Shareholder resolutions timeline:

Sasol Limited

JUST SHARE

December 2022

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2022

Net Zero Company Benchmark

Climate Action 100+ (CA100+) is an investor-led initiative to ensure the world's largest corporate greenhouse gas (GHG) emitters (including Sasol) take necessary action on climate change. In March, it released the second round of its Net Zero Company Benchmark assessment of its focus companies. On 23 October, CA100+ released an interim set of Net Zero Company Benchmark assessments of its focus companies. In both assessments, as in 2021, Sasol failed to meet expectations.

Sasol's climate resolution

Sasol's 2022 Notice of AGM contains a self-tabled non-binding, advisory resolution which asks shareholders to vote on "Sasol's climate change management approach, including its climate change ambition, strategy and progress towards achieving the 2030 target and 2050 net zero ambition". This is Sasol's second tabled climate change-related resolution.

On 31 August 2022, Sasol released its annual suite of reports. Just Share analysed Sasol's progress in relation to its climate change plans, and, together with the Centre for Environmental Rights (CER), prepared two briefings – one focused largely on climate change and the other on air quality. Having analysed Sasol's climate-related commitments, strategies progress and plans, Just Share recommended that shareholders do not vote in favour of Sasol's climate resolution.

As the climate briefing reveals, Sasol's decarbonisation commitments and strategy still fail to provide adequate details, accountability measures and incentives for these to be considered a feasible, measurable plan for Sasol to achieve its emission reduction targets. As a result, Just Share recommended that, rather than endorsing Sasol's approach, responsible shareholders should demand clearer short- and medium- term targets and milestones, and detailed action plans. This is essential to enable them to regularly assess: whether Sasol's ambition is feasible, whether it is making adequate progress, and the likelihood of Sasol meeting its longer-term emission reduction objectives. This is critical, particularly given that Sasol's current management will not be running the company by the time the longer-term targets are due to be achieved, and so cannot be held accountable if these targets are not reached.

Similar to the 2021 annual reporting suite, this year's reporting once again failed to provide certainty that Sasol has a clear and feasible plan to reach its emission reduction targets as there are still insufficient details provided to support the company's 2030 and 2050 plans.

The climate change investor briefing also highlights how Sasol, together with other "organised business" continue to lobby against carbon tax, putting South Africa in a precarious position in terms of its ability to comply with the goals of the Paris Agreement. Sasol is not only a member of the six associations that put out a problematic statement titled "Organised business joint position on carbon tax", but holds a leadership position in each of them.

Read about this in more detail

Sasol also enhanced its disclosures on lobbying in the 2022 Climate Change Report by including third-party assessments by InfluenceMap, an "independent think tank producing data-driven analysis on how business and finance are impacting the climate crisis". It "maintains a global system for tracking, assessing and benchmarks, currently covering around 300 companies along with 150 of their key industry associations", and is a research partner to CA100+. However, and despite InfluenceMap's extensive expertise in assessing climate lobbying, in every single instance where there is a discrepancy between InfluenceMap's assessment and Sasol's internal assessment, it reports that "Sasol's review remained unchanged".

At the very least, such discrepancies between Sasol's self-assessment and those of credible lobbying experts should result in further investigation or an enhanced review process which is disclosed to stakeholders. Sasol's approach is illustrative of the extent to which self-assessment of such crucial issues is in fact meaningless when it comes to assisting stakeholders in acquiring an accurate view of a company's involvement in anti-climate lobbying.
Read about this in more detail here and here.

AGM

Just Share, together with other civil society organisations attended Sasol's 2022 AGM both in-person and online.

