

Sasol Limited's 2023 climate-related disclosures



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1. Introduction

In September 2023, Sasol Limited published its suite of annual reports. On 19 October 2023, it published its [Notice of AGM](#), which includes a non-binding advisory resolution seeking endorsement from shareholders at its 17 November 2023 annual general meeting (AGM) of Sasol’s “commitment to and progress on its decarbonisation pathway which supports the Company’s ability to create long-term value”.¹

Just Share has been analysing Sasol’s disclosures since 2019. In November 2022, we published analyses of Sasol’s [climate-related](#) and [air quality-related](#) disclosures.

This briefing focuses on Sasol’s latest climate-related disclosures.² Sasol is the biggest private emitter of greenhouse gases (GHGs) in South Africa, and it is one of the biggest corporate emitters of GHGs on earth.³ Its Secunda facility is the world’s largest single point source of GHGs.⁴ Sasol’s decarbonisation strategy and targets, and whether or not it achieves them, are crucial to the decarbonisation trajectory of the country.

Sasol states that its integrated reporting “supports concise and cohesive communication”.⁵ However, its 2023 suite of reports runs to over 500 pages. Although Sasol states that its latest climate report “responds to calls from stakeholders for granularity on Sasol’s decarbonisation ambitions”,⁶ and despite Sasol’s recognition that it has “considerable leadership responsibility”⁷ for global decarbonisation, this extensive reporting suite once again fails to demonstrate that the company is taking the necessary, urgent action to reduce its GHG emissions as required by climate science.

Sasol’s scope 1 and 2 emissions have increased in the past reporting year, and it expects emissions to increase further in the near term. Sasol says that “our transformation to a Future Sasol is most unlikely to follow a linear path.”⁸ But with seven years until the end of 2030, by which time Sasol has committed to achieve a reduction of 30% in its scope 1 and 2 GHG emissions, these fluctuations do not bode well.

In fact, Sasol’s long-stated preference for “optionality”, and its failure to set short-term decarbonisation goals against which management can be held accountable, have now predictably resulted in Sasol’s concession that its ability to meet its 2030 GHG emission reduction targets is uncertain.

¹ Page 4.

² Sasol’s 2023 reporting suite was assessed for the purpose of this analysis, with a focus on its Climate Change Report, 2023 (CCR 2023), and its Sustainability Report, 2023 (SR 2023).

³ [Climate Action 100+](#)

⁴ Sasol Sustainability Report 2020 page 8.

⁵ Integrated Report 2023 page 2.

⁶ CCR 2023 page 9.

⁷ CCR 2023 page 9.

⁸ CCR 2023 page 10.



Sasol takes no responsibility for this potential failure, instead blaming various external “vagaries and variables”,⁹ and “headwinds” which are “resulting in an emerging gap to targets and needs to be managed to achieve competitive returns”.¹⁰

About this briefing

As in previous years, we have focused on Sasol’s Energy business, which, according to Sasol, “strives to be a leader in the energy transition in Southern Africa” and “is putting the country on a competitive footing as it aims to take its rightful place in the global energy transition”.¹¹

Given how uncertain green hydrogen’s ability to “catalyse a green hydrogen economy”¹² is at this stage - Sasol itself describes it as “prohibitively expensive”¹³ - green hydrogen is not a focus of our analysis. Sasol sets out various requirements for “making green hydrogen a reality” including, amongst others: the cost must fall below USD2/kg; enabling policies and incentives for renewable energy and green hydrogen are required; and affordable green financing must be available.¹⁴ Sasol is actively lobbying for government subsidies and support for green hydrogen.

At its October 2023 “climate change roundtable”, Sasol stated that green hydrogen is not currently part of its decarbonisation plan and that it would need significant incentives to progress these plans. It indicated that it would need 40-80 GW of renewables to convert all its grey hydrogen to green.

Given that Sasol’s 2050 targets and plans remain uncertain (which uncertainty it describes as an “agile approach offering optionality and flexibility”¹⁵), we have also focused on Sasol’s 2030 targets. Sasol acknowledges that it is “unable to provide plausible timelines and quantum of emission reductions beyond 2030”.¹⁶

⁹ CCR 2023 page 10.

¹⁰ Integrated Report 2023 page 16.

¹¹ CCR 2023 page 27.

¹² CCR 2023 page 32.

¹³ CCR 2023 page 14.

¹⁴ CCR 2023 page 14.

¹⁵ CCR 2023 page 5.

¹⁶ CCR 2023 page 12.



2. Sasol's admission that it might not meet its 2030 GHG emission reduction targets

In its Climate Change Report 2023 (CCR 2023), Sasol **now concedes that it may not meet its 2030 targets**. It takes no responsibility for this potential failure.

In his message in the CCR 2023, CEO Fleetwood Grobler warns that “factors over which we have minimal or no control threaten to hinder the delivery we are aiming to achieve by 2030”. This, Grobler attributes to various “vagaries and variables”, arguing that Sasol’s “decarbonisation journey ... is intricately connected to an operating context with multiple stakeholders, various levers and countless linkages. But good intent, and solid progress, can be unexpectedly undermined by shifting priorities and the performance of those multiple stakeholders”.¹⁷

Grobler blames the performance of state-owned enterprises, exchange rates, oil prices, market demand for Sasol’s products, and the country’s high grid emission factor.¹⁸ He also sets out Sasol’s view that South Africa has too few decarbonisation incentives, and states that Sasol is concerned about “the growing adoption of legislative and regulatory measures hindering participation of developing countries, such as South Africa, in the emerging low-carbon sectors of more advanced economies”.¹⁹

Like oil and gas executives the world over, Grobler uses geopolitical developments to justify Sasol’s slow pace of change, arguing that energy security is more important than decarbonisation, and deliberately ignoring the integral connections between the two.²⁰

The CCR 2023 states that “Geopolitical conflict has resulted in higher than expected commodity energy prices while chemical prices have seen a downturn. These developments impacted Sasol’s ability to realise its projected revenue and profit targets for 2023”. Sasol also refers to “changes in coal quality and challenges in its South African supply chains” having led to “lower-than-planned production”. This, Sasol says, “is translating into an emerging performance gap relative to our targets”.²¹

Grobler warns that: “All these variables impact the affordability of our roadmap, which, to be achievable, has to be affordable. He foreshadows that, “given these dynamics and the uncertainty over the availability, maturity and timing of technology and feedstocks, our transformation to a Future Sasol is most unlikely to follow a linear path.”²²

This approach to target-setting renders it impossible to hold current management accountable for a failure to reach targets. It indicates a lack of commitment to following through on decarbonisation plans which were adopted only two years ago with much fanfare and assurances to shareholders.

¹⁷ CCR 2023 page 10.

¹⁸ CCR 2023 page 10.

¹⁹ CCR 2023 page 10.

²⁰ CCR 2023 page 10.

²¹ CCR 2023 page 26.

²² CCR 2023 page 10.



Chair of Sasol’s Safety, Social and Ethics Committee, Ms Muriel Dube, talks about Sasol “moving beyond a predominant focus on addressing climate change” and says that it has “continued to progress a more holistic approach to sustainability”.²³ “Moving beyond” a focus on climate change, when climate impacts are the company’s most significant impacts on society, climate risk is the most significant risk to its business, and it has not even begun to make meaningful progress on its climate targets, is a cynical attempt to dodge accountability.

