Just Share

Centre for Environmental Rights
Advancing Environmental Rights in South Africa

Table of Contents

Sasol Limited

Briefing ahead of AGM on 2 December 2022: climate-related disclosures and commitments

1. Introduction

At its November 2021 AGM, fossil fuel company Sasol Limited tabled its decarbonisation roadmap, setting out its plans to decarbonise the company's operations, with a long-term goal of net zero[1] emissions by 2050. Sasol asked shareholders to endorse, on a non-binding advisory basis, its climate change ambition, strategy and actions as set out in Sasol's 2021 Climate Change Report (CCR 2021).

On 9 November 2021, Just Share published an investor briefing, setting out why Sasol's decarbonisation commitments and strategy failed to provide adequate detail and accountability measures for these to be considered a feasible, measurable plan for Sasol to achieve its 2030 emission reduction targets. Since insufficient detail was provided in the CCR 2021 to allow for meaningful analysis of the 2050 target, this target was not assessed.

Despite the many gaps and other inadequacies of the plan, Sasol's shareholders voted in support of the decarbonisation roadmap at the November 2021 AGM.

Since the roadmap does not set any meaningful emission reduction targets, nor set any measurable plans or objectives, until at least 2025, the ability to hold Sasol and its management accountable for progress in the short-term is significantly constrained.

Sasol has now tabled a resolution for its 2 December 2022 AGM in which it asks shareholders to "endorse, on a non-binding advisory basis, Sasol's climate change management approach, including its climate change ambition, strategy and progress towards achieving the 2030 target and 2050 net zero ambition".[2]

According to its notice of AGM 2022, this "resolution provides an opportunity to provide feedback on the Company's ambition, strategy and actions, in addition to the other avenues of engagement the Company provides on climate-related issues and other areas of investor interest and concerns". The "Board will take the [shareholders'] feedback into account when setting and monitoring the execution of the Company's climate change strategy, but the Board retains ultimate responsibility for the strategy of the Company."[3]

Although Sasol's 2021 decarbonisation roadmap was approved by the majority of the company's shareholders, **responsible shareholders should at least be demanding clearer short- and medium- term targets to measure and continuously assess the likelihood of Sasol meeting**

[1] CCR 2022 page 1: "Net zero for Sasol is to significantly reduce emissions to the point where only hard-to-abate emissions remain or are zero. Any residual emissions will be neutralised using Carbon Dioxide Removals (CDR)".
[2] Notice of Annual General Meeting for the year ended 30 June 2022 page 4.
[3] Non-binding advisory resolution number 3, page 4.

its longer-term emission reduction objectives. This is imperative to ensure that the company is making adequate progress, particularly given that its 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.

In its Form-20F filed with the United States Securities and Exchange Commission (SEC), Sasol states that "we can provide no assurances that Sasol's plans to reduce greenhouse gas emissions pursuant to our roadmaps or otherwise will be viable or successful, but we are continually assessing and mitigating the associated risks by **tracking and responding to milestones** related to technology advancement and regulatory developments and customer preferences[4] (our emphasis)."

Milestones, by Sasol's own admission, are therefore crucial for all stakeholders concerned about Sasol's ability to meet its decarbonisation objectives to be able to track and measure the company's progress.

The following reports were assessed for this analysis:

- Climate Change Report (CCR 2022)
- Sustainability Report (SR 2022)
- Annual Integrated Report (AIR 2022)
- Form-20F 2022
- CDP 2022 climate change submission (CDP 2022)

2. Emissions reporting

2.1. Scope 1 and 2

Sasol's total emissions for scope 1 and 2 have gone down from 67 102 kilotonnes of carbon dioxide equivalent ($ktCO_2e$) in 2021 to 63 572 $ktCO_2e$ in 2022, which equates to approximately a **5% annual reduction**, and **a 7% reduction off the company's restated 2017 baseline** (which applies to its energy[5] and chemicals[6] businesses). Sasol reports that the reason for this reduction is largely due to **reduced production rates at its energy business, and that it expects production to "normalise" in the coming year, most likely leading to higher emissions from Secunda in 2023**. It also reports **higher scope 2 emissions from its energy business (due to an increase in purchased electricity)**.[7]

[4] Pages 19-20.
[5] This includes Sasol's integrated value chains with feedstock sourced from its Mining and Gas operating segments and processed at its Secunda and Sasolburg Operations and Natref. Sasol also has associated assets outside South Africa; including the Pande-Temane Petroleum Production Agreement in Mozambique and ORYX GTL (gas to liquids) in Qatar. https://www.sasol.com/sites/default/files/2022-06/Business%20Overview%20Document.pdf.
[6] This is organised into three customer-focused regional operating segments – Africa, America and Eurasia – supporting four divisions comprising Advanced Materials, Base Chemicals, Essential Care Chemicals and Performance Solutions: https://www.sasol.com/sites/default/files/2022-06/Business%20Overview%20Document.pdf.
[7] CCR 2022 page 5.

Sasol reports that "we remain on track with our commitment to achieve a 30% reduction by 2030".[8] **The basis for this claim is unclear, given that this year's reductions are attributable primarily to production constraints and not to any deliberate emission reduction efforts by Sasol**.

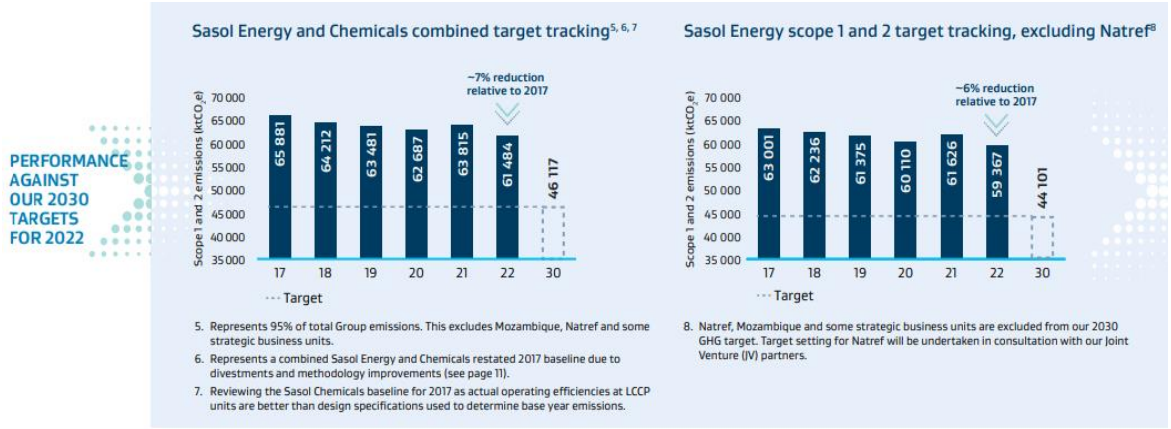
2.2. Scope 3

Sasol's **scope 3 emissions have also decreased** from 38 816 $ktCO_2e$ in 2021 to 37 557 $ktCO_2e$ in 2022, again due to **lower coal sales, and "improvements" in its carbon accounting**.[9]

Neither the scope 1 and 2 nor the scope 3 reductions are attributable to progress in implementation of Sasol's decarbonisation roadmap.

