between the Company’s conclusions regarding alignment, and the conclusions of independent organisations.
3. A list of specific criteria and timeframes for when the Company will terminate its membership of a relevant association on the basis of misalignment with the Paris goals.

Explanatory note to the resolution

This resolution is an updated advisory resolution filed after Sasol declined to table the advisory resolution filed by Just Share NPC and Aeon Investment Management on 14 September 2021 (“the 14 September resolution”),² which requested that Sasol improve and expand its disclosure of its direct and indirect climate lobbying.

On 22 September 2021, Sasol advised the co-filers that it had declined to table the resolution, on the basis that there was “no need for shareholders to vote on the resolution as its objectives have, by and large, been met in [the 2021 Climate Change Report published on the same day]”. According to Sasol, the disclosure in the 2021 Climate Change Report “already complies substantially with the requirements spelt out in the [14 September resolution] and... [Sasol] have committed to further enhance [its] disclosures taking into account, amongst others, the matters raised in [the 14 September resolution]”.

Sasol’s 2021 Climate Change Report does include a more thorough assessment than in its 2020 Climate Change Report. There are indications in the disclosure that it was updated or adjusted after Sasol had received the resolution filed by Just Share and Aeon. The 2021 assessment reviews “12 key associations against [Sasol’s] climate-related advocacy principles”, and concludes that all of the assessed associations are “aligned with Sasol’s principles”.

¹ “Holding the increase in the 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; increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”. Article 2(1)(a)-(c) of the Paris Agreement.

² <https://justshare.org.za/wp-content/uploads/2021/09/210914-Non-binding-advisory-resolution.pdf>

However, Sasol's 2021 disclosure omits key elements of the request in the 14 September resolution. The review is incomplete, and a number of its conclusions are not supported by independent assessments of climate lobbying by Sasol and its relevant associations.

On 7 October 2021, InfluenceMap published an updated overview of Sasol's climate policy engagement.³ InfluenceMap "maintains a global system for tracking, assessing and scoring companies on their engagement with climate change policy against Paris-aligned benchmarks", and is a research partner to Climate Action 100+. InfluenceMap's October 2021 overview concludes that: "Although there was significant improvement in the 2021 review, InfluenceMap analysis shows that **the quality of Sasol's industry association review process still falls considerably short of investor expectations**":

*InfluenceMap analysis indicates that Sasol likely **holds three memberships** to industry associations with misaligned climate policy engagement (ranked as a D or below by InfluenceMap's system). These are Minerals Council South Africa (MINCOSA), the Japan Chemical Industry Association (JCIA), and Verband der Chemischen Industrie (VCI). InfluenceMap analysis indicates a further four memberships to industry associations potentially misaligned with the Paris Agreement (ranked as B- or below by InfluenceMap's system) including European Chemical Industry Council (Cefic), Business Unity South Africa (BUSA), and Industry Task Team on Climate Change (ITTCC). Also, Sasol's senior executives hold influential executive and committee positions at MINCOSA, BUSA, and ITTCC, all of which have engaged negatively on climate policy in South Africa.*

Sasol has largely confined its review to an assessment of the publicly-available policy positions of the relevant associations, and not to their climate lobbying **activities**.

While Sasol says that "we will be further enhancing our monitoring, assessment and disclosures on our alignment with industry associations, by annually taking into account amongst others, credible and publicly available third-party assessments on such associations", it has not indicated how it will decide which assessments to incorporate; how it will incorporate such assessments; nor has it provided an explanation for why this is not included in the 2021 Climate Change Report.

Sasol also does not identify the circumstances and timeframes in which it will take action to address misalignments with key industry associations engaging contrary to the Paris goals.

Investor expectations of Sasol

In South Africa, like all sub-Saharan Africa, the impacts of climate change will be disproportionately felt by poor and marginalised communities, exacerbating the country's already extreme poverty, inequality and unemployment. It is crucial that the country urgently achieve policy alignment to support a just transition to a low-carbon, climate-resilient, sustainable and inclusive economy. Shareholders should be made aware of any activities that interfere with national policy-making towards this objective. This is particularly important in South Africa, where there is no regulatory requirement for disclosure of any lobbying activities.

Shareholders make this request to enable them to assess whether Sasol's climate-related lobbying activities, and those of the relevant associations, are consistent with Sasol's stated support for the Paris goals and the just transition to a low-carbon, sustainable, inclusive and resilient economy.

End

³ <https://influencemap.org/site/data/000/853/Sasol-Resolution-Briefing-Sep21.pdf>