Although Sasol's 2022 climate resolution passed, the percentage of shares represented that voted against the resolution almost doubled since last year from (from 3.37% in 2021 to 5.95% in 2022), indicating the growing dissatisfaction from shareholders with Sasol's handling of its decarbonisation strategy and commitments. The board of directors faced four hours of questions from shareholders at the AGM on a host of topics; including: Sasol's decarbonisation targets and disclosures; its position on the carbon tax and lobbying activities through its role in the Energy Council of SA; methane leaks at its operations, its treatment of communities in Mozambique; and its position on having its targets approved by the Science Based Target initiative (SBTi). Questions came not only from the civil society organisations which have, for several years, been relentless in their pursuit of corporate accountability and demands for better environmental and social stewardship, but also from individual shareholders who used their positions as active and passionate part-owners in the chemical giant to challenge it on a range of important ethical questions. As in previous years, responses from Sasol were largely unsatisfactory.

Read about this in more detail.

2021

On 22 March 2021, CA100+, issued its first "net zero company benchmark" of the world's biggest corporate emitters, including Sasol. The benchmark finds that Sasol's then current GHG emission reduction target (to reduce its GHG emissions by 10% (from a 2017 target) by 2030), was not aligned with the goals of the Paris Agreement – contrary to Sasol's claims that it is. The assessment found that Sasol did not fully comply with a single one of the 9 benchmark indicators. It was found not to meet any of the requirements for four of the nine indicators, and only meets some of the criteria in the other five indicators.

Read about this in more detail.

InfluenceMap – which “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 CA100+ – ranks CA100+ companies by the quality of their industry association review processes. When it was assessed in April 2021, Sasol received a score of **zero**, meaning that it had not met investor expectations for any of the assessment criteria related to the review process. At the time, it was placed in the D+ performance band, considering both the degree to which Sasol influences climate policy and legislation (its organisation score was 56%), and its links with influencers like trade associations (its relationship score was 41%). This has subsequently been updated due to Sasol’s increased lobbying disclosures in 2021.

Sasol, which had previously disclosed its intention to reduce its GHG emissions by 10% by 2030, promised its 2050 emission reduction roadmap on its Capital Markets Day in the second half of 2021. It indicated that this would be the subject of Sasol’s self-tabled own non-binding advisory vote at its November 2021 AGM. Sasol indicated that, if at least 25% of shareholders voted against the non-binding resolution, it would engage with those shareholders.

At its 22 September Capital Markets Day, Sasol published its 2021 Climate Change Report (CCR 2021) which sets out the “Future Sasol strategy”. In these reports, Sasol has set itself short-, medium- and long-term targets.

Sasol aims to meet its scope 1 and 2 medium-term targets largely through **significantly increased use of fossil gas** and through the **use of renewable energy to replace electricity currently supplied by Eskom**. It will also focus on “asset optimisation” and scale down coal exports. Sasol also hopes, in the long-term, to transition to the production of sustainable fuels. Scope 3 reductions will require “product-type changes and curtailment of existing production volumes”.

Sasol’s “preferred pathway” to reach its 2050 net zero ambition is large-scale green hydrogen production and renewables, relying on the view that its Fischer-Tropsch technology will “play an important role in delivering a sustainable future”, and in the “green hydrogen economy”.

There is a **concerning lack of detail in the CCR 2021** about several crucial elements of Sasol’s ambitions and actions, which makes it extremely difficult to assess their feasibility and credibility. This is exacerbated by the fact that Sasol’s technology is proprietary, and its agreements with various key partners and suppliers confidential. It is also worth noting that Sasol’s emissions have increased in both the years since it set its first emission reduction target in 2019.

Read about this in more detail

The CCR 2021 includes more disclosure of Sasol’s climate lobbying than its 2020 Climate Change Report. This is addressed below.

A key reason for government climate inaction has been the unprecedented lobbying activity, by the fossil fuel industry and associated industry associations, to weaken, delay and oppose climate-related regulation. In many instances, this manifests itself in high-level public positions of support for the Paris goals, but “closed-door undermining of climate action”.

It is crucial that South Africa urgently achieve policy alignment to support a just transition to a low-carbon, climate-resilient economy, and shareholders and other stakeholders should be made aware of any activities that interfere with climate-aligned national policy-making.