These scope 3 (category 11 of the Greenhouse Gas Protocol) emissions do include sales of Natref's products, but **Natref, Mozambique and "some other strategic business units and functions" are excluded from Sasol's 2030 scope 1 and 2 emission reduction target**.[10] As indicated below, Natref and Mozambique operations are also excluded from Sasol's net zero goal. According to its CCR 2022, Mozambique's operations contribute 1.3%, and Natref's 2% of Sasol's scope 1 and 2 emissions for 2022.[11]

The graphs below, from Sasol's CCR 2022,[12] purporting to depict "performance against [Sasol's] 2030 targets for 2022" also reveal the difficulty of assessing Sasol's emissions reporting, since there are no emission reduction targets until 2026. The graphs only demonstrate emissions in each year from 2017 to 2022, and then targeted emissions in 2030, **with no targeted emission reductions in 2023-2029**:



2.3. Energy savings

Sasol reports a **decrease in its energy savings for 2022 due to "operational challenges**.[13] It reports that a "number of operational challenges were experienced during 2022 as a result of poor

[8] CCR 2022 page 5.
[9] CCR 2022 page 5.
[10] CCR 2022 page 2.
[11] CCR 2022 page 2.
[12] CCR 2022 page 5.
[13] CCR 2022 page 5.

coal quality and gas availability at our Secunda and Sasolburg sites. This was further influenced by a series of external power disruptions which resulted in an overall energy efficiency regression against the previous year".[14]

3. Sasol's decarbonisation roadmap

3.1. Targets[15]

Sasol's targets remain the same as those reflected in the CCR 2021.[16]

Short-term (up to 2025)

- To integrate 600 MW of renewable energy in its energy business (Sasol's share of this is 200 MW; Air Liquide's 400 MW) by 2025.[17]

Medium-term (2026-2030)

- By 2026:
  - A 5% reduction of scope 1[18] and 2[19] emissions: (off its re-baselined 2017 baseline) from its energy business (excluding Natref which, Sasol reports, will be addressed with its JV partner, TotalEnergies[20]) and a 20% reduction from its chemicals business; and
  - 40% renewable energy[21] for its energy business and 100% purchased renewable energy[22] for its chemicals business.

- By 2030:
  - A 30% reduction of scope 1 and 2 emissions (off its re-baselined 2017 baseline) in its energy business (excluding Natref, Mozambique and "some other strategic business units and functions")[23] and chemicals business;
  - A 20% reduction of its scope 3[24] emissions (off a 2019 baseline) from its energy business;
  - "Sustainability capex"[25] of between 10-15%;[26] and

[14] CCR 2022 page 28.
[15] CCR 2022 page 21.
[16] Although Sasol no longer refers specifically to its 2021 commitment to reduce its coal intake to 31 megatonnes by 2030, it does refer to replacing 10 megatonnes per annum of coal with gas by 2030 (CCR 2022 page 6).
[17] CCR 2022 page 4.
[18] Direct GHG emissions from sources that are owned or controlled by the company.
[19] GHG emissions from the generation of purchased electricity consumed by the company.
[20] CCR 2022 page 21 (footnote 3).
[21] CCR 2022 page 21 (footnote 9): "Excluding load factor and metric relates to the 1200 MW renewable electricity roadmap requirement".
[22] Excluding self-generation and Sasol's operations in Nanjing.
[23] CCR 2022 page 2 (footnote 2).
[24] Emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company, e.g. use of sold products. These are all other indirect emissions that occur in a company's value chain. For Sasol, scope 3 relates to sold energy products only (category 11) and includes Natref's products.
[25] CCR 2022 page 21: "Sustainability capex refers to capital associated with sustaining production through lower-carbon feedstocks, transforming the existing portfolio and investments in new sustainable businesses."
[26] CCR 2022 page 9: Sasol's climate-related capital expenditure is projected at ~ R25 – R35 billion cumulative total capital up to 2030, inclusive of maintaining current gas feedstock and roadmap costs (Transform capital), which is also dependent on the type of gas partnership construct implemented.

- 80% renewable energy[27] for its energy business (with Air Liquide, Sasol has committed to procure 1200 MW of renewable energy at Secunda, with 800 MW allocated to Sasol, and the other 400 MW to Air Liquide).[28]

Long-term (up to 2050)

- By 2050:
  - Net zero emissions for scope 1 and 2 emissions for its energy business (excluding Natref and Mozambique)[29] and chemicals business;
  - Net Zero for scope 3[30] emissions from its energy business;
  - A majority (which presumably means more than 50%) of sustainability capex; and
  - 100% renewable energy for its energy business.

3.2. Assessment of targets

As set out above, **the emission reductions that Sasol reports in its CCR 2022 are not attributable to progress in implementation of Sasol's decarbonisation roadmap, and Sasol expects emissions to increase in 2023**.

Sasol's target of 46 117 ktCO_2e in 2030 equals a 30% reduction off its scope 1 and 2 emission 2017 baseline of 65 581 ktCO_2e[31] (which has been re-baselined, as explained below). Sasol's decarbonisation plan does not envisage a gradual, steady reduction of emissions, but rather "emission reductions needing to be executed in a "step-wise fashion as large capital projects come online",[32] and/or depending on the commercial viability of green hydrogen, access to markets for green hydrogen, and availability and affordability of gas.

In respect of its scope 3 target, Sasol reports that "[r]educing these emissions requires fundamental changes to our business model, which we are assessing in line with our net zero ambition by 2050. Our most significant portfolio and product changes will be undertaken after 2030, when our hydrogen aspirations start to deliver."[33]

However, it is still uncertain, and a significant risk, whether these hydrogen "aspirations" will deliver, and whether such delivery will be at the time and scale Sasol hopes.

Apart from its 200 MW share of the 600 MW of renewable energy to be procured by 2025, **Sasol does not provide any additional milestones against which to track its progress between 2022 and 2026**. For example, there is no milestone for a reduction in scope 3 emissions for Sasol's energy business towards its 2030 and 2050 targets. For its chemicals business, Sasol simply indicates that

[27] CCR 2022 page 21 (footnote 9): "Excluding load factor and metric relates to the 1200MW renewable electricity roadmap requirement".
[28] CCR 2022 page 4 (footnote 4) page 23.
[29] CCR 2022 page 21 (footnote 3).
[30] As set out above, Sasol's scope 3 targets relate to sold energy products only (category 11) and include Natref's products.
[31] CCR 2022 page 5.
[32] CCR 2022 page 8.
[33] CCR 2022 page 32.

a baseline for its scope 3 emissions is being developed,[34] but provides no further details or commitments. Sasol also does not give a 2026 milestone for the alignment of its sustainability capex towards its 2030 and 2050 targets.

Without interim milestones before 2026, Sasol targets the following **scope 1 and 2 emission reductions by 2026**:

- 5% from its energy business (excluding Natref); and
- 30% from its chemicals business.

Without interim milestones, Sasol targets the following emission reductions **by 2030**:

- for **scope 1 and 2 emissions**, 30% from its energy (excluding Natref and Mozambique) and chemicals businesses; and
- for **scope 3 emissions**, 20% from its energy business.

