ABOUT THIS REPORT

Sasol’s second Climate Change Report is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This marks the second year of enhanced disclosures since we committed to this initiative in 2018. This year’s report provides detail on the work programme to address our climate change risks and incorporates Sasol’s updated strategy and emissions reduction roadmap to 2030. We are in the process of defining a 2050 ambition and roadmap, which we intend communicating at Capital Markets Day (CMD) in 2021.

We release a suite of annual reports inclusive of the Climate Change Report, as a sub-set of the Sustainability Report. This report should therefore be read in conjunction with our suite of reports to obtain a holistic understanding of the overall sustainability approach. A TCFD Index (refer to contents page) will assist in navigating these reports and shows alignment with best practice in climate change reporting.

As we make progress on our climate change journey, we will report accordingly on our targets and ambitions towards becoming a lower-carbon business.

Sasol’s suite of reports have been prepared in accordance with the guidelines established under the following standards and frameworks:

- The International Integrated Reporting (IR) Framework
- South African Companies Act 71 of 2008, as amended
- Johannesburg Stock Exchange (JSE) listing requirements
- King Code of Governance Principles for South Africa (King IV™)
- International Financial Reporting Standards (IFRS)
- Global Reporting Initiative (GRI)
- Task Force on Climate-related Financial Disclosure (TCFD)
- United Nations (UN) Sustainable Development Goals (SDGs)
- United States Securities and Exchange Commission (SEC) rules and regulations
- Sarbanes-Oxley Act of 2002

OUR THREE-PILLAR EMISSION REDUCTION FRAMEWORK

REDUCE EMISSIONS

TRANSFORM OPERATIONS

SHIFT THE PORTFOLIO

SDG 13: CLIMATE ACTION

Sasol supports the Paris Agreement and has committed to take action on SDG 13, aligned to the areas in which we operate.

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DIRECTORS’ APPROVAL

The Safety, Social and Ethics Committee (SSEC) is responsible for ensuring the integrity of Sasol’s climate change reporting. We confirm that the 2020 Climate Change Report addresses all material issues and matters related to sustainability, and fairly represents the Group’s climate change performance. The SSEC, authorised by the Board, approved this report and its publication on 24 August 2020. Signed on behalf of the SSEC:

Muriel Dube
Chairman of the Safety, Social and Ethics Committee
24 August 2020

OUR SUITE OF REPORTS

These reports are available on our website, www.sasol.com, or on request from Investor Relations. Contact details are on inside back cover (IBC).

- Integrated Report
- Sustainability Report
- Climate Change Report
- Annual Financial Statements

Our Annual Report, which is filed with the United States Securities and Exchange Commission (SEC), in line with the requirements of our New York Stock Exchange (NYSE) listing.
**A CHALLENGING OPERATING CONTEXT**

The abrupt changes to our current operating context has accentuated vulnerabilities of a business such as ours. This has had a number of implications in the way we view accelerated climate change action, risk in the short- and long-term, as well as how we partner with stakeholders.

Our stakeholder focus has contributed valuable insights into the limitations of Sasol’s previous strategy and highlighted opportunities within our sustainability approach. Recent events have emphasised the importance of the triple bottom line – people, planet and profit – as an input into strategic decision-making, not just for us, but for governments and citizens. This has reframed energy towards ‘building back better’.

The challenge for us is to address risks and maximise on opportunities in a manner that ensures short-term decisions are taken with a long-term transition in mind. Despite a challenging 2020, we pushed forward and made progress on our climate change response and related GHG targets.

In this journey our first milestone, which we committed to in 2019, is delivering scope 1 and 2 GHG emission reductions at Secunda and Sasolburg Operations. We continue to apply the three-pillar emission reduction framework, to map our expected reductions. We also evaluated more than a hundred possible integrated technical and socio-economic options to identify projects for Sasol’s 2030 roadmap. This roadmap, included in this report, is the compass to keep us on track to achieve our committed climate change objectives. Work continues towards the development of a 2050 ambition and roadmap, intended for communication at CMD in 2021.

Further opportunities are also being investigated to reduce the relatively smaller GHG emissions profile (~4% of Group scope 1 and 2 emissions) at our international Chemicals businesses. COVID-19 has also emphasised the need to solve complex problems through collaboration. We are addressing Sasol’s large operational GHG emissions in South Africa, however for us to be successful, more partnerships across our value chain are needed. We have stayed the course of our climate change journey, with the release of Sasol’s updated strategy and 2030 emission reduction roadmap, marking the beginning of a new era for us.