On 14 September 2021 (8 days before the CCR 2021 was published), Just Share and Aeon Investment Management (Aeon) co-filed a non-binding, advisory shareholder resolution at Sasol Limited, for tabling at its 19 November AGM. The resolution asked Sasol to improve and expand its disclosure of its direct and indirect climate lobbying, including disclosing the annual membership fees paid to industry associations which are involved in climate lobbying activities.

Climate lobbying shareholder resolutions have been filed annually at fossil fuel companies in other jurisdictions for a number of years, but this was the first time such a resolution had been filed in South Africa. Unlike many other jurisdictions, **South Africa has no legal requirements for disclosure of lobbying activities.**

Globally, investors are waking up to the role that industry associations have played in frustrating progressive climate policy and slowing down climate action. Increasingly, investors are demanding to know how investee companies address misalignment between their publicly-stated climate commitments – and the Paris goals – and the lobbying activities of their industry associations.

The resolution pointed out that Sasol's 2020 assessment of its alignment with industry associations does not provide enough information for its stakeholders to form an independent view of Sasol's review process, or its findings. Sasol will continue to have significant influence over climate policy in South Africa – directly and through its industry associations. Its stakeholders must have confidence that the company is using its influence to align South Africa's climate policy with the Paris goals. As things stand, the information required to make this assessment is not publicly available.

It is also important that investors be able to better appraise Sasol's long-term investment proposition, and its stated commitment to Paris alignment and to a just transition. This resolution requested that Sasol provide its shareholders with information that will help them determine not only whether Sasol's own climate lobbying positions and activities, and those of its industry associations, are aligned with the Paris goals, but, importantly, the circumstances in which it would discontinue membership of an association on the basis of misalignment with the Paris goals.

Read about this in more detail.

On 22 September (the same day as its CCR 202I was published), Sasol notified Just Share and Aeon that it had declined to table the 14 September climate lobbying resolution. Sasol said:

> *"The disclosure contained in our Climate Change Report for the year ended 30 June 2021 (CCR 2021), published on our website earlier today, already complies substantially with the requirements spelt out in your resolution and, as set out in our CCR 2021, we have committed to further enhance our disclosures taking into account, amongst others, the matters raised in your proposed non-binding advisory vote. There is therefore no need for shareholders to be*

required to vote on the resolution as its objectives have, by and large, been met in our CCR 2021."

Sasol continues to take the approach that it can unilaterally "decline" to table shareholder resolutions, which is not supported by our law. In the legal opinion received by Just Share in 2021, advocates Tembeka Ngcukaitobi SC and Chris McConnachie concluded that **directors do not have a unilateral discretion to refuse to table shareholder-proposed resolutions on content-based grounds**.

The correct approach would have been for Sasol to engage with the co-filers, explaining that some of what the resolution asks for would be covered by its forthcoming disclosure, and asking the co-filers to decide whether to withdraw the resolution as a result, or to submit a revised resolution.

On 7 October, following Sasol's refusal to table South Africa's first climate lobbying shareholder resolution, Sasol shareholders Just Share and Aeon co-filed a second non-binding, advisory resolution ahead of Sasol's 19 November AGM.

The resolution asked Sasol to improve and expand its disclosure of its direct and indirect climate lobbying, with a focus on: the climate lobbying activities of its industry associations; how it assesses whether these activities are aligned with the Paris Agreement; and the circumstances in which Sasol will terminate its membership of a relevant association on the basis of misalignment with the Paris Agreement's goals.

Sasol's CCR 2021 does include more thorough climate lobbying disclosure than its 2020 Climate Change Report. There are indications that this disclosure was updated or adjusted after Sasol had received the resolution filed by Just Share and Aeon.

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 Sasol's climate lobbying and that of its industry associations.
In concluding that all of the industry associations assessed are "aligned with Sasol's principles", Sasol focused on its industry associations' public **positions** on climate action, rather than their climate lobbying **activities**.