To achieve this, Sasol appears to rely, without adequate specificity, on: the introduction of 600 MW of renewable energy by 2025 (and 1 200MW by 2030, inclusive of the 600MW by 2025), increased energy efficiency, additional gas (the availability and affordability of which is still uncertain), partial boiler turndown, and "asset optimisation". As indicated above, **Sasol's assertion that it "remains on track" with its 2030 commitments**[35] **is therefore impossible to confirm**.

3.3. "Science-based approach"

Sasol states that it has used a "science-based approach" to set its targets.[36]

On the alignment of its emission reduction targets with the Paris Agreement, Sasol states that "[b]ased on all assessments undertaken, including Fair Share modelling, [nationally determined contribution (NDC)] comparison and absolute contraction, we see our 2030 interim target of a 30% reduction as being aligned with global commitments "to limit global warming to well below 2°C". Given that most of our emissions are generated in South Africa, a developing country, this target is considered within this context."[37]

This is an approach invented by Sasol, not one which is aligned with climate science - which is not impacted by the geography, development status or NDC of any single country.

In fact, **not one of Sasol's 2030 targets is aligned with the requirement of climate science to cut emissions by almost half by 2030 in order to limit warming to 1.5°C**.[38] Sasol in fact admits this, stating that in order to achieve a 43% reduction by 2030 (which would be aligned with climate science), "we would need mitigation to be available, which it is not and would therefore mean a turndown of significant portions of the operations to achieve the target. This would have serious implications for the country from a socio-economic perspective and hinder our just transition".[39]

---

[34] CCR 2022 page 21.
[35] CCR 2022 page 5.
[36] CCR 2022 page 6.
[37] CCR 2022 page 8.
[38] https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/.
[39] CCR 2022 page 8.

This argument has been taken up by a large section of South African business, led by the fossil fuel industry and its representatives, and by some government departments, in recent years. They have essentially co-opted the concept of justice in the transition in order to delay action, by ignoring the devastating social and economic impacts of climate change, and of failing to tackle it, and instead creating a false dichotomy between economic growth, poverty alleviation, and development, on one hand, and the transition to low carbon technologies and renewable energy systems, on the other.

This narrative ignores the impacts of failing to transition and reduces the concept of the just transition to one used to delay real environmental and social justice for as long as possible for the benefit of the fossil fuel industry and its shareholders. The goal of this strategy is to focus attention on what stands to be lost in the transition (e.g., jobs in the fossil fuel sector) and away from the society-wide benefits of climate action (creating new, clean jobs, providing cheap, distributed renewable energy, to millions of people in South Africa who do not have access to energy at all, and limiting climate impacts).[40]

Furthermore, in its CDP 2022, Sasol reports that its scope 1, 2 and 3 targets for 2030 are not science-based, and that it does not anticipate setting science-based targets in the next 2 years.[41]

In relation to the approach to target-setting followed by the Science Based Targets initiative (SBTi),[42] Sasol takes the view that:[43]

1) It does not agree with the sectoral approach of the SBTi, but instead thinks targets should take account of national circumstances.
2) In any event, the SBTi oil and gas methodology is not ready, so Sasol cannot apply it.
3) And, even if it were ready, Sasol should not be treated as an oil and gas company, because of its unique technological process.

In other words, **Sasol "applied a Sasol developed methodology for this purpose,"**[44] **one that is not aligned with climate science, but which is convenient in that it is tailored specifically for Sasol by Sasol**. This is a flagrant example of greenwashing.

3.4. Natref

Sasol reported in 2020 that "a separate target may be explored for the future" for Natref.[45] This facility has still not been included in the scope 1 and 2 emissions reduction target, and no explanation has been provided for this in Sasol's latest reporting suite (beyond that this will be addressed with TotalEnergies),[46] even though Natref contributed some 1 244 $ktCO_2e$ for 2022.[47]

[40] https://justshare.org.za/media/news/climate-change/new-just-share-report-introduction-to-corporate-climate-lobbying-in-south-africa/.
[41] CDP 2022 C4.1a.
[42] The SBTi aims to drive ambitious climate action in the private sector by enabling organisations to set science-based emission reduction targets: https://sciencebasedtargets.org.
[43] CCR 2022 page 8.
[44] CCR 2022 page 8.
[45] CCR 2020 page 3.
[46] CCR 2022 page 21.
[47] CCR 2022 page 5.

3.5. Lack of accountability

Sasol reports, in relation to its target-setting, that "[t]he overall analysis confirmed our assertion that year-on-year reductions are not possible for Sasol, with reductions needing to be executed in a step-wise fashion as large capital projects come online. The consequence of this is that we are not able to follow a smooth GHG emission-reduction trajectory to 2030 and 2050, which typically underpins global climate models."[48]

This approach to target-setting renders it impossible to hold current management accountable for a failure to reach targets.

4. Methane

Sasol's disclosures on its methane emissions are much improved since 2021, including the reporting on methane emissions from Mozambique:[49]

Sasol Mozambique's emissions for 2022

	tCO_2	tCH_4	tN_2O	tCO_2e
Operational				
Fugitive emissions	1 853	15 740	0	363 880
Flaring emissions	34 070	0,6	0,06	34 102
Fuel gas	420 833	7,5	0,75	421 227
Total operational emissions	456 756	15 748	0,81	819 209

One of Sasol's self-identified "challenges" is that the increased focus on methane may potentially limit the use of gas in the short to medium term.[50] Sasol is referring here to the growing body of scientific evidence that demonstrates that methane is a much large contributor to anthropogenic climate change than previously thought, and the fact that the latest climate science has confirmed that methane emissions need to be reduced by about a third in order to limit warming to 1.5°C.[51] Methane is the largest component of fossil gas and, with carbon dioxide (CO_2), one of the two gases most responsible for the rate of warming observed over the past few decades.[52]

Sasol also notes the challenge of identifying interventions to address methane leaks at Pande-4 in Mozambique.[53]

In response to stakeholder concerns, Sasol undertook a review and identified additional sources of methane emissions in Mozambique. It developed a baseline measurement and the emissions (representing approximately 1% of Sasol's total GHG emissions, and in the past reporting year, 4.9% of total scope 1 and 2 emissions) have been added to its inventory. According to Sasol, management

[48] CCR 2022 page 8.
[49] CCR 2022 page 11.
[50] CCR 2022 page 6.
[51] https://www.ipcc.ch/report/sixth-assessment-report-working-group-3/.
[52] IPCC, Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (2013).
[53] CCR 2022 page 6.