As always, Sasol is more forthcoming in its Form 20-F filed with the United States Securities and Exchange Commission (SEC). It confirms that it “can provide no assurances that Sasol’s plans to reduce GHG [sic] pursuant to our roadmaps or otherwise will be successful.”²⁴

The Form 20-F 2023 identifies the “primary risks associated with achieving the 2030 GHG reduction targets and 2050 ambition” as: “the unavailability and unaffordability of gas as feedstock, the potential prohibitive costs of green hydrogen and electrolysers, the lack of enabling policy and legal frameworks, global supply chain challenges in the renewable energy sector and the ability to access markets in the jurisdictions within which we operate and trade to enable the transition”.²⁵

Instead of ramping up its efforts to ensure that its disclosures and incentives provide adequate details and accountability measures to drive achievement of its emission reduction targets, Sasol not only blames external factors for the potential failure to meet 2030 goals, but now restates its focus as being firmly on competitive returns and a “managed” transition and growth pace. This despite the fact that its CCR 2023 acknowledges that Sasol increased the ambition of its targets in 2021 “in response to the need to do much more to meet the [Paris] Agreement’s goals”.²⁶

²³ SR 2023 page 7.

²⁴ Page 32.

²⁵ Page 32.

²⁶ CCR 2023 page 7.



3. 2023 Climate change resolution

November 2022 AGM

At its November 2022 AGM, Sasol tabled its second non-binding advisory resolution (a so-called “say on climate” resolution) requesting that shareholders endorse its climate change management approach, including its climate change ambition, strategy and progress towards achieving its 2030 targets and 2050 net zero ambition.

In our 2022 climate-related briefing, Just Share recommended that shareholders not endorse that non-binding resolution, given that Sasol’s disclosures continued to fail, as they did in 2021, to provide adequate details, accountability measures and incentives to be considered a feasible, measurable plan that would enable Sasol to achieve its target of 30% reduction of its scope 1 and 2 emissions by 2030. Sasol also provided scant details of its plans beyond 2030.

Although Sasol’s 2022 climate resolution passed at its AGM, the percentage of shares represented that voted against the resolution almost doubled from the year before (from 3.37% in 2021 to 5.95% in 2022), indicating the growing dissatisfaction from shareholders with Sasol’s lack of progress in achieving its decarbonisation commitments.

2023 Non-binding advisory resolution

Sasol’s 2023 Notice of AGM includes the following non-binding, advisory resolution:

To endorse, on a non-binding advisory basis, Sasol’s commitment to, and progress on its decarbonisation pathway which supports the Company’s ability to generate long-term value, and the 2023 Climate Change Report’s consistency with the Task Force on Climate-related Financial Disclosure [sic] (TCFD) requirements, including disclosure on (i) the risk management approach for the identification, assessment and management of climate-related risks and opportunities; (ii) the governance around climate-related risks and opportunities; (iii) the strategy on the actual and potential impact of these risks and opportunities on Sasol’s business; and (iv) metrics and targets used to assess and manage scope 1, 2 and 3 greenhouse gas emissions.

There is a subtle but notable change in the wording of Sasol’s “say on climate” resolution this year.

In contrast with the non-binding resolution tabled at the 2022 AGM, which sought endorsement of “Sasol’s climate change management approach, including its climate change ambition, strategy **and progress towards achieving the 2030 target and 2050 net zero ambition**” (our emphasis), this year’s resolution makes no reference to targets. Instead (in addition to the TCFD alignment issue), it focuses on whether Sasol’s “decarbonisation pathway” supports its “ability to generate long-term value”. In the resolution motivation, it describes this as “balanc[ing] a long-term sustainable transition and the ability to create value”.

This appears to be an indication from Sasol that it considers value creation and short- to medium-term decarbonisation to be incompatible with each other, and as such, a signal to shareholders that,



if they want value creation, they should endorse Sasol's lack of progress on achieving its 2030 targets.

4. Governance & remuneration concerns

Governance

For the reasons set out in this briefing, **Just Share recommends that shareholders vote against Sasol's "say on climate" resolution.** Instead of continuing to endorse Sasol's inadequate approach, responsible shareholders should demand clearer short- and medium- term targets and milestones, detailed action plans, and meaningful accountability mechanisms for executives and board members. 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.

Just Share also recommends that shareholders vote against the re-election of non-executive director Muriel Dube. Sasol does not have a board committee dedicated to overseeing the company's management of climate risk, but it reports that the Safety, Social and Ethics Committee (SSEC) "is appointed to provide integrated strategic direction on sustainability, safety, social and ethics matters, including Sasol's climate change response".²⁷ In light of Sasol's multiple failures on this front, Ms Dube, as chair of the SSEC, should not be reappointed.

From a governance perspective, Sasol's 18 October 2023 announcement of the resignation of recently-appointed board member **Andreas Schierenbeck** is concerning. Sasol advised that Mr Schierenbeck (who was appointed with effect from 1 January 2023) had resigned from Sasol's board with effect from 31 October:

Mr Schierenbeck's external business responsibilities are expanding, requiring significantly more dedication and time than originally envisaged. Additionally, there is a concern that some green energy sector opportunities that are being pursued by Sasol, and the timing of these decarbonisations efforts, may potentially place him in a conflict of interests.

Sasol's reporting suite (published before this resignation) highlights the importance of Mr Schierenbeck's appointment, stating that this would "bolster our decarbonisation efforts, and that Sasol will benefit from his experience of the green hydrogen value chain in particular";²⁸ and was "a first step" in recognising the "Key skills and competencies...required for Future Sasol".²⁹ The explanation provided for Mr Schierenbeck's resignation is unconvincing. Any potential conflicts of interest would have been evident at the time of his appointment.

²⁷ CCR 2023 page 58.

²⁸ Integrated Report 2023 page 20,

²⁹ Integrated Report 2023 page 68.



Remuneration

At the end of 2022, Sasol “established an independent Climate Change Advisory Panel (CCAP) to guide the [Group Executive Committee (GEC)] on its climate change response”.³⁰ One of the specific focus areas of the CCAP is “links between executive remuneration and the decarbonisation approach”.³¹

Sasol states that the target of delivering 200 MW of renewable energy by 30 November 2023, set as a 2021 long-term incentive (LTI), “came under pressure due to factors including new restrictions on grid access and other challenges. Despite having signed [power purchase agreements (PPAs)] for more than 600 MW, grid access remains a challenge. **To ensure fairness in the process, REMCO agreed to postpone a decision regarding the achievement of this target until more information becomes available**” (our emphasis). As a result, the REMCO will only consider LTI proposals in “November, financial year 2024.”³²

The target was missed, but instead of holding management accountable for its failure to achieve the target by not awarding the incentive (the *raison d’être* of LTIs), Sasol’s Remuneration Committee (REMCO) blamed external factors and postponed the LTI performance assessment.

In stark contrast to this approach, in which REMCO assigned responsibility for the failure to achieve the target to everything but the executives responsible for it, REMCO also decided that Sasol’s share price recovery was entirely due to management’s efforts, despite a global surge in energy-related stocks attributable to the outbreak of the Russia-Ukraine war.

REMCO “proactively requested an independent assessment of potential windfall gains on the FY21 LTI awards”, and on the basis of this assessment “agreed that no windfall gain arose as the subsequent recovery of the share price coincides with the business recovery as well as the corresponding improvement in total shareholders’ return over the period”.³³

In short: the executives bear no responsibility for the failure to achieve Sasol’s own renewable energy procurement target (and should not be prejudiced in relation to remuneration) but are wholly responsible for a share price recovery which affected energy stocks across the globe (and should therefore be financially rewarded for this).

³⁰ CCR 2023 page 60.

³¹ CCR 2023 page 11.

³² CCR 2023 page 61.

³³ Integrated report page 72.



5. Emissions reporting

Sasol's reporting suite sets out its GHG emissions since 2020:³⁴

Natural Capital – Our environment	2023	2022	2021	2020
Total greenhouse gas (CO₂ equivalent) (kilotons)	64 392	63 891	66 273	64 829
ENERGY	62 184	61 559	63 855	62 241
Secunda	53 871	53 367	55 883	54 395
Sasolburg	5 401	5 164	4 937	5 189
Mining	779	899	889	841
Natref	1 215	1 243	1 293	1 092
Mozambique	842	820	786	658
Other strategic business units and Functions	76	66	67	67
CHEMICALS	2 178	2 332	2 417	2 588
Eurasia	716	784	788	742
North America	1 492	1 548	1 629	1 841
Africa	–	–	–	5

5.1. Scope 1 and 2 emissions

Almost 84% of Sasol's total scope 1 and 2 GHG emissions are from its Secunda operations, with 8.4% from its Sasolburg operations.

