Just Share

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Dear Chairperson and members of the board,

Alignment of executive remuneration with Sasol's emission reduction targets and just transition commitments

We write as shareholders and stakeholders with a shared interest in Sasol's long-term sustainability, resilience and value creation.

In addition to years of research and engagement with the company and investors, this initiative is informed by recent independent research undertaken and commissioned by Just Share, inputs from independent experts and discussions with institutional investors regarding Sasol's transition strategy, governance and executive remuneration.

We recognise the complexity of Sasol's operating environment and the significant challenges associated with transitioning its business while maintaining financial resilience and supporting the workers, communities and industries that depend on its operations.

We also acknowledge the progress Sasol has made in certain areas of its transition. Nevertheless, we believe that greater transparency regarding the assumptions underpinning the company's transition strategy, together with stronger alignment between executive remuneration and the delivery of its 2030 emission reduction targets and its just transition commitments, is necessary to strengthen shareholder confidence in the credibility and implementation of the strategy.

Transparency and credibility of the transition strategy

Sasol's 2030 emission reduction targets represent a significant commitment with material implications for the company's future. Target credibility depends not only on the stated ambition, but also on the feasibility of the underlying pathway and the company's ability to deliver against it.

While Sasol has disclosed elements of its transition pathway, we believe investors would benefit from greater clarity on the assumptions and dependencies underpinning the strategy, particularly:

- The technologies, infrastructure developments, market mechanisms and operational changes required to achieve the Scope 1 and 2 Southern Africa Energy and Chemicals business 2030 emission reduction target, including their expected respective contributions to absolute emissions reductions

- The key milestones, investment requirements and capital allocation decisions necessary to deliver the strategy

- The extent to which delivery depends on external factors, including regulatory developments, access to infrastructure, the availability and cost of alternative feedstocks and energy sources, and partnerships with third parties

- The principal risks to delivery, including the implications of delays or changes in the availability, cost or commercial viability of critical technologies and other dependencies

- The contingency measures available should material assumptions prove incorrect or key milestones not be achieved

Greater disclosure in these areas would allow investors to assess the credibility of Sasol's transition pathway, distinguish between factors within management's control and those dependent on external developments, and evaluate progress more meaningfully.

Integration of the just transition

Sasol's transition has significant implications for workers, suppliers and communities whose livelihoods depend on the company's operations.

We therefore encourage the board to provide greater detail on how Sasol's just transition commitments translate into a coherent, measurable and adequately resourced implementation strategy.

In particular, investors would benefit from greater clarity on the intended outcomes, implementation milestones, allocation of responsibilities and mechanisms through which progress will be assessed.

We believe that the successful management of these socioeconomic considerations is integral to the credibility and long-term sustainability of Sasol's transition strategy.

Alignment of executive remuneration with strategic delivery

We acknowledge that Sasol has incorporated climate-related performance measures into its executive remuneration framework. However, we remain concerned that the current measures do not provide sufficient assurance that executive incentives are aligned with delivery against the company's 2030 targets and its broader just transition commitments.

Our concerns relate to three areas:

- **First, the relationship between climate-related key performance indicators (KPIs) and absolute emissions reductions remains insufficiently clear.**

    - Sasol's FY26 long-term incentive framework allocates 25% to reductions in Scope 1 and 2 greenhouse gas emissions intensity at Secunda Operations, with a target of 1% improvement over the performance period. Its short-term incentive framework includes a 10% weighting for energy efficiency improvements.

  While these measures may encourage operational improvements, neither directly measures progress towards Sasol's absolute 2030 emissions reduction targets. Improvements in emissions intensity or energy efficiency do not necessarily translate into equivalent reductions in absolute emissions. Irrespective of whether other KPIs measure emissions intensity or energy efficiency, the remuneration scheme should include a KPI directly linked to absolute emissions reductions, measured independently of offsets, carbon credits and other market-based instruments

    - No targets or measures are disclosed for the KPIs of the executive directors who all received an above-target outcome of 110%. Across executive scorecards, climate-related KPIs include: “Emission reduction roadmap delivery”; “Sustainability roadmap and carbon tax”; and “Carbon tax”.

  It is not clear how the KPIs are measured. In addition, none of these KPIs will ensure absolute emission reductions.

  We therefore question whether the current framework sufficiently incentivises the scale and pace of decarbonisation required to deliver the company's stated commitments.

- **Second, changes to performance measures and targets raise questions about the consistency of executive accountability.** Sasol's remuneration framework has evolved over successive reporting periods, including changes to climate-related performance indicators and their measurement. While we recognise that remuneration structures must respond to changing circumstances, investors need to understand how these adjustments relate to the original strategic commitments and whether they preserve the level of ambition required to achieve them.

  In particular, we would welcome greater transparency on the rationale for changes to performance measures, the implications for incentive outcomes and the safeguards in place to ensure that changes do not weaken accountability for delivery.

- **Third, the framework does not demonstrate a sufficiently clear link between executive remuneration and implementation of Sasol's just transition commitments.** Given the significance of Sasol's operations for employment, local economies and affected communities, we believe that the successful management of the socioeconomic consequences of its transition should form part of executive accountability.

  This requires more than broad commitments to social responsibility. Investors need to understand the specific outcomes Sasol intends to achieve, the milestones against which progress will be assessed and how executive performance will be evaluated against these commitments.

We therefore encourage the board and its remuneration committee to review the current framework to ensure that executive incentives are meaningfully aligned with delivery against Sasol's 2030 targets and the implementation of a credible, measurable just transition strategy.

Importantly, the effectiveness of this alignment depends on the transparency and credibility of the underlying strategies. Without sufficient disclosure of the assumptions, dependencies and milestones underpinning Sasol's transition pathway, shareholders cannot adequately assess whether the performance measures are sufficiently ambitious or whether remuneration outcomes reflect genuine progress.

A constructive way forward

We believe these issues warrant continued engagement between Sasol and its shareholders. We therefore request that the board:

1. **Provide greater transparency on the assumptions, dependencies and milestones underpinning Sasol's transition strategy**, including the relative contribution of different measures towards achieving the 2030 targets (in particular the Southern Africa Energy and Chemicals business Scope 1 and 2 emissions reduction target) and the contingency plans available should key assumptions not materialise.

2. **Provide further detail on the implementation of Sasol's just transition commitments**, including measurable outcomes, timelines, resource allocation and mechanisms for assessing progress.

3. **Review the alignment of executive remuneration with these commitments**, ensuring that performance measures are clear and meaningfully incentivise delivery against the 2030 targets and just transition objectives, and that changes to targets or performance conditions do not weaken accountability.

We would welcome an opportunity to meet with representatives of the board, including the chairs of the relevant committees, to discuss these matters and identify opportunities to strengthen transparency and accountability.

Our intention is to support constructive, informed engagement that enables shareholders to assess Sasol's progress and supports the company's long-term sustainability.

We look forward to your response.

Yours faithfully
JUST SHARE

Per:



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