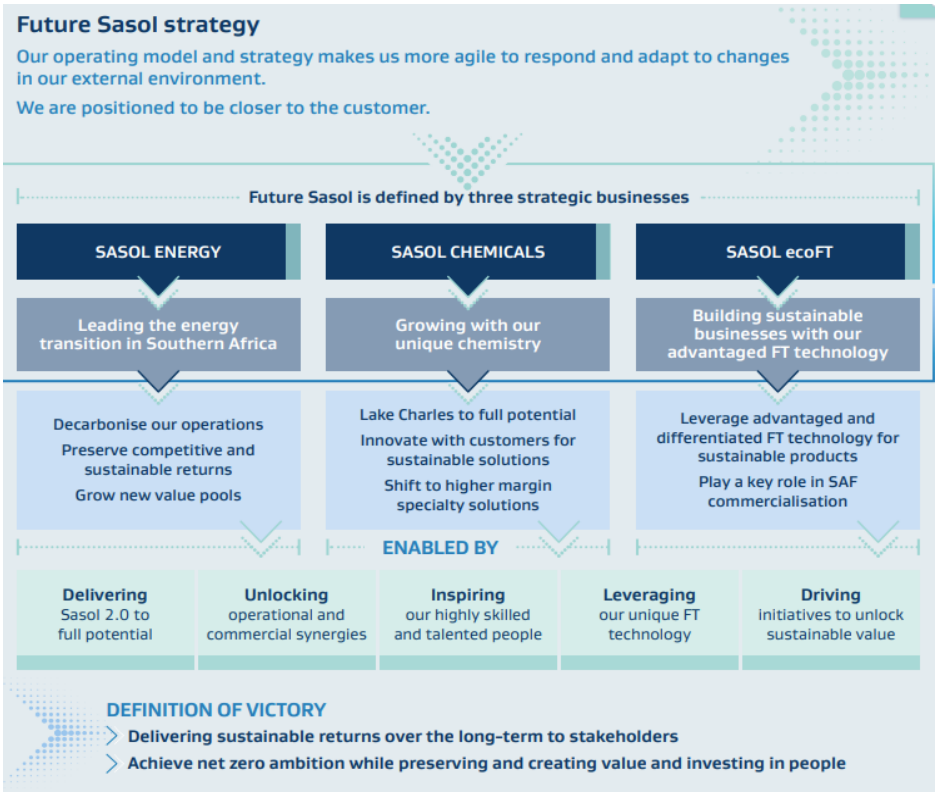
of its methane emissions is included in its scope 1 and 2 absolute emission reduction target of 30% by 2030, and its scope 3 emission reduction target, "**negating the need for an explicit methane target**[54] (our emphasis)."

The value of including the "management of our methane emissions" in Sasol's scope 1 and 2 30% by 2030 target is undermined by the fact that the company's Mozambique operations are excluded from this target.

Sasol also reports that "Our methane emissions comprise a significantly smaller portion of our GHG profile, hence the inclusion of methane emission reductions into our overall scope 1 and 2 emission reduction targets."[55] In the reporting year, methane emissions comprised 4.45% of total scope 1 and 2 emissions.[56] However, this percentage will increase with the rising use of fossil gas as a replacement for coal as a feedstock.

5. Progress on Future Sasol plan

Sasol depicts[57] its 'Future Sasol Strategy' as follows:



[54] CCR 2022 page 12.
[55] CDP 2022 C-0G4.2d.
[56] CDP 2022 C-0G4.2d.
[57] CCR 2022 page 20.

Sasol describes this strategy as resting on various projects or "enablers"; including replacing coal with gas as a feedstock, implementing new renewable energy, becoming a producer of green hydrogen, boiler turndown and a "fine coal solution",[58] and carbon capture and storage (CCS) technologies.

Crucially, Sasol also identifies "a new Group top risk named "Inability to effectively transition to Future Sasol in Time".[59] While encouraging that Sasol is now explicitly acknowledging this significant risk, it also means that short term, measurable progress is even more important, to give shareholders some indication that its plans and actions are commensurate with the risk.

5.1. Renewables

Sasol has shortlisted three Independent Power Producers (IPPs) to procure more than 600 MW before the end of 2025 in the form of solar and wind power. This is part of Sasol's commitment to procure, with Air Liquide, 1200 MW of renewable capacity by 2030.[60] 800 MW represents Sasol's consumption of the total 1 200 MW target for its Secunda site.[61]

Of course, significant quantities of renewable energy are also required for Sasol's green hydrogen ambition.

5.2. Gas

According to Sasol, "securing additional sources of gas, including [Liquified Natural Gas (LNG)], as a transition feedstock remains a strategically optimal pathway due to the inherent flexibility it offers to ramp down supply post 2040 and to minimise the risk of stranded assets and gas infrastructure lock-in".[62]

Sasol has committed $1 billion (approximately R17 billion) over the next three years to "secure additional gas" from its reserves and has also extended its gas plateau production until 2028.[63] Sasol does not explain how this extension was achieved, and when it became clear that these reserves would last two years longer than previously thought.

Sasol is also in the process of finalising the term sheet to "secure 40-60 [petajoules per annum PJ/a] of LNG via Matola (Mozambique) for delivery in 2026". This will replace 10 million tonnes per annum (Mtpa) of coal by 2030, resulting in a 25% reduction of coal usage by the company.[64] Sasol also plans to secure LNG in other areas including Richards Bay, South Africa.[65]

---

[58] This refers to a new technology which Sasol reports will allow it to make better use of its fine coal by briquetting it. AIR 2022 page 51: "Reducing reliance on coal as a primary feedstock in our South African operations is a key lever to lower our GHG emissions. As a first step, we need to start decommissioning coal-fired boilers at Secunda Operations (SO). A novel fine coal agglomeration technology developed by Sasol and a technology partner is enabling this. By developing briquettes, we are able to make better use of fine coal: the briquette can be gasified for conversion into products rather than burnt as a fuel, reducing the amount of coal used at SO and thus CO2 emissions."
[59] AIR 2022 page 32
[60] CCR 2022 page 24.
[61] CCR 2022 page 4 (footnote 4).
[62] CCR 2022 page 25.
[63] CCR 2022 page 23.
[64] CCR 2022 page 6.
[65] CCR 2022 page 25.

Sasol indicates that it continues "to develop a portfolio of gas [exploration] options in Mozambique" and that "there is an inherent technical risk and a lower probability of success associated with exploration opportunities yet higher potential for low cost gas compared to the Liquified Natural Gas (LNG) option which provides more flexible and more certain gas supply option but at a much higher cost".[66]

Sasol acknowledges the **risks associated with pipeline gas**. In its CCR 2022, Sasol reports that "[i]n our 2021 CCR, we undertook an assessment that showed pipeline gas as having a lower lifecycle carbon footprint relative to LNG; however pipeline gas infrastructure can have a higher probability of becoming stranded and/ or causing infrastructure lock-in in the long term."[67] As a result, "rather than focusing only on pipeline gas", Sasol "is aiming to focus on introducing incremental amounts of LNG (approximately 40-60 PJ/a)".[68]

Sasol states (in line with numerous independent studies including those of the National Business Initiative,[69] Meridian Economics,[70] and the International Institute for Sustainable Development)[71] "[w]e also recognise that for the power sector a renewables-dominated energy mix with gas as a peaking fuel has been assessed to be the least cost pathway for South Africa".