64% of the Group's emissions are scopes 1 and 2.³⁵ Sasol depicts this as follows in its Sustainability Report 2023 (SR 2023):³⁶

GHG emissions CO ₂ e (kilotons)	2023	2022
Direct scope 1	58 644	57 284
Indirect scope 2	5 748	6 607
Indirect scope 3	36 664	37 557
GHG intensity (CO ₂ e/ton of product meant for external sale)	4.12	3.86

The majority of Secunda's scope 1 emissions are a direct product of the coal-to-liquids combustion process. Sasol's combined GHG emissions from methane, nitrous oxides and carbon dioxide (scope 1) are quantified as carbon dioxide equivalents (CO₂e) and recorded as direct scope 1 CO₂e emissions.

Both Sasol's scope 1 CO₂e GHG emissions and its scope 2 emissions have increased since last year: in 2022, it reported these emissions as 63 572 ktCO₂e,³⁷ but this year, the company has restated its 2022 emissions as 63 891 ktCO₂e.³⁸ In either event, its 2023 emissions are higher, at 64 392 ktCO₂e in 2023.³⁹

³⁴ CCR 2023 page 69; SR 2023 page 57.

³⁵ CCR 2023 page 2. Scope 1 emissions are direct emissions from sources owned or controlled by Sasol. Scope 2 emissions are indirect emissions from the generation of purchased energy, i.e., from Eskom.

³⁶ SR 2023 page 40.

³⁷ CCR 2022 page 5.

³⁸ CCR 2023 page 69; SR 2023 page 57.

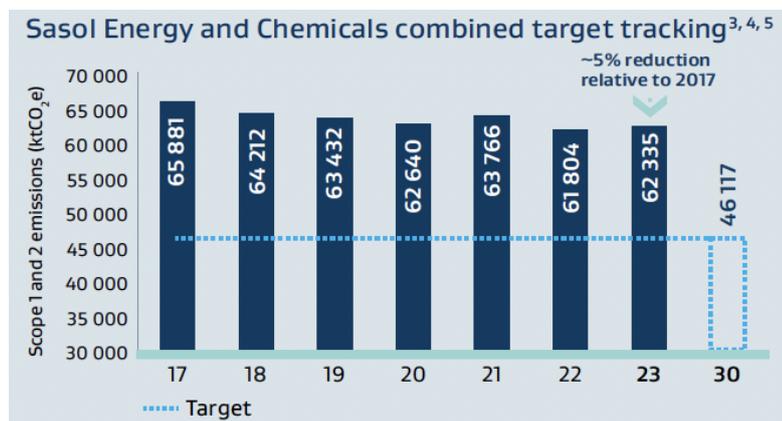
³⁹ CCR 2023 page 6.



Sasol states that, “Higher production rates, as well as process inefficiencies, external power interruptions and shortage of natural gas contributed to marginally higher year-on-year emissions, eroding emission reductions relative to 2022. Product volumes were however lower relative to 2017”.⁴⁰ Ramping up of Lake Charles also contributed higher GHG emissions.⁴¹

In its 2021 climate report, Sasol had committed to a 5% reduction of scope 1 and 2 emissions (from a 2017 baseline (that has since been re-baselined)) from its Energy business by 2026, and a 20% reduction from its Chemicals business. It has also committed, by 2030, to 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”) and its Chemicals business.

In the CCR 2023, it reports that it has “due to production variances and mitigation, achieved a 5% GHG reduction from its 2017 combined Sasol Energy (excludes Mozambique, Natref and some strategic business units) and Chemicals baseline:⁴²



However, Sasol has indicated that its emissions are expected to increase in the coming years and that its “transformation to a Future Sasol is most unlikely to follow a linear path”.⁴³ As depicted above, Sasol’s emissions did increase over the past year.⁴⁴

Similarly, although scope 1 and 2 emissions from Sasol Energy (excluding Natref, Mozambique and some strategic business units) have decreased by 4% from the 2017 baseline (also due to production variances and mitigation), these have increased since last year⁴⁵ (and are expected to increase further):

⁴⁰ CCR 2023 page 6.

⁴¹ CCR 2023 page 6.

⁴² CCR 2023 page 3.

⁴³ CCR 2023 page 10.

⁴⁴ CCR 2023 page 6.

⁴⁵ CCR 2023 page 6.



In its SR 2023, CEO Fleetwood Grobler first calls the lowering of its emissions by 3.5 million tons against its 2017 baseline “progress on our decarbonisation journey”. He then clarifies, “However, this reduction was mostly the result of operational challenges and varying feedstock supply with lower production volumes. As these production challenges are addressed, so emissions will increase in the year ahead”.⁴⁶

Sasol points out that **production levels are expected to increase in 2024**, “due to enhanced focus on our foundation business, which will likely result in a higher emissions profile for Secunda”. But it takes the view that “Overall, we continue to progress our emission-reduction roadmaps towards achieving a 30% GHG reduction by 2030 despite a challenging economic environment”.⁴⁷

5.2. Scope 3 emissions

36% to 37% of the Group’s emissions are scope 3.⁴⁸ Sasol explains that, since the emissions from the use of Sasol’s sold products (category 11 of the GHG Protocol)⁴⁹ are Sasol’s “most significant scope 3 emissions”,⁵⁰ it has only included these scope 3 emissions in its targets.

Sasol reports that efforts to lower scope 3 emissions are “closely linked to our commitment to creating a Future Sasol that prioritises sustainable fuels and chemicals. As we transition towards these lower-carbon alternatives, they will gradually replace our current fossil fuel products”.⁵¹

Sasol’s scope 3 target is a 20% reduction (off a 2019 baseline) from its Energy business by 2030. In its CCR 2023, Sasol reports that Sasol Energy scope 3 category 11 emissions have reduced by 18% from the 2019 baseline and slightly decreased since last year:⁵²

⁴⁶ Page 8.

⁴⁷ CCR 2023 page 6.

⁴⁸ CCR 2023 pages 2 and 7. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

⁴⁹ <https://ghgprotocol.org/>

⁵⁰ CCR 2023 page 7.

⁵¹ SR 2023 page 40.

⁵² CCR 2023 page 6.



Sasol states that these decreases were “mostly due to lower production of liquid fuels”.⁵³

In other words, the emission reductions that Sasol reports in its CCR 2023 are not attributable to progress in the implementation of Sasol’s decarbonisation roadmap. As set out above, Sasol points out that its production levels are expected to increase in 2024, which will result in a concomitant increase in scope 3 emissions.

5.3. Energy-saving

Sasol has committed to achieving a 30% energy efficiency (EnEf) improvement by 2030. The Group has saved quite a lot less energy this year than last year: from 59 578 gigajoules (GJ) to 45 340 GJ,⁵⁴ or 10,6% energy efficiency improvement in FY23, for Sasol South Africa, relative to 15,7% in FY22.⁵⁵ This it attributes to “operational challenges”.⁵⁶

Sasol states that it “maintained energy-efficiency projects and introduced additional measures. The nitrous oxide abatement project delivered some reductions, albeit not to full potential”. It comments that it “achieved an approximate 13,4% energy-efficiency saving from 2005, which was lower than expected, as a result of external power disruptions, poor coal quality and a shortage of natural gas”.⁵⁷

Sasol reports that it is **still below the energy efficiency 2023 target of 23%**. It states that the “re-establishment of stable plant operations in combination with the full implementation of our EnEf improvement roadmap up to 2030 will ensure the achievement of the 30% EnEf target by 2030”.⁵⁸

⁵³ CCR 2023 page 6.

⁵⁴ CCR 2023 page 6.

⁵⁵ SR 2023 page 11.

⁵⁶ CCR 2023 page 6.

⁵⁷ CCR 2023 page 6.