Following careful analysis of the disclosure on "engaging on climate policy: positions and industry associations" in the CCR 2021, the second resolution sought disclosure by Sasol of those key elements that had not been addressed – either adequately or at all – in the CCR 2021. This resolution was reinforced by an independent briefing prepared by InfluenceMap. Following its assessment of Sasol's CCR 2021 disclosure, InfluenceMap concluded that "**the quality of Sasol's industry association review process still falls considerably short of investor expectations**".

InfluenceMap stated:

"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."*

Read about this in more detail.

Despite this, on 12 October 2021, Sasol refused to table the **sixth shareholder-proposed resolution** filed with the company in five consecutive years. **Sasol's refusals are not grounded in a consistent application of the law, nor in sound principles of good corporate governance**. Rather, the company appears to have set out, in every instance, to find reasons to prevent its shareholders from having an opportunity to vote on any resolutions other than those tabled by Sasol itself. This is not only contrary to South African law, but also contrary to the position of hundreds of other listed companies across the globe, including dozens of fossil fuel companies, which every year put shareholder-proposed resolutions on their ballots.

It is difficult to understand why Sasol continues to resist tabling shareholder-proposed resolutions that would allow shareholders to vote on improved disclosure, particularly when such resolutions are not only non-binding, but make requests for information that Sasol says it is already planning to provide. This approach is also at odds with the company's claim, in its updated emission reduction plan as released at its 22 September Capital Markets Day, that Sasol recognises that "*sound partnerships with [its] stakeholders are critical to the success of Sasol's decarbonisation drive, which is central to the strategy and future of the* Company".

At a time of increasing global awareness of the unprecedented scale and speed of change required to prevent the worst impacts of climate change, and of the dangerous effects of corporate lobbying against climate action, transparency and good governance from the world's biggest polluters are crucial if they are to maintain credibility. This is especially true in Sasol's case, where the company is asking shareholders to trust in its intentions to decarbonise, even though its earliest decarbonisation "milestone" is only in 2026, and its emission reduction plans are reliant on factors which are highly uncertain, such as the availability and appropriateness of fossil gas, and the commercial viability of green hydrogen.

Sasol's 18 October 2021 Notice of AGM asked shareholders to endorse, on a non-binding, advisory basis, Sasol's climate change ambition, strategy and actions as set out in the CCR 2021 Climate Change Report.

On 9 November 2021, Just Share published an investor briefing which analysed the main elements of the CCR 2021, from the perspective of whether or not Sasol's emission reduction commitments and strategy provided the necessary detail and adequate accountability mechanisms to convince shareholders that the company has a feasible, measurable plan to achieve its 2030 emission reduction targets. The briefing focused on the 2030 plans as there is insufficient detail provided in relation to its 2050 targets to allow for meaningful analysis.

The briefing recommended that, in deciding whether or not to support Sasol's non-binding advisory vote, investors should seek clear, detailed answers to at least the 15 questions set out in the briefing. **Just Share recommended that shareholders do not endorse Sasol's plans via the November vote.**

Ultimately, and this is confirmed in Sasol's Form 20-F filed with the United States Securities and Exchange Commission, the company's climate ambitions and emission reduction plans are reliant on external factors which are highly uncertain, including the availability, affordability and acceptability of fossil gas, and the commercial viability of green hydrogen. In addition, the delivery of even Sasol's short-term plans has been scheduled in such a way that there is little prospect of accountability for Sasol's current management team, should the targets not be met.

Even if all of Sasol's ambitions are feasible and adequately resourced within a reasonable timeframe, shareholders and other stakeholders should consider whether it is cost-effective and socially just, to focus a huge proportion of South Africa's climate action efforts and resources on ensuring that a single company, which is currently and historically one of the world's biggest polluters, maintains profitability throughout the transition.

Read about this in more detail.