It goes on to say that "In the coal-to liquid (CTL) sector, gas is a key substitute feedstock to reduce process emissions in the short-to- medium-term. Post 2030, our preferred option is to pursue a fossil-fuel-free pathway".[72]

Sasol also recognises that the sustainability of fossil gas "as part of a credible decarbonisation pathway remains a contested area, with issues expressed relating to methane leakage causing higher warming in the short-term and that building new gas infrastructure risks locking- in emissions".[73]

In addition, as noted in its Form-20F, Sasol:

- "may be unable to access, discover, appraise and develop new synthetic oil, and natural gas resources at a rate and price that is adequate to sustain our business and/or enable growth"; and/or
- its "coal, synthetic oil, and natural gas reserve estimates may be materially different from quantities and qualities that we eventually recover or ultimately make use of";[74] and/or
- "may be unable to …develop … natural gas resources at a rate and price that is adequate to sustain our business and/or enable growth." [75]

[66] Form-20F 2022 page 40.
[67] CCR 2022 page 37.
[68] CCR 2022 page 37.
[69] https://www.nbi.org.za/climate-pathways-and-a-just-transition-for-south-africa/#reports.
[70] https://meridianeconomics.co.za/wp-content/uploads/2022/06/Hot-Air-About-Gas.pdf.
[71] https://www.iisd.org/publications/report/south-africa-no-need-for-gas.
[72] CCR 2022 page 10.
[73] CCR 2022 page 10.
[74] Form-20F 2022 page 22.
[75] Form-20F 2022 page 40.

Sasol's ability to decarbonise remains closely tied to the affordability and availability of adequate quantities of fossil gas, which remains a highly uncertain prospect.

5.3. Green hydrogen

Green hydrogen as a potential low-carbon enabler is key to Sasol's 2050 decarbonisation strategy. Sasol hopes to commence production of green hydrogen from Sasolburg towards the end of 2023.[76] The company has also partnered with TotalEnergies to explore "innovative pathways to potentially transition the Natref refinery and meet Clean Fuels II[77] compliance by co-processing crude oil with sustainable feedstocks to reduce the refinery's scope 1 and 2 GHG emissions".[78]

Sasol summarises its green hydrogen progress since August 2021 as follows:

- *Progressed to final investment decision for Sasol's first green hydrogen project in Sasolburg, with green hydrogen production commencing towards the end of 2023.*
- *Advancing work on the green hydrogen road mobility pilot, with first runs planned for 2023.*
- *The pre-feasibility study for the strategic and catalytic Boegoebaai green hydrogen hub in the Northern Cape is progressing well. This project will support significant socio-economic development in this region.*
- *Concluded a policy advocacy roadshow both locally and globally to enable acceptance of low-carbon products produced from fossil-fuel-reliant countries, such as South Africa, in developed markets like the EU.*
- *Further clarity on affordability of green hydrogen is expected closer to 2030*.[79]

The CCR 2022 identifies numerous risks associated with Sasol's transition pathway from 2023 to 2050 and many of these relate to green hydrogen.[80]

In its Form-20F, Sasol acknowledges that "**[t]he replacement of coal with natural gas, sustainable biomass and green hydrogen as sustainable feedstocks for our operations in Secunda is likely to increase the cost of production and reduce our profitability significantly**."[81]

Under "risks associated with sustainability", Sasol acknowledges that "[t]he primary risks associated with achieving the 2030 and 2050 greenhouse gas reduction targets and ambition are the unavailability and unaffordability of gas as feedstock, the potential prohibitive costs of green hydrogen … and the ability to access markets in the jurisdictions within which we operate and trade to enable the transition".[82]

[76] CCR 2022 page 23.
[77] Regulations under the Petroleum Products Act 120 of 1977, known as Clean Fuels II regulations, setting out prescribed specifications for fuel to be sold or produced for domestic consumption in South Africa.
[78] CCR 2022 page 28.
[79] CCR 2022 page 23.
[80] Page 14.
[81] Form-20F 2022 page 20.
[82] Form-20F 2022 page 19.

Further risks associated with green hydrogen outlined in Sasol's SEC filing (**but not in its CCR 2022**) include:

- Sasol's "ability to partner with others in the hydrogen value chain to effectively shorten the learning and development curve and get products to market".
- The fact that "[t]his market (i.e. the green hydrogen market) "also has to be created".
- The affordability of green hydrogen electrolysers, scale of renewable energy roll-out and Sasol's ability to procure the technology cost effectively. It reports that "[o]ur effort to become a green hydrogen producer may be unsuccessful and the process may lead to increased operational costs and negatively impact other growth strategies."[83]

It is very clear that Sasol's green hydrogen ambitions are a long way from fruition, and fraught with challenges and significant uncertainties.

5.4. Carbon capture and storage

Sasol's CCR 2022 indicates that it is "actively investigating [Carbon capture, utilisation and storage (CCUS)] technology. Although CCUS has not been built into our 2030 Sasol Energy roadmap, foundational work is underway for our 2050 net zero ambition".[84]

According to Sasol, insofar as its African plans for CCS are concerned:

> *We are exploring partnerships with Globeleq for sequestration of CO_2 from gas-fired power plants in Mozambique. The [Council for Geoscience (CGS)] is continuing with preparation for a pilot plant demonstration of CO_2 sequestration in Mpumalanga, with contract planning for site construction, management, injection and monitoring underway. Sasol [Research & Technology] have been assisting CGS with wind and ground water data and plan to supply existing geological subsurface mapping and baseline air dispersion information. The first injection is planned for late 2025*.[85]

It is worth noting that Sasol's 2019 Climate Change Report stated: "We do not see opportunities for this technology [CCS] at the moment to meaningfully impact our emissions profile".[86]

The International Energy Agency's 2009 CCS Roadmap predicted the development of 100 large-scale CCS projects by 2020, 850 by 2030, 2100 by 2040, and some 3400 by 2050.[87] In reality, the Global CCS Institute noted that, in 2021, there were 27 operational CCS plants in the world, with total carbon capture of 36,6 Mtpa[88] - estimated at less than 0.1% of fossil-fuel CO_2 emissions.[89]

---

[83] Form-20F 2022 page 41.
[84] CCR 2022 page 28.
[85] CCR 2022 page 28.
[86] Page 23.
[87] https://iea.blob.core.windows.net/assets/6fb1a978-4fa3-4ab0-8ef4-7d18cc9c1880/CCSRoadmap2009.pdf page 16
[88] https://www.globalccsinstitute.com/wp-content/uploads/2021/10/2021-Global-Status-of-CCS-Report_Global_CCS_Institute.pdf pages 2, 13.
[89] https://www.research.manchester.ac.uk/portal/files/213256008/Tyndall_Production_Phaseout_Report_final_text_3_.pdf page 24.

6. Remuneration

6.1. Climate-related Key Performance Indicators

Sasol reports that "the Board having approved the strategy to deliver Future Sasol, will ensure delivery through monitoring relevant Key Performance Indicators for achieving short- medium- and long-term goals."[90]

These Key Performance Indicators (KPIs) in Sasol's **short-term incentive (STI)** plan, which require completion either in the year 2022 or 2023,[91] include: the improvement of the company's energy efficiency up to 1.5% (which is the stretch target – the threshold target is 0-0.9%); securing 200 MW of renewable energy for Sasol Energy in 2022; setting up Sasol ecoFT business venture; and signing renewable power purchase agreements to achieve a reduction of between 0.65-0.66 megatonnes of carbon dioxide equivalent ($MtCO_2e$) by the end of 2024. The **difference between Sasol's 'target' and 'stretch' on this metric is 0.01 $MtCO_2e$, and no threshold is provided**. It is **difficult to see how this constitutes an incentive to meet its renewable energy targets by 2025**.