**THE YEAR IN REVIEW**

**KEY MILESTONES IN OUR CLIMATE CHANGE JOURNEY**

- **Updated the Group strategy for increased resilience to climate change in response to scenario analysis.**
- **Progressed the process for procuring 600 megawatts (MW) of renewables, including constructing two 10MW solar photovoltaic (PV) projects in South Africa.**
- **Launched our 2030 emission reduction roadmap, based on robust techno-economic evaluations.**
- **Secured 2.5 million tons (Mt) carbon credits to offset carbon tax liability for 2019, in South Africa.**
- **Advanced work on our scope 3 programme to improve our baseline.**

**Group scope 1 and 2 emissions for 2020**

- **Secunda 56 081**
- **Sloetfontein 5 974**
- **North America 1 996**
- **Nattef 1 001**
- **Mining B04**
- **Europe 2 725**
- **Mozambique 261**
- **Sasolburg Operations 73**

**South African scope 1 and 2 emissions, excluding Nattef1 for 2020**

<table>
<thead>
<tr>
<th>Location</th>
<th>Emissions (Mt CO2e)</th>
<th>Reduction (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secunda</td>
<td>56 081</td>
<td>-5%</td>
</tr>
<tr>
<td>Sloetfontein</td>
<td>5 974</td>
<td>-7%</td>
</tr>
<tr>
<td>North America</td>
<td>1 996</td>
<td>-8%</td>
</tr>
<tr>
<td>Nattef</td>
<td>1 001</td>
<td>-9%</td>
</tr>
<tr>
<td>Mining B04</td>
<td>2 725</td>
<td>-10%</td>
</tr>
<tr>
<td>Europe</td>
<td>261</td>
<td>-11%</td>
</tr>
<tr>
<td>Sasolburg</td>
<td>73</td>
<td>-12%</td>
</tr>
</tbody>
</table>

**Group energy savings by 2020**

<table>
<thead>
<tr>
<th>Region</th>
<th>Energy Savings (GJ)</th>
<th>Total GHG Emission (Mt CO2e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>4 974</td>
<td>17</td>
</tr>
<tr>
<td>Eurasia</td>
<td>818</td>
<td>18</td>
</tr>
<tr>
<td>Africa</td>
<td>974</td>
<td>19</td>
</tr>
<tr>
<td>North America</td>
<td>56 081</td>
<td>20</td>
</tr>
</tbody>
</table>

**MEASURING PROGRESS AGAINST OUR THREE-PIILLAR EMISSION REDUCTION FRAMEWORK**

**REDUCE EMISSIONS**

Investigating and exploring further short-to-medium term reductions:
- Reduced emissions by a total of ~2 Mt CO2e from 2017, through mitigation interventions and slightly lower production output during the lockdown (~0,25 Mt reduction for April to June 2020). The ~0,25 Mt reduction could potentially be reversed once operations are at full capacity.
- Achieved improvements of only 14,3% for Group operations towards our energy efficiency target of 30% improvement by 2030. Unstable operations associated with COVID-19 and the low oil price adversely affected energy requirements and consequently, performance.

**TRANSFORM OPERATIONS**

Evaluating further integration of cleaner alternative feedstocks:
- Completed quantitative evaluation that underscores the importance of affordable gas as a complementary feedstock.
- Progressed opportunities for gas supply and infrastructure development into South Africa.

**SHIFT THE PORTFOLIO**

Driving value growth through reduced and lower-carbon intensive businesses. Actively reviewing equity in assets not aligned with our long-term strategy.
- Progressed asset disposal process.
- Made clear choices to not grow in coal mining activities and have discontinued all oil growth activities in West Africa.
- Reinstated gas and exploration rights for Block 16 and 19 in Mozambique.

1. The asset review process and any subsequent changes will reflect in our 2021 GHG data. The current operating context of the changes has been reviewed and validated. The 30% to a lower and operational control is still maintained by Sasol, we will report the full GHG emissions data for that asset.

2. Scope 3 reporting is a timeline that corresponds with our CDP submissions (usually 