Despite these significant shortcomings in Sasol's emission reduction ambitions and strategy, investors voted overwhelmingly in favour of Sasol's plans.

As in previous years, at the AGM, shareholders representing civil society organisations and some of the many communities affected by the company's operations, asked probing questions of the board about Sasol's environmental, social and governance (ESG) impacts. A number of questions focused on Sasol's vast GHG emissions, and the risks posed to its operations, and to shareholders, by the company's significant contribution to climate change, and by the impacts that climate change stands to have on the company's operations and profitability. For the most part, satisfactory answers to these questions were not received.

2020

On 24 August 2020, Sasol published its 2020 Climate Change Report. Although this report improved on the 2019 Climate Change Report, Sasol's plans remained unambitious. It repeated its 2019 target of achieving only a 10% reduction in GHG emissions (off a 2017 baseline) by 2030. This target is not aligned with the Paris Agreement, only applies to Sasol's South African operations, and does not include Scope 3 emissions.

The Report also includes a page on "climate change policy and advocacy", and the results of Sasol's "assessment of alignment with industry associations". The assessment evaluated eleven of the industry associations of which Sasol is a member, and concluded that "all were aligned with Sasol's principles".

However, in its 2020 review of Sasol's assessment, InfluenceMap found: "*this audit did not fully disclose its own climate policy positions or those of its industry associations, nor did it disclose its* *governance of industry association memberships. As such,* ***Sasol failed to identify and take action on a number of industry associations which appear to engage negatively on climate policy*** *such as the American Chemistry Council and the European Chemical Industry Council (CEFIC). In addition, Sasol sits on the board of the Minerals Council South Africa, which appears to be lobbying negatively on South African climate policy*".

In the US, where Sasol is legally required to disclose funds spent on lobbying-related activities, OpenSecrets calculates, based on data from the US Senate Office of Public Records, that Sasol spent over $2 million on lobbying from 2016-2019.

On 19 October 2020, Sasol shareholders Just Share and the RAITH Foundation co-filed a resolution for tabling at Sasol's 20 November AGM, which would have required Sasol to include, in its annual reports from 2021 onwards:

- *Its strategy to align its global operations with the goals set out in the Paris Agreement ("the 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";*
- *Short, medium and long-term Scope 1, 2 and 3 greenhouse gas (GHG) emission reduction targets for Sasol's global operations, and how these targets are aligned with the Paris Goals; and*
- *How executive remuneration will incentivise achievement of the company's Paris-aligned transition strategy and GHG emission reduction targets.*

At set out below, in 2018 and 2019, Sasol had refused to table climate-related shareholder resolutions, claiming that shareholders had no right to vote on such resolutions, as their subject matter falls within the full management control of the board. However, shareholders were hopeful that Sasol might take a different approach under the then new CEO, Fleetwood Grobler.

Read about this in more detail.

Sasol's preliminary response to the resolution, 0, was to comment that the Notice of AGM was already at "an advanced stage of printing to enable it to be delivered to shareholders on 22 October 2020", and that requests to table resolutions "had to be received timeously to be taken to the Sasol Board for consideration". When the Notice of AGM was published on 22 October, the proposed resolution was not included. The JSE Listing Requirements provide that an ordinary resolution is to be subject to a minimum notice period of 15 business days. Both the Companies Act and Sasol's memorandum of incorporation provide for a minimum of 15 business days' notice to be given of the AGM. This resolution was submitted well within the timeframe provided for by law – 23 full business days before the AGM.

On 30 October, Sasol advised Just Share, that the resolution would not be proposed to shareholders, arguing that shareholders are not entitled to vote on the subject matter of the resolution. According to Sasol: shareholders cannot *"usurp the authority of the directors or interfere in the management of a company"*; the resolution would *"take away the discretion of the Sasol board of directors to act in the best interests of the Company in relation to the commitment to the Paris Agreement and goals and the reduction of emissions now or in the future*"; and the resolution "*removes the Board's power to determine how the appropriate remuneration for executives should* *be determined, subject to the non-binding advisory votes on the remuneration policy and the implementation thereof*".