Sasol has also introduced some additional STI metrics to "support the overall transition". These include:

- obtaining the board's approval for the medium-term just transition roadmap in 2023;
- signing agreements to purchase carbon credits in 2023; and
- announcing at least one large-scale project feasibility study by 2023 (for the production of low carbon aviation fuel or "[Sustainable Aviation Fuel] opportunity").[92]

In her letter as chairperson of the remuneration committee, Mpho Nkeli reported that performance against STI targets was "mostly below or on-target",[93] with senior executives being awarded 64.35% of the 150% maximum STI payout for which they were eligible. Even with "normalization for factors outside of management's control", 64.35% of executives' total guaranteed pay as a short-term bonus for achieving below or just on-target results appears overly generous.

Sasol reports that in 2021 it incorporated its GHG reduction target into its executive remuneration scheme, with a higher weighting.[94] However, there appears to be a discrepancy between Sasol's AIR 2022 and CCR 2022 in relation to remuneration weightings. In the AIR 2022, Sasol reports a 30% allocation to environmental, social and governance (ESG)-related KPIs, where 20% is towards climate change and 10% towards process safety and occupational safety.[95]

By contrast, the CCR 2022 reports a 25% ESG-related pay weighting, with no detail provided as to the weighting of climate change.[96]

[90] AIR 2022 page 11.
[91] CCR 2022 page 47.
[92] CCR 2022 page 47.
[93] AIR 2022 page 64.
[94] CDP 22 C4.3c.
[95] AIR 2022 page 70.
[96] CCR 2022 pages 3, 47.

Sasol has also included an additional **long-term incentive (LTI)** metric,[97] tied to a reduction in scope 1 and 2 emissions off a 2017 baseline by the end of 2025 based on the following: 3.55% (threshold), 4.18% (target), and 4.9% (stretch). In contrast to the STI plans,[98] it is not clear how the weightings of the LTI plans are measured against these targets.

The chairperson of the remuneration committee reports that Sasol's ability to achieve its target of implementing 150 MW of renewable energy capacity by 30 June 2023 has been affected by "unforeseen delays, including the sale of air separation units to Air Liquide, the inclusion of Air Liquide as a partner in our Renewable Energies programme in Secunda and constrained supply in South Africa",[99] which, together with the macro impacts on the acquisition of renewable energy, affected the vesting of LTIs awarded in 2020. As a result, Sasol reports that "the final implementation date will only be known in 2023. The Committee will consider this matter during 2023 in view of the uncontrollable events external to the organisation." It **appears from this that the executives will not forfeit the remuneration linked to this LTI despite the fact that it was not achieved**.

Sasol measures its performance using the Dow Jones Sustainability Index (DJSI), and achievement of a 70% score on the DJSI is also included in Sasol's LTI plan for 2022. Sasol's "ultimate aim" is to be included in this index.[100] **However, it is far more important to link incentives directly to the reduction of emissions, and the achievement of a just transition to a sustainable low carbon business, than it is to link these to global indices**.

Sasol's 2021 annual financial statement (AFS) notes shareholders' concern that "STI and LTI targets not directly related to the reduction of greenhouse gasses" and responds with its commitment to "improve our climate change targets as we implement projects that will directly reduce emissions. These projects will align with our Climate Change Roadmap and long-term ambitions."[101]

However, Sasol's STIs and LTIs read more like a wish-list than a set of KPIs designed to incentivise Sasol's executives to take the action commensurate with the climate crisis, and its own acknowledgment thereof. The KPIs are either easily achievable or lack sufficient detail against which to measure executives' performance.

6.2. Highest and lowest paid

In 2020, Sasol's Remuneration Committee approved a methodology to "track internal pay equity on a group, level, race and gender basis by country where they employ more than 250 employees on a permanent basis and where the data is available considering personal data laws."[102] The methodology compares the median Total Target Remuneration (TTR) of 10% of the highest earners per country with the median TTR of the lowest paid earners per country (similar to the methodology of the Employment Equity Act (EEA4 form) which has to be submitted annually to the South African Department of Labour).

[97] CCR 2022 page 47.
[98] AIR 2022 page 70.
[99] AIR 2022 page 64.
[100] AIR 2022 page 11.
[101] AFS 2021 page 24.
[102] AIR 2022 page 68.

In terms of its findings of the internal pay equity assessment, Sasol states that "During 2022, the Committee reviewed the detailed level pay gap ratios, which showed a downward trend in South Africa, Germany and Italy. In the United States, the pay gap ratio increased. This was attributed to Sasol's divestiture of a number of businesses which resulted in a transfer of a number of employees from Sasol."[103]

Assessing the internal pay equity and the gender pay equity is a good step, but without further information, it is difficult to assess Sasol's findings. Sasol does not provide sufficient detail to explain the extent of the downward trend in the level of pay gap ratios in South Africa, Germany and Italy. It does not provide the pay gap ratio at the time of initial assessment or the current ratio, nor whether the analysis considered executives' total remuneration (including their short- and long-term incentive bonuses) or only their guaranteed pay.

Also, Sasol's methodology focuses on permanent employees and appears to exclude temporary workers. The salaries of temporary workers are crucial in any internal pay equity calculation. The EEA4 form includes temporary workers which it defines as "employees employed to work for less than three months over a period of 12 months."[104] By excluding temporary employees, the internal pay equity findings do not reflect the actual state of the company's remuneration.

Sasol also reports that it commissioned a gender pay equity analysis and found that "no systemic gender pay gaps were identified."[105] Again, further information is required for shareholders to verify this, and to understand Sasol's progress on gender pay equity. For example, the statement that no systemic gender pay gaps were identified needs to be accompanied by a numerical figure of what the gender pay gap is in each annual report in order to track the company's progress.

Disclosures such as these are important, but in order for shareholders to be able to properly understand and interrogate them, much more detailed information is required, including the steps Sasol intends to take to address internal pay gaps in the company.

7. Capital Alignment

Sasol states that it has committed R15 – 25 billion cumulative capital expenditure to be spent by 2030 on its 30% reduction target. It states:

> *We plan to sequence this expenditure over time and still remain within the Sasol 2.0 transformation programme R20 – 25 billion/a capital expenditure target by 2025 for Maintain and Transform capital. Total sustainability capital expenditure (10 - 15%) is projected at ~ R25 – R35 billion cumulative total capital up to 2030, inclusive of maintaining current gas feedstock and roadmap costs, which is also dependent on the type of gas partnership construct implemented*.[106]

[103] AIR 2022 page 68.
[104] https://www.21century.co.za/wp-content/uploads/2019/09/EEA4-form-pdf.pdf.
[105] AIR 2022 page 68.
[106] CCR 2022 pages 9, 36.

Sasol's CCR22 incorporates the latest Climate Action 100+ investor alliance (CA100+)[107] Net Zero Company Benchmark assessment and Sasol's responses to CA100+'s assessment of Sasol.[108]

Indicator 6.1 of the CA100+ benchmark assesses whether the company is working to decarbonise its capital expenditures. It assesses whether the company:

- explicitly commits to align its capital expenditure plans with its long-term GHG reduction targets OR to phase out planned expenditure in unabated carbon intensive assets or products; and
- explicitly commits to align its capital expenditure plans with the Paris Agreement's objective of limiting global warming to 1.5° C AND to phase out investment in unabated carbon-intensive assets or products.