⁵⁸ SR 2023 page 41.



6. Sasol's decarbonisation roadmap

6.1. Targets

Sasol's targets remain largely the same as in its last two CCRs (2021 and 2022). These include:⁵⁹

- By 2026:
 - reduce scope 1 and 2 emissions by 5% (off its re-baselined 2017 baseline) from its Energy business (excluding Natref) and by 20% from its Chemicals business;
- By 2030:
 - reduce by 30% (off its re-baselined 2017 baseline) absolute scope 1 and 2 GHG emissions⁶⁰ for the Energy (excluding Natref, Mozambique and "some other strategic business units and functions"⁶¹) and Chemicals businesses; and
 - reduce by 20% (off a 2019 baseline) absolute scope 3 emissions for category 11 of the GHG Protocol (use of sold energy products) from its Energy business;⁶² and
- By 2050: reduce absolute scope 1, 2 and 3 (category 11) GHG emissions to achieve a net zero emissions ambition for the Sasol Energy (excluding Natref and Mozambique) and Chemicals business.

Last year, Sasol clarified that its coal reduction target, set in 2021, was to reduce coal by 10 million tonnes per annum (Mtpa) by 2030 (representing a 25% reduction in coal usage).⁶³ Although it does not appear to repeat that target in its 2023 reporting suite, and the start date for the commitment is unclear, at its October climate change roundtable Sasol confirmed the 25% coal reduction by 2030 target. However, Sasol's "material use" of coal has increased since last year.⁶⁴

For the last two years, Sasol's decarbonisation roadmap has included commitments:

- 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;
- to procure 40% renewable energy for its Energy business (with Air Liquide, Sasol has committed to procure 1200 MW of renewable energy at Secunda by 2030, with 800 MW allocated to Sasol, and the other 400 MW to Air Liquide) and 100% purchased renewable energy for its Chemicals business by 2026;
- to procure 80% renewable energy⁶⁵ for its Energy business (this also relates to the 1200 MW-2030 commitment with Air Liquide) by 2030; and
- to 100% renewable energy for its Energy business by 2050.

⁵⁹ See pages 5 and 6 of [Just Share's 2022 briefing](#) for a full summary of Sasol's commitments.

⁶⁰ Sasol states that this includes carbon dioxide, methane and nitrous oxide, "representing 95% of total emissions" (CCR 2023 page 4 (footnote 5)).

⁶¹ CCR 2023 page 2 (footnote 2).

⁶² These sales from Sasol and Natref's products represent "[more than] 80% of total scope 3 emissions" (CCR 2023 page 4 (footnote 6)).

⁶³ CCR 2022 page 6. "Advancing negotiation of a term sheet for 40 – 60 PJ/a of liquefied natural gas (LNG) as additional gas over and above our current requirements of 160 PJ/a to replace 10 Mtpa of coal by 2030 (representing a 25% reduction in coal usage)."

⁶⁴ SR 2023 page 59.

⁶⁵ Excluding load factor.



Sasol states that the renewable electricity targets for its Energy and Chemicals businesses cover more than 70% of the Group’s total electricity demand.⁶⁶

However, it appears that Sasol is backtracking on its renewables commitments. In relation to the 600 MW commitment, Sasol appears now to be allowing itself an extra year for this integration – until 2026.⁶⁷ Although it says elsewhere that it is “on track” to meet its 2025 committed milestone”,⁶⁸ as set out in section 7.1 below, it also states that it expects that renewable energy projects “will be operational from **end-2025 onwards**”⁶⁹ (our emphasis).

The commitment to procure 40% renewables by 2026 has now been removed from Sasol’s targets, without any explanation:

Our planet metrics

Metrics were established through a series of external benchmarks and internal work to derive targets that are challenging, achievable and define Future Sasol.

Metric	Business	Point of departure	2026 Milestone	2030 Target	2050 Ambition
Sustainability capex ¹	Energy and Chemicals	–	–	10 – 15% ²	Majority
Scope 1 and 2 emissions	Energy ³	63,0 MtCO ₂ e (2017) ⁴	-5%	-30%	Net zero
	Chemicals	1,1 MtCO ₂ e (2017 Eurasia) 1,7 MtCO ₂ e (2017 North America) ⁵	-20%	-30%	Net zero
Scope 3 emissions	Energy ⁶	35,6 MtCO ₂ e (2019)	–	-20%	Net zero
	Chemicals	To be confirmed (TBC)	Scope 3 baseline development underway		
% renewable electricity ⁷	Energy	–	40% ⁸	80% ⁹	100%
	Chemicals ⁸	–	100%		

- Sustainability capex refers to capital associated with sustaining production through lower-carbon feedstocks, transforming the existing portfolio and investments in new sustainable businesses.
- Projected at – R25 – R35 billion (bn) 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.
- Excludes Natref which will be addressed together with our JV partner TotalEnergies.
- Re-baselined our 2017 target base year, removing divestments and including methodological changes.
- 1,1 MtCO₂e baseline + 0,6 MtCO₂e for Lake Charles Chemical Project (LCCP) growth.
- Scope 3 emissions relate to sold energy products only (Category 11), including Natref’s products.
- Targets for Sasol Energy and Chemicals cover >70% total electricity demand for the Sasol Group.
- Renewable electricity relates to purchased external power and excludes our operations in Nanjing and self-generation.
- Excluding load factor and metric relates to the 1200 MW renewable electricity roadmap requirement.
- Investments in new and emerging technologies and businesses, with a strong potential to support Sasol’s long-term decarbonisation ambitions and growth strategy.

From the CCR 2022⁷⁰

Metric	Business	Point of departure	2026 Milestone	2030 Target	2050 Ambition
SUSTAINABILITY CAPEX ¹	Energy and Chemicals	–	–	10 – 15% ²	Majority
SCOPE 1 AND 2 EMISSIONS	Energy ³	63,0 MtCO ₂ e (2017) ⁴	-5%	-30%	Net zero
	Chemicals	1,1 MtCO ₂ e (2017 Eurasia) 1,7 MtCO ₂ e (2017 United States) ⁵	-20%	-30%	Net zero
SCOPE 3 EMISSIONS	Energy ⁶	35,6 MtCO ₂ e (2019)	–	-20%	Net zero
	Chemicals	To be confirmed	To be confirmed		
% RENEWABLE ELECTRICITY ⁷	Energy	–	100%	80% ⁸	100%
	Chemicals ⁸	–			

- Sustainability capital expenditure refers to capital associated with sustaining production through lower-carbon feedstocks, transforming the existing portfolio and investments in new sustainable businesses.
- Approximately R9 billion in capital expended to date on lower-carbon feedstocks.
- Excludes Natref, which will be addressed together with our JV partner.
- Re-baselined our 2017 target base year, removing divestments and including methodological changes.
- 1,1 MtCO₂e baseline + 0,6 MtCO₂e for Lake Charles growth.
- Scope 3 emissions relate to sold energy products only (Category 11), including Natref’s products.
- Targets for Sasol Energy and Chemicals cover >70% of total electricity demand for the Sasol Group.
- Renewable electricity relates to purchased external power and excludes our operations in Nanjing and self-generation.
- Excluding load factor and relates to the 1200MW in the Energy roadmap, of which 800MW is Sasol’s portion and 400MW Air Liquide’s.

From the CCR 2023⁷¹

In the CCR 2023,⁷² Sasol now refers to “up to” 1200 MW in relation to the previously committed 1200 MW to be jointly procured with Air Liquide by 2030. In other words, it appears to be attempting to reframe this commitment as a potential *maximum* of 1200 MW of renewable power, rather than the actual committed amount.

Sasol’s progress in relation to renewable energy is addressed in section 7.1 below.

“Science-based”

Sasol once again describes its targets as having been set using “a science-based approach”.⁷³ Although it acknowledges that its 2030 target is **not aligned with limiting global average temperature rise to 1.5°C**, Sasol says it is “committed to playing our part in the global effort to meet the [Paris] Agreement’s goals”.⁷⁴

⁶⁶ CCR 2023 page 26.