Sasol also stated that it, in any event, requires 6 weeks' notice of a resolution to allow for the board to consider the resolution, and for "*typesetting, printing and deemed delivery*".
As a result, Sasol, as in previous years, refused to table the 2020 shareholder resolution. Just Share disputes all of Sasol's arguments, which are also not legally supported.

In a 6 November 2020 letter, Just Share, supported by shareholder activist organisations ShareAction (UK), Majority Action (USA), Follow This (Netherlands) and the Australasian Centre for Corporate Responsibility (ACCR) (Australia), drew CA100+'s attention to Sasol's ongoing refusal to table climate risk-related shareholder resolutions.

Read about this in more detail.

In a November 2020 press conference, shortly before its AGM, Sasol it would table a non-binding advisory vote on its climate plans at its November 2021 AGM. It committed to consultation with shareholders if at least 25% of its shareholders vote against Sasol's climate plans.
At its November 2020 AGM, shareholders concerned about and affected by Sasol's operations, asked its board a number of questions about its ESG impacts. By and large, satisfactory responses were not received from the board.

2019

Sasol Limited's long-awaited Climate Change Report was released on 28 October 2019. *The report, titled "Positioning for resilience in a low-carbon future*", was dated 30 June 2019 and was the company's "*first report aligning with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)".*

The Report was a much more comprehensive acknowledgment of the risks posed by climate change to the company's long-term sustainability, than it had provided before. Sasol unequivocally acknowledged and accepted the scientific basis for human-caused climate change, and admitted that its operations, particularly Secunda, face major transition risks. The report was a significant step towards meaningful climate risk disclosure, but it was only the start of a "journey": given the scale of the issue, Sasol's significant GHG emissions, and the pace and magnitude of the reductions required to achieve the Paris Goals and avoid the most severe impacts of climate change.

Read about this in more detail.

On 21 October 2019, a group of six South African institutional investors co-filed another climate risk shareholder resolution with the Sasol board, which sought to compel Sasol to report on how its GHG emission reduction strategy align with the goals of the Paris Climate Agreement. The six investors – Old Mutual Investment Group, Sanlam Investment Managers, Abax, Coronation, Aeon, and Mergence Investment Managers – were supported by Just Share in the early stages of this process.

The co-filers, which consider these matters a material risk to the organisation, submitted their resolution to Sasol's board for voting on at the company's AGM on 27 November 2019, but the tabling of this resolution was, as in previous years, rejected by the board. Sasol claimed that the matters raised in it "have been addressed" in the 2019 Climate Change Report. However, a review of the Report quickly revealed that this was not the case.

Read about this in more detail here and here.

2018

On 20 April 2018, Sasol shareholders the RAITH Foundation and shareholder activist Theo Botha, with support from Just Share – submitted a resolution for tabling at Sasol's 2018 AGM. The resolution sought that Sasol's annual reports detail how it is assessing and ensuring long-term corporate resilience in a future low-carbon economy; including the medium and long-term impacts on the Company's operations and sustainability of: technological advances, global climate change policies, domestic climate change laws, and the actual impacts of climate change. The resolution sought that the report analyse the impacts on the Company's operations under a scenario consistent with the globally-agreed upon target to limit global temperature increases to well below 2-degrees Celsius.

In June 2018, Sasol informed the shareholders that it would not be tabling the resolution. At the time, Sasol's refusal was based on a legal opinion it had commissioned, but refused to disclose, which apparently advised Sasol that climate change was not a matter in relation to which shareholders are entitled to vote: it fell solely within the board's purview Sasol also claimed that it would, in any event, be addressing all the matters raised in the 2018 resolution in its 2019 Climate Change Report. However, a review of the Report revealed that this was not the case.

Read about this in more detail here.