The CA100+ Net Zero Benchmark assessment of Sasol's alignment with this indicator determines that Sasol did "not meet any criteria".

In response, Sasol reports that it has set a target of between R15–25 billion cumulative capital expenditure to be spent by 2030 on decarbonisation. It also states that it will not make any new investments in new coal reserves.

It is not possible to assess whether R15–25 billion is sufficient capital for Sasol to meet its medium-term targets in 2030. The reports do not provide any detail on how, when, or on what this expenditure will be allocated. Nor does Sasol commit to align its capital expenditure with limiting warming to 1.5°C.

The fact that Sasol has committed not to invest in new coal reserves also does not amount to a commitment not to invest in other carbon-intensive assets, such as fossil gas, which in fact forms the bedrock of Sasol's medium-term decarbonisation strategy.

Indicator 6.2 of the Benchmark assesses whether the company discloses the methodology used to determine the Paris alignment of its future capital expenditures. It assesses whether:

- the company discloses the methodology and criteria it uses to assess the alignment of its capital expenditure plans with its decarbonisation goals, including key assumptions and KPIs; and
- the methodology quantifies key outcomes, including the percentage share of its capital expenditures that is invested in carbon-intensive assets or products, and the year in which capital expenditures in such assets will peak.

Again, the CA100+ concludes that Sasol does "not meet any criteria" in this indicator.

[107] CA100+ is an investor-led initiative that seeks to ensure the world's 100 largest emitters, including Sasol, are taking the necessary action on climate change. The CA100+ Net Zero Benchmark is a framework for assessing the world's largest corporate GHG emitters on their net zero transition plans. See https://www.climateaction100.org/net-zero-company-benchmark/.
[108] CCR 2022 page 59.

In response, Sasol states that its "capital allocation framework is provided with key guiding principles to progressively grow available capital for transforming the business",[109] which does not assist in demonstrating that the CA100+ assessment is inaccurate.

These disclosures are crucial for stakeholders to assess whether Sasol will be able to achieve its decarbonisation targets. This is the second consecutive CA100+ Benchmark assessment in which Sasol has failed to meet any criteria in relation to capital allocation.

8. Lobbying

Sasol takes the view that "over the years we have had a positive impact when engaging with associations in supporting climate-related policy and regulatory developments, including advocating in South Africa for an aligned carbon budget/tax system and a climate change act (sic), lifting the renewable energy licence threshold, developing a green hydrogen strategy and related incentives and introducing mandatory reporting of GHG emissions".[110]

This view is not supported by the facts. Corporates regularly rely on their industry association representatives to lobby on their behalf to prevent or delay climate regulation.[111]

In 2021, Just Share and Aeon Investment Management filed two climate-related lobbying resolutions at Sasol. Sasol refused to table either of the resolutions. Nevertheless, in its CCR 2021, Sasol committed to further enhancing its monitoring, assessment and disclosures on lobbying including by annually taking account of third-party assessments.[112]

Although Sasol states that it has enhanced its lobbying assessment methodology to include "greater clarity, alignment to best practice, inclusion of third-party assessments [InfluenceMap] and to address expectations on enhanced transparency",[113] the application of that methodology is still problematic. In each case where there is a discrepancy between InfluenceMap's assessment and Sasol's internal assessment, Sasol reports that "Sasol's review remained unchanged".[114]

Although Sasol states that it has now incorporated third party, independent assessments in evaluating its lobbying, and that of its industry associations, in every single instance, it determines that these independent assessments are incorrect.

This in circumstances where InfluenceMap has extensive expertise in assessing climate lobbying. InfluenceMap is an "independent think tank producing data-driven analysis on how business and finance are impacting the climate crisis".[115] It "maintains a global system for tracking, assessing and scoring companies on their engagement with climate change policy against Paris-aligned

[109] CCR 2022 page 59.
[110] CCR 2022 page 9.
[111] https://justshare.org.za/media/news/climate-change/new-just-share-report-introduction-to-corporate-climate-lobbying-in-south-africa/.
[112] CCR 2021 page 38.
[113] CCR 2022 page 52.
[114] CCR 2022 pages 53-55.
[115] https://influencemap.org/index.html.

benchmarks, currently covering around 300 companies along with 150 of their key industry associations",[116] and is a research partner to CA100+.

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.

Sasol's Form-20F reveals another clear instance of lobbying. Sasol reports that

> *[o]n 31 August 2021, the new Clean Fuels II Regulations, replacing the previous regulations were published. The technical specifications are aligned with those previously prescribed, but the promulgated regulations stipulated the required implementation thereof by 1 September 2023.* ***After further engagements between the industry and the [Department of Mineral Resources and Energy (DMRE)],*** *the Minister, on 24 June 2022, gazetted a new implementation date of 1 July 2027 for Clean Fuels II*[117] (our emphasis).

In short, as reported by Sasol, a result of "engagements" between industry and the DMRE which took place in private, after the new regulations had already been published, and without any public scrutiny, the date for implementation of the new Clean Fuels II regulations was pushed back four years from 2023 to 2027.

9. Carbon tax

In September, six organised business groups, including Business Unity South Africa (BUSA) and Business Leadership South Africa (BLSA),[118] put out a statement titled "Organised business joint position on carbon tax". Sasol is not only a member of BUSA, BLSA and all of the six associations, but holds a leadership position in each of them.[119]

The group called for, amongst other things: government to consider a higher carbon price only "post 2035" and only after "more detailed analysis of viable mitigation and socio-economic considerations"; a delay in annual carbon tax increases of more than CPI plus 2% until "at least 2030… **to allow for reviewing and aligning different policies**"; and the retention and increase of tax-free allowances for big emitters. If acceded to, these demands would hinder South Africa's ability to meet its obligations under the Paris Agreement, and to achieve a just transition to a low-carbon and climate-resilient economy and society, for at least four reasons:[120]

---

[116] https://lobbymap.org/page/About-our-Scores.
[117] Form-20F 2022 page 26.
[118] The Energy Council of South Africa, Minerals Council South Africa, Business Leadership South Africa (BLSA), Business Unity South Africa (BUSA), the South African Petroleum Industry Association (SAPIA), and Energy Intensive Users Group (EIUG).
[119] https://justshare.org.za/media/news/climate-change/new-just-share-report-introduction-to-corporate-climate-lobbying-in-south-africa/.
[120] https://justshare.org.za/media/news/busa-blsa-joint-position-on-delaying-carbon-tax-compromises-corporate-sas-climate-credibility/.

1. **South Africa's carbon tax – including the current proposed amendments thereto – is already too low to be effective**: ignoring the significant tax-free allowances (ranging from 60-95%), the current carbon tax amounts to US$9 per tonne of carbon dioxide (tCO_2). If the maximum tax-free allowances are taken into account, the effective rate is US$0.45. The current proposed amendments to the Carbon Tax Act 15 of 2019 envisage a tax rate of R462 per tCO_2, before allowances, by 2030. This is **significantly lower than the rate of between $50 and $100/$tCO_2e$ recommended by most global benchmarking, to align with Paris Agreement goals**.[121]

2. **Carbon tax is an essential tool to reduce emissions and combat climate change**: At this stage, the only envisaged legal mechanism to compel GHG emission reductions is the carbon tax. An effective carbon tax rate is the best method for incentivising practices and strategies that accelerate decarbonisation, and therefore a pivotal component of South Africa's just transition to a low-carbon economy. If carbon were priced to reflect the actual costs of emissions to society, this would be transformative in limiting the worst impacts of the climate crisis.