⁶⁷ CCR 2023 page 4.

⁶⁸ CCR 2023 page 31.

⁶⁹ CCR page 32

⁷⁰ Page 21.

⁷¹ Page 26.

⁷² For example, pages 5 and 30.

⁷³ CCR 2023 page 7.

⁷⁴ CCR 2023 page 7.



Sasol states that the Science Based Targets initiative (SBTi) has become a widely-accepted standard against which corporate GHG targets are assessed. “However, our relatively unique business does not fall within the methodologies currently available in the SBTi ‘toolkit’. For the Oil and Gas and Chemicals sectors, methodologies have yet to be finalised and previous Oil and Gas sector assessments have been paused”.⁷⁵

Instead, Sasol says that, as recommended by the SBTi, it has applied the absolute contraction methodology. “We took into account several factors in setting our target, including climate science, mitigation availability and timing, cost, just transition imperatives and other environmental benefits”.⁷⁶

Sasol does not disclose what it means by many of these factors. The reference to “environmental benefits” presumably refers to Sasol’s veiled threat that it cannot meet its 2030 GHG emission reduction target unless its air quality appeal succeeds – this is addressed in section 6.2 below.

Sasol also states that a GHG emission reduction of 27% would be required in order for it to support the country’s efforts to meet the lower end of South Africa’s nationally determined contribution (NDC) range. “This approach affirmed that our target remains well below 2°C-aligned and more ambitious than the requirement”.⁷⁷

However, according to Climate Action Tracker, South Africa’s updated 2030 NDC target is “Almost sufficient”⁷⁸ when compared to modelled domestic pathways, and “Insufficient”⁷⁹ when compared with its fair share contribution to climate action. South Africa’s targets and policies are not stringent enough to limit warming to 1.5°C. If fully implemented, current policies would result in emission reductions only in line with holding global warming at — but not well below — 2°C. The Climate Equity Reference Project finds that the entire NDC range for 2030 does not satisfy the fair share target range for the 1.5°C pathway; and that most of the NDC range for 2030 fails to satisfy the fair share target range for the 2.0°C pathway.

Sasol states that it has confirmed its 2030 30% target to be a “well-below 2°C-aligned Target”. In the CCR 2023, Sasol indicates that it “continues to seek external independent verification of our target alignment”, but does not disclose what its engagements with the SBTi and the Transition Pathways Initiative revealed, nor what “exploring the opportunity of utilising the British Standards Institution PAS2060 standard, as a mechanism to validate our pathway to a net zero ambition by 2050”⁸⁰ entails.

Since the Paris Agreement was signed in 2015, the United Nations’ Intergovernmental Panel on Climate Change (IPCC) has made clear that exceeding a global average temperature increase of more than 1.5°C will result in significantly more severe climate impacts.⁸¹

⁷⁵ CCR 2023 page 12.

⁷⁶ CCR 2023 page 12.

⁷⁷ CCR 2023 page 12.

⁷⁸ The “Almost sufficient” rating indicates that a country’s climate policies and commitments are not yet consistent with the Paris Agreement’s 1.5°C temperature limit but could be with moderate improvements.

⁷⁹ The “Insufficient” rating indicates that a country’s climate policies and commitments need substantial improvements to be consistent with the Paris Agreement’s 1.5°C temperature limit.

⁸⁰ CCR 2023 page 12.

⁸¹ <https://www.ipcc.ch/sr15/>; <https://www.ipcc.ch/assessment-report/ar6/>



Sasol comments that, to be fully 1.5°C-aligned, an approximate 43% emission reduction would be required by 2030. According to Sasol, “this could only be achieved by turning down significant parts of our operations as mitigation is not available, too costly or not sufficiently mature for our business. Such a reduction would not be possible without severe consequences for the business, economy, communities and employment...Consequently, a responsible well-below 2°C-aligned 30% GHG reduction target was adopted as the only feasible and mutually beneficial pathway that is still science based”.⁸²

Sasol frequently takes this approach of threatening dire consequences if it is called upon (or required by legislation) to take any more ambitious steps than it regards as appropriate and convenient. We refer also to section 6.2 (on Sasol Energy’s GHG emission reduction roadmap) and section 8 on lobbying.

Climate Action 100+ assessment of Sasol’s emission reduction targets

Climate Action 100+ (CA100+) describes itself as “an investor-led initiative to ensure the world’s largest corporate greenhouse gas emitters take necessary action on climate change”.⁸³ Sasol is one of its focus companies.

In March 2021, CA100+ launched the Net Zero Company Benchmark to assess the performance of these emitters on their net zero transition, and against CA100+’s three high-level goals (in brief: a strong governance framework; action to reduce GHG emissions in line with the Paris temperature goals; and enhanced disclosure and transition plans). In the Benchmark’s latest iteration, dated October 2023, CA100+ identified that Sasol has: complied with some indicators; not complied with some indicators; and had only partially responded to other indicators.

In relation to the indicators regarding emission reduction targets in its latest Benchmark, CA100+ finds that:

- Sasol’s short-term scope 3 emission reduction target **fails** to cover at least the most relevant scope 3 emissions categories for its sector and Sasol has not published the methodology used to establish its scope 3 target (where applicable).
- Sasol has **failed** to align its short-term target with the goal of limiting global warming to 1.5°C.
- Sasol has **failed** to align its medium-term emission reduction target with the goal of limiting global warming to 1.5°C.

6.2. How Sasol says it plans to meet its targets

CEO Fleetwood Grobler states that, “At its most basic level, Sasol’s decarbonisation process rests on the following: increased use of renewables; greater energy efficiency; the use of transition gas, if economically feasible, and a reduced reliance on coal through boiler and gasifier turndown. This, in a nutshell, is how we aim to achieve our 30% reduction by 2030”.⁸⁴

⁸² CCR 2023 page 12.

⁸³ <https://www.climateaction100.org/>

⁸⁴ CCR 2023 page 10.



Currently, Sasol's major streams of revenue are from a combination of coal, natural gas and oil-based derivatives. "Over the past five years, the percentage of revenue from coal-derived products was between 38-40%".⁸⁵

Insofar as fossil fuels becoming stranded assets is concerned, Sasol takes the view that it is "able to repurpose existing at-risk assets for use in a low-carbon future". It believes that it has taken the necessary steps to avoid its "existing assets becoming stranded as a result of physical risks materialising".⁸⁶

2026

Sasol states that it intends to meet its 2026 goal to reduce scope 1 and 2 emissions by 5% with:

- 600 MW of renewable energy in a phased approach (800 MW represents Sasol's consumption of the total 1200 MW-by-2030 target for Sasol), and energy efficiency (scope 1 and 2 reductions); and
- "Transition gas ["incremental transition gas, if economically viable"], partial boiler turndown and asset optimisation".⁸⁷

Sasol comments that its 2026 reduction milestones "have been developed for the context within which we operate and based on ability to reduce emissions. Sasol Energy has limited opportunities for reduction by 2026, as compared to Sasol Chemicals".⁸⁸

2030

Sasol intends to meet its 2030 targets of a 30% reduction of scope 1 and 2 emissions from its Energy and Chemical business and a 20% reduction of scope 3 emission from its Energy business by "decarbonising and creating new value pools (feedstock transformation – gas, green hydrogen, more renewable energy and biogenic carbon. Green hydrogen derivatives such as [sustainable aviation fuel (SAF)] and green methanol)".⁸⁹

Elsewhere, it identifies the following 2030 target levers:

- Align GHG and environmental compliance through synergies;
- Reduce coal use;
- Transition gas (subject to economic viability);
- Up to 1 200 MW renewables for Sasol Energy;
- Energy and process efficiency; and
- Aligning asset and product portfolio with market demand.⁹⁰

Sasol's replacement of coal with gas as a feedstock for its Secunda operations has been a key element of its 2030 GHG emission reduction target since the target was adopted in 2021.

⁸⁵ CCR 2023 page 29.

⁸⁶ CCR 2023 page 29.

⁸⁷ CCR 2023 pages 4, 5.

⁸⁸ CCR 2023 page 3.

⁸⁹ CCR 2023 page 4.

⁹⁰ CCR 2023 page 5.



Stakeholders at the time asked Sasol how this would be impacted by the price of liquefied natural gas (LNG)], but no clear answer was forthcoming. Sasol is now emphasising that the use of “transition gas” is “subject to economic viability” and acknowledges that LNG is unaffordable. Despite this and the other challenges it identifies regarding gas, Sasol does not explain what its Plan B is if it turns out not to be economically viable to use gas (which was foreseeable, and foreseen, at the time of the adoption of the target).

Sasol Energy’s GHG emission reduction roadmap

Sasol’s CCR 2023 states:

This year, Sasol Energy further optimised its roadmap, including capital estimates. The Business saw a marked increase in technology costs and a sharp rise in the estimated cost of introducing 40-60PJ/a of transition gas. The supply of re-gasified LNG had been considered possible to top up further gas requirements and to use this as a substitute for coal. However, LNG has become unaffordable at prevailing levels. Substantial investment in additional gas reforming capacity was also included in our roadmap to further recover production through gas. Given the increase in capital cost and affordability of LNG, Sasol Energy decided to place on hold expenditure on additional gas reforming capacity.

GHG reduction levers also include reducing coal to gasification, implementing energy-efficiency projects at Secunda and in total turning down the equivalent of up to six boilers, to allow the Business to meet minimum sulphur dioxide emission standards on a load basis and achieve GHG reductions. To enable the integrated roadmap, sulphur dioxide from Secunda’s steam plant will need an alternative load-based regulatory limit, permitted through clause 12A of South Africa’s Air Quality Act: Minimum Emission Standards, as opposed to the prescribed concentration-based limit.⁹¹

Sasol states that its integrated emission reduction roadmap is contingent on Secunda’s 17 coal-fired boilers being regulated through an alternative load-based boiler sulphur dioxide (SO₂) limit instead of the concentration limit currently prescribed in legislation.⁹²

Sasol’s application to have its emissions of SO₂ measured in this manner was rejected by the National Air Quality Officer (NAQO) earlier this year. It has appealed this decision to the Minister of Forestry, Fisheries and the Environment (“the Minister”).

Just Share has opposed Sasol’s appeal. The appeal has been referred to an expert panel for advice and further appeal submissions have been made. The appeal decision of the Minister is pending.

In the interim, Sasol has been publicising⁹³ that it expects to win its appeal of the decision that refused its “alternative load-based regulatory limit”, and that “We are introducing a load-based emissions

⁹¹ CCR 2023 page 30.

⁹² CCR 2023 page 17; Integrated Report 2023 page 24; Form 20-F 2023 page 40.

⁹³ See, for example: https://presentations.corpcam.com/webcast16x9_delayed_dc.aspx?id=Sasol23082023; <https://www.reuters.com/sustainability/safricas-sasol-awaits-outcome-sulphur-dioxide-emissions-proposal-2023-09-22/>



regulation method, cutting boiler emissions by 30%”.⁹⁴ This despite having been expressly prohibited from following this approach.

It is concerning that Sasol now claims that achievement of its 2030 GHG emission reduction target (set in 2021) is **contingent on** emissions of toxic air pollutant SO₂ (not a GHG) from the Secunda coal boilers being regulated through an alternative load-based emission limit (for which Sasol unsuccessfully applied in June 2022). In other words, Sasol states that, unless its SO₂ minimum emission standards (MES) appeal succeeds, it will not achieve its committed GHG target to reduce emissions by 30% by 2030.

At its October 2023 climate change roundtable, Sasol indicated that the purpose of the MES appeal was to draw the Minister’s attention to the interlinkages between GHG and SO₂ emissions. Sasol commented that the Minister is not empowered to regulate it on GHG emissions and that its 30% GHG emission reduction target is a voluntary commitment not enforceable by the Minister.

In response to Just Share’s question at the roundtable as to the practical implication on the GHG targets if the MES appeal does not succeed, Sasol said that it would not turn down the boilers if its SO₂ appeal fails. It also referred to its 23 August 2023 annual financial results presentation, which indicates that boiler turndown and energy efficiency are estimated to make up some 12% of the target to reduce GHGs by 30% by 2030.

In the annual financial results presentation, Sasol said that, if its appeal is unsuccessful, it intends to follow “due processes” and “continue with that to try to find an amicable solution to both parties”. It is not clear what is meant by this “amicable solution”. If the Minister rejects Sasol’s appeal, it will have to comply with the law. Alternatively, if it takes the view that there is a valid legal basis to challenge the Minister’s decision, Sasol can take it on review to the High Court.

Sasol’s assertion that it cannot achieve its decarbonisation targets unless its toxic air pollution appeal succeeds is reminiscent of the company’s legal action against the then-Minister of Environmental Affairs, launched in 2014, against the introduction of the MES. When Sasol was granted postponements of compliance with the MES, it withdrew the litigation.⁹⁵

Climate Action 100+ assessment of Sasol’s decarbonisation strategy

In the latest CA100+ Net Zero Benchmark, CA100+ finds that:

- Sasol has **failed** to quantify the contribution of individual decarbonisation levers to achieving its medium- and long-term GHG reduction targets, including scope 3 GHG reduction targets where applicable (e.g., changing technology or product mix, supply chain measures);
- it has **failed** to disclose the quantity of offsets, type of offsets, offset certification and the negative emission technologies it is planning to use, if it chooses to employ offsetting and negative emissions technologies to meet its medium- and long- term GHG reduction targets; and

⁹⁴ <https://twitter.com/SasolSA/status/1704500020156727784>

⁹⁵ [Joint media release: Sasol withdraws ill-conceived litigation against the State to set aside air quality standards – Centre for Environmental Rights \(cer.org.za\)](#)



- it has **failed** to disclose the revenue or production it already generates from climate solutions and its share in overall sales.

7. Progress on Future Sasol Plan

7.1. Renewables

It appears from the August 2023 annual financial results presentation that the integration of renewable energy is expected to contribute about 6% of the 30% emission reduction by 2030 target. In its CCR 2023, Sasol sets out its short- to medium-, and its long- term challenges and their impact, both before and after mitigation.⁹⁶

One of the challenges that remains “high impact” is “Unreliable electricity supply and transmission grid in South Africa”. Sasol’s mitigation of this risk includes:

- Integrating large-scale renewable energy into our operations, relieving demand side pressure on the grid.
- Developing on-site renewable energy to obviate reliance on grid transmission.
- Generating additional power, when possible, to supplement national electricity supply.⁹⁷

Although Sasol claims that it is “continuously pursuing viable opportunities to increase the share of renewables in our energy mix”,⁹⁸ and recognises that “procurement of renewable electricity from Independent Power Producers and wheeling it over the Eskom grid to our South African Operations will contribute significantly to the achievement of the Sasol target to reduce [GHG] emissions”,⁹⁹ we have set out above that Sasol appears to be backtracking on certain of its renewable commitments.

The CCR 2023 identifies the following “two concurrent renewable energy priorities” to decarbonisation of Sasol’s operations: “the procurement of renewables for generating green hydrogen from our pilot project in Sasolburg and for decarbonisation. Our aim is to procure up to ~1 200MW of renewable energy by 2030”¹⁰⁰ (of which 800 MW is Sasol’s).

Sasol reports that, with Air Liquide, it has “signed a number of PPAs to procure a mix of wind and solar PV energy from various project developers. Subject to the requisite regulatory and financing approvals, it is expected that these renewable energy projects will be operational from end-2025 onwards. In total, these PPAs represent more than 600 MW procured for the Secunda site.”¹⁰¹

In addition to the Msenge Emoyeni project in the Eastern Cape (associated with the green hydrogen pilot project), Sasol reports that it has signed PPAs for three onshore wind projects totalling 360 MW and two solar photo-voltaic projects totalling 218 MW wheeling electricity to Secunda.¹⁰² However,

⁹⁶ Pages 7-8.