3. **Fossil fuel companies have had sufficient time to prepare**: following about a decade of intense opposition and lobbying by fossil fuel companies and industry associations, a carbon tax was introduced in South Africa in 2019. To give companies time to prepare, it was introduced in stages: the first phase (which included tax-free emission allowances of between 60-95%) was to run from 1 June 2019 until the end of 2022. In February 2022, it was announced that this first phase would be extended for another three years until 2026, "to ensure an orderly just transition and assist with the economic recovery due to the COVID-19 pandemic … [A]ligning the carbon tax rate adjustments for the period 2023 to 2025 with the extension of the first phase is an important price signal to companies to continue to transition their activities towards low carbon cleaner business practices and to take early action".[122]

4. **Delaying cuts now means that the majority of people in South Africa will suffer more later**: claiming that the carbon tax will have dire socio-economic consequences ignores the very real socio-economic risks associated with delaying the transition, as well as the current and future impacts of failing to mitigate climate change.

   Both the deadly KZN floods of April 2022 and the "Day Zero" drought in the Western Cape have been scientifically linked to climate change, with the costs of these disasters being borne by at-risk communities and individuals, rather than by the emitters who caused the problem in the first place.

On the carbon tax, Sasol reports that "the recently proposed US$20[123] carbon tax rate by 2026 and the US$30 by 2030, with an aggressive removal of allowances, if implemented, will have an adverse

[121] See a detailed table comparing recommended carbon tax rates on p. 19 of this document: https://justshare.org.za/wp-content/uploads/2022/11/221114-Submissions-on-proposed-amendments-to-Carbon-Tax-Act_final.pdf.
[122] http://www.treasury.gov.za/comm_media/press/2022/2022%20DraftTax/Draft%20Explanatory%20Memoradum%20on%20the%202022%20Draft%20TLAB-%2029%20July%202022.pdf.
[123] In the latest iteration of the Taxation Laws Amendment Bill, and as a result of submissions from industry, the rates have been converted to Rand, using a very low exchange rate of ZAR15,4 to USD1.

financial impact on Sasol ... In a conservative scenario, assuming all allowances fall away and the increase in price is applied, we would need to consider trade-offs to balance the people, planet and profit agenda."[124]

However, South Africa is one of the most carbon-intensive economies in the world (more than double the global average),[125] and the highest reliance on coal, [126] which poses a serious threat to our economic competitiveness. Fossil fuel interests maintain that they have the interests of the broader economy at heart when resisting the carbon tax, but they are in fact acting in their own short-term interests while placing the rest of the economy at increasing risk of the trade consequences of failing to decarbonise.

Sasol, the Minerals Council, and other industry associations have been lobbying against the implementation of a carbon tax in South Africa for at least a decade. This is the fossil fuel lobby's latest concerted effort to undermine, delay and impede the implementation of a carbon tax regime that could lead to a meaningful reduction in emissions.

10. Criminal charges

On 27 July 2022, the National Prosecuting Authority served Sasol with a summons instituting criminal proceedings.[127] Sasol faces criminal charges in terms of:

- the National Environmental Management: Waste Act 59 of 2008 (NEMWA);
- the National Water Act 36 of 1998; and
- the National Environmental Management Act 108 of 1998 (NEMA).

These charges[128] relate to numerous allegations against Sasol in respect of its Secunda facility; including that it:

- between January 2012 and February 2019, illegally disposed of "waste containing Vanadium, Diethanolamine and Potassium Carbonate through the chemical drain valve at the Benfield West Phase 1 area into the chemical sewer which flowed into the API dams". API dams are catchment dams for storm water and for polluted water. The water in these dams is recycled for use in Sasol's processes;
- between January 2012 and February 2019, illegally "disposed of waste in a manner that was likely to cause pollution or harm to health and well-being, but disposing of Vanadium into the API dams which water are (sic) used in the cooling processes of the facility, and also discharged into the neighbouring Klipspruit river";
- between January 2012 and February 2019, illegally "disposed of contaminated and untreated water, to wit: by channeling the water from the API dams which is likely to contain chemical

[124] CCR 2022 page 19.
[125] https://www.pwc.co.uk/services/sustainability-climate-change/insights/net-zero-economy-index.html. While carbon intensity decreased by 2.4% globally in 2019, SA recorded an increase in carbon intensity of 1.3%, the second consecutive year of increase.
[126] https://ember-climate.org/countries-and-regions/countries/south-africa/. 85% of the country's electricity was produced from coal in 2021. The global average is 36,5%, and India is second to SA, generating 74% of its electricity from coal.
[127] https://www.sasol.com/media-centre/media-releases/sasols-statement-criminal-charges-pertaining-secunda-operations-environmental-management.
[128] https://justshare.org.za/wp-content/uploads/2022/10/SASOL-ENVIRONMENTAL-CHARGE-SHEET-20-SEP-2022.pdf.

Vanadium, into the Klipspruit river, an activity which caused or was likely to cause groundwater and environmental pollution";

- between June 2013 and December 2014, constructed its desalination plant ("the MSU plant") without an environmental authorisation, as is legally required; and
- between May 2003 and December 2005, rehabilitated its "Black Product Area" (a lined dam where the Benfield chemical waste was disposed of prior to 2016) without an environmental authorisation, as is legally required.

In addition, Sasol is charged in relation to "unlawful prejudice and/or dismissal of a whistle-blower" who in good faith disclosed evidence of a potential environmental risk" in that it:

- "did unlawfully and intentionally prejudice or cause to prejudice a person who is within the employ of Sasol Secunda…. who, at the time of his employ, was situated and conducting his duties at the Benfield/Cold separation Units, West side (Phase 1 & 2) under the employ of Sasol Secunda, until his unlawful dismissal in July 2020, by terminating [his] contract of employment without any reasonable grounds".

These are serious offences, some of which are subject to R10 million fines, ten years' imprisonment, or to both such fines and imprisonment. Additional consequences of such convictions relate to extended criminal liability for directors, managers, agents and employees of Sasol under certain circumstances, which could expose individuals to the same fines, or even imprisonment for up to ten years.

Under NEMA, if the court finds that Sasol has, by its offences, caused loss or damage to any organ of state or other person, including the cost to be incurred by an organ of state in rehabilitating the environment or preventing damage to the environment, the court may give judgement against Sasol for the amount of the loss or damage caused. The court may also assess any costs "saved" by Sasol (as a consequence of its criminal conduct), and may, in addition, award damages or compensation, and order remedial measures to be undertaken by Sasol.

NEMA also empowers a court, in convicting an entity for an offence, to withdraw any permit or other authorisation issued in terms of NEMA or a specific environmental management Act, such as the AQA, NEMWA, and the National Water Act.

The criminal case has been postponed until 13 January 2023, for further investigation.

On 20 September 2022, Sasol stated that "the charges relate to historical aspects of environmental management at its Secunda Operations". It made no mention of these charges in its South African reporting suite, but these are mentioned in Sasol's Form-20F.[129]

End

[129] Form-20F 2022 page 50.