⁹⁷ CCR 2023 page 7.

⁹⁸ SR 2023 page 9.

⁹⁹ SR 2023 page 35.

¹⁰⁰ Page 32.

¹⁰¹ CCR 2023 pages 10 and 32.

¹⁰² SR 2023 page 36.



signing of PPAs is a long way from actual integration of renewable energy into Sasol's Energy business.¹⁰³

This was recognised by Sasol at its October climate change roundtable. In response to Just Share's question seeking greater clarity about the timing of the renewable energy projects, Sasol indicated that the IPPs with Sasol PPAs had "overall" received provisional grid access from Eskom and were in the process of working towards financial close. Some have yet to receive budget quotes from Eskom: substantial work remains to be done after receiving such quotes.

Sasol indicated that it is on track to close the majority of the projects by the end of 2023 or early in 2024; that construction of each would take between 18 and 24 months; and that most would come online towards the end of 2025 – depending on how quickly financial close could be achieved. Sasol indicated that positive news could be expected within the "next couple of weeks".

Sasol also indicated, in response to another question from Just Share, that it has a comprehensive renewable energy strategy, but that it had learned from the recent procurement process that it needed to update its strategy and is working to "refresh" and "fine-tune" it. It indicated that this did not affect the 1200 MW-by-2030 renewable energy target to which it had committed. Sasol stated that its priority is to ensure that it can deliver these projects before it executes the next part of its procurement process. It believes that the strategy can "unlock some more opportunities".

Just Share did not get a clear answer as to whether Sasol is still committed to the goal of 40% renewable energy by 2026 for the Energy business. As set out above, this target was in Sasol's 2022 climate change report, but no longer appears in its CCR 2023.

7.2. Gas

It appears from Sasol's August annual financial results presentation that "feedstock transition" contributes about 12% of the 30% emission reduction by 2030 target.

Sasol therefore requires significant quantities of gas to realise its emission reduction ambitions. In the CCR 2023, however, it confirms that global gas price increases have led it to "re-evaluate the need for the proposed 40 - 60 PJ LNG intake". It has "implemented mechanisms to extend our Mozambique gas plateau from 2026 to 2028, and potentially further, while continuing to investigate alternative gas sources".¹⁰⁴

This year, additional gas was discovered at Bonito-1 located in the PT5-C licence area in Mozambique (a Mozambique gas exploration-licence area where Sasol holds a 70% interest). According to Sasol, this find "shows promise and is now being evaluated through an appraisal programme".¹⁰⁵ It comments that this has allowed it to reduce feedstock costs and to "re-evaluate

¹⁰³ For Eurasia and North America, it reports having signed 24 MW PPAs towards Sasol Chemicals emission reduction roadmap. It has also received 500 MWh renewable electricity at Sasol Augusta, Italy.

¹⁰⁴ CCR 2023 page 10.

¹⁰⁵ CCR 2023 page 10.



timing of potential [LNG] intake”.¹⁰⁶ The extraction of “additional gas from our gas fields will provide greater flexibility to avoid regret infrastructure capital spend on [LNG]”.¹⁰⁷

Despite the significance of Sasol’s re-evaluation of its ability to utilise LNG to underpin its decarbonisation targets, Sasol does not provide a clear plan, with concrete details and timelines, to mitigate this uncertainty.

¹⁰⁶ CCR 2023 page 3.

¹⁰⁷ CCR 2023 page 29.



8. Lobbying

In 2021 Just Share and Aeon Investment Management filed two climate-related lobbying resolutions at Sasol, which the company refused to table. The resolutions requested that Sasol, in compliance with the Global Standard on Responsible Climate Lobbying (Global Standard),¹⁰⁸ improve and expand its disclosure of its direct and indirect climate lobbying.

Sasol has this year released its third climate advocacy self-assessment, as a “Climate Advocacy and Policy Supplement,” since the filing of the resolutions.

8.1. Sasol’s assessment

The self-assessment includes Sasol’s newly-formulated Climate Advocacy Declaration which: reiterates its commitment to the Paris Agreement; purports to explain how it engages with trade and industry associations and stakeholders, including policymakers, to “promote balanced and effective climate policy”;¹⁰⁹ and sets out the principles that guide its climate change advocacy, including its commitment to assess this, both directly and indirectly through industry associations.

Sasol has adopted “guiding principles to enable responsible and effective advocacy that is aligned with our strategic imperatives and embodies our position on key climate change matters.”¹¹⁰ These “Sasol Principles” include: “acknowledgement and support for climate science”; “support for the Paris Agreement goals”; “support for carbon pricing that provides greater incentives for innovation and low-carbon choices”; “support for the development of low- and lower- carbon energy solutions in the form of renewable energy, hydrogen, carbon capture, utilisation and storage, natural gas (as a transition fuel) and energy and process efficiencies”; and “support for transparency and disclosure.”¹¹¹

The rest of the report contains Sasol’s self-assessment of the alignment of the Sasol Principles with (1) its direct advocacy on pieces of legislation and (2) its industry associations’ engagement activities.

Direct advocacy

Sasol assesses its position on five pieces of policy/legislation: the Climate Change Bill, the carbon tax, the Presidential Climate Commission’s Just Transition Framework, the Upstream Oil and Gas Tax Regime Discussion Document, and European Union Delegated Acts.

The outcome of this assessment, according to Sasol, is universal alignment between its “climate change policy positions” and the Sasol Principles¹¹². However, there are serious concerns with the

¹⁰⁸ The Global Standard has become the leading best practice framework for climate policy engagement disclosure, setting out 14 indicators covering disclosure, governance and oversight processes to ensure alignment between a company’s climate policy engagement and delivering the 1.5°C goal of the Paris Agreement.

¹⁰⁹ Climate Advocacy and Policy Supplement page 4.

¹¹⁰ Climate Advocacy and Policy Supplement page 4.

¹¹¹ Climate Advocacy and Policy Supplement page 4.

¹¹² Climate Advocacy and Policy Supplement pages 7-11.



way Sasol has conducted this assessment. These include that it assesses these policies/laws against its high-level position on climate action, but not against its actual advocacy aimed directly at each policy/law. It also provides no examples of concrete actions taken on each policy/law that align with, or are misaligned with, this high-level position, making it impossible to determine whether the assessment is accurate or not.

It is also problematic that Sasol's assessment takes account, inter alia, of the so-called requirement to "balance" the "need to reduce carbon emissions with economic development and poverty alleviation within a developing-country context;"¹¹³ seeks to "[accelerate] action to advance the gas economy;"¹¹⁴ and regards gas as a lower-carbon energy source.¹¹⁵

Alignment of industry associations

Sasol also assesses the climate lobbying positions of the industry associations to which it belongs. This assessment does not include the associations' engagement activities to any degree of specificity, nor does it assess them explicitly against the goal of limiting global warming to 1.5°C above pre-industrial levels.

Sasol assesses 24 industry associations and finds almost universal alignment between the associations' positions and the Sasol Principles.¹¹⁶ Only in relation to 3 associations, the American Cleaning Institute, the Chemical and Allied Industries Association (CAIA), and the Offshore Petroleum Association of South Africa (OPASA), does Sasol find any misalignment. Sasol claims to have taken into account the assessment of an independent third-party, InfluenceMap.

In contrast to this, InfluenceMap currently finds¹¹⁷ only one case of industry association alignment with delivering the 1.5°C goal of the Paris Agreement (the National Business Initiative). It finds 12 of Sasol's associations to be partially aligned and three misaligned (including the Energy Intensive Users Group of South Africa).

This mismatch between Sasol's assessment of the alignment of its industry associations, versus the assessment by an independent organisation, indicates that Sasol is unable or unwilling to acknowledge the discrepancies between its stated commitment to the Paris Agreement and its acknowledgement of the science and the risks posed by climate change, and the policy advocacy it is undertaking to advance its own short-term interests.

As a fossil fuel company, and a member of several industry associations which have a mandate to advance the interests of the fossil fuel industry, it is disingenuous for Sasol to

¹¹³ Climate Advocacy and Policy Supplement page 8; see also pages 4, 5, 6, 9, 10, 12.

¹¹⁴ Climate Advocacy and Policy Supplement page 7.

¹¹⁵ Climate Advocacy and Policy Supplement pages 4 and 6; see also pages 3, 5, 8, 8, 10, 11.

¹¹⁶ Climate Advocacy and Policy Supplement pages 12-24.

¹¹⁷ <https://ca100.influencemap.org/livescorecard/Sasol-Scorecard-37326>. InfluenceMap has assessed 16 of Sasol's industry associations, so this does not include all 24 associations assessed by Sasol. These assessments are also "updated automatically on a continual basis as: (1) new evidence is collected for the industry associations; (2) new industry associations are added to the company profile; (3) industry associations are removed from the company profile, e.g. if the company leaves the association."



claim that there is no misalignment between the policy engagement of these entities and the goals of the Paris Agreement. There is ample information in the public domain which clearly demonstrates this misalignment.¹¹⁸

Sasol’s continued insistence that its “advocacy is designed to contribute towards policy that advances climate action while addressing the needs of society and economic growth”¹¹⁹ is a false framing of these two global imperatives as being mutually exclusive. The purpose of this framing is to attempt to justify slow progress on decarbonisation as necessary for the achievement of socio-economic goals.

Sasol has regressed in its transparency on its climate advocacy. Having conducted annual reviews for the past 3 years, it reports that it will now only do so “every three years and, if there is a change, [this will] be considered and assessed based on materiality”.¹²⁰ Sasol provides no information as to how it will determine materiality.

8.2. InfluenceMap’s assessment of Sasol’s climate policy engagement

InfluenceMap’s¹²¹ Climate Policy Engagement Alignment¹²² assesses companies’ disclosures under two indicators: (1) Accuracy of Climate Policy Engagement Disclosure and (2) Corporate Climate Policy Engagement Review:

(1) Accuracy of Climate Policy Engagement Disclosure: an assessment of the accuracy of a company’s reporting on its direct and indirect climate policy engagement activities.

A summary of Sasol’s performance under this assessment is shown below, using the traffic-light assessment framework shown in the key. A more detailed breakdown is available below.

Sub-Indicator	Score
Accuracy of Direct Climate Policy Engagement Disclosure	Yes, meets criteria
Accuracy of Indirect Climate Policy Engagement Disclosure	Partial, meets some criteria

Sasol scores well on the accuracy of its direct climate policy engagement disclosure, which assesses whether the company has published an accurate account of its corporate climate policy positions and engagement activities, compared to InfluenceMap’s database.

¹¹⁸ See, for example: <https://justshare.org.za/media/news/busa-blsa-joint-position-on-delaying-carbon-tax-compromises-corporate-sas-climate-credibility>

¹¹⁹ Climate Advocacy and Policy Supplement 2023 page 2.

¹²⁰ Climate Advocacy and Policy Supplement 2023 page 12.

¹²¹ InfluenceMap, an independent think tank “producing data-driven analysis on how business and finance are impacting the climate crisis”, has assessed Sasol’s climate lobbying disclosures for the second year. InfluenceMap reports that in 2023 it updated its methodology to be in line with the Global Standard and with stakeholder input.

¹²² <https://ca100.influencemap.org/lobbying-disclosures>



Although Sasol is found to have met expectations, it nevertheless has left out one important engagement: its response to the consultation on the “EU Renewable Energy Directive”, in which it argues that “South Africa is a developing economy with the triple challenges of poverty, inequality and unemployment. The low carbon transition needs to be carried out in a phased approach at the pace and scale required for a just transition”. i.e., the transition should be slowed down.

This argument is convenient for Sasol. But it ignores not only the risks of transitioning too slowly, but also the fact that the very foundation of the concept of a “just transition” is that it presents opportunities to address many of the socio-economic challenges that South Africa has failed to tackle despite over one hundred years of fossil fuel-based industrialisation.

On the second indicator, which assesses whether the company has published an accurate account of the climate policy positions and engagement activities of the industry associations of which it is a member (again compared to InfluenceMap’s database), Sasol is given a partial score.

InfluenceMap points out a number of material pieces of advocacy that are not reported. For example, Sasol does not appear to have fully disclosed the advocacy of the Minerals Council South Africa on key aspects of the Climate Change Bill, including seeking to minimise penalties for non-compliance with carbon budgets and warning against the “severe economic consequences” of such penalties.

(2) Corporate Climate Policy Engagement Review: an assessment of the quality and robustness of a Company's process to identify, report on, and address specific cases of misalignment between its climate policy engagement activities (direct and indirect) and delivering the 1.5°C goal of the Paris Agreement.

Date of Review	Score
August 2022	36/100
August 2023	29/100

Sasol’s score for its climate advocacy engagement disclosures has fallen from 36% in 2022 to 29% in 2023, meaning that the “quality and robustness of a company's processes to identify, report on, and address specific cases of misalignment between its climate policy engagement activities (direct and indirect) and delivering the 1.5°C goal of the Paris Agreement”¹²³ has declined since last year.

This is primarily due to Sasol reporting that it will now only update its review process every three years instead of annually.

¹²³ <https://ca100.influencemap.org/lobbying-disclosures>



Sasol's dismissal of InfluenceMap's assessments

While Sasol may not agree with InfluenceMap, the gap between its own assessment and InfluenceMap's is stark. Sasol's claim that it has taken account of InfluenceMap's assessments in its own review process is empty if it simply ignores these when it does not agree with them, particularly given the extent of evidence and examples provided by InfluenceMap on one hand, and the lack of any such examples provided by Sasol.

Sasol's argument, in its Climate Advocacy and Policy Supplement, that InfluenceMap's assessments lack the proper knowledge of its facts, context and positions is addressed directly by InfluenceMap in its latest scorecard, which states that "the comprehensiveness of InfluenceMap's assessment is partly dependent on the completeness and accuracy of a company's disclosure of its own climate policy positions and engagement activities, as well as those of its industry associations". InfluenceMap "does not take an internal position on climate policies" but rather "each item of evidence is analyzed against external and authoritative benchmarks to provide a robust assessment of whether a company's climate policy engagement activities are aligned with the Paris Agreement's goals."¹²⁴

Sasol identifies "carbon tax and carbon budget" issues as amongst those that "can make it more challenging to decarbonise and ensure a just transition".¹²⁵ This is the opposite of Paris-aligned advocacy: taxing carbon emissions is a powerful tool to change behaviour and redirect capital by altering economic incentives. If carbon were priced correctly so that it reflects the actual costs of emissions to society, this would be transformative in limiting the worst impacts of the climate crisis.

Sasol states that "responsible and transparent advocacy" is one of the ways it is responding to the risk of "increasing societal pressure impacting market access and product competitiveness".¹²⁶ It says that it is "constantly balancing economic and social considerations with climate objectives to meet the interests of all stakeholders" as a means to mitigate the risk of "not being seen as a credible stakeholder".¹²⁷

However, an advocacy position that juxtaposes climate action with achieving socio-economic improvements is the definition of anti-climate lobbying. The purpose of this position is to convince policymakers to delay and weaken regulation and policy aimed at addressing climate risk, purportedly to address socio-economic issues, but in reality, only because it suits the short-term agenda of the fossil fuel companies which are the originators and main proponents of this argument.

End

¹²⁴ <https://ca100.influencemap.org/livescorecard/Sasol-Scorecard-37326>

¹²⁵ CCR 2023 page 16.

¹²⁶ CCR 2023 page 15.

¹²⁷ CCR 2023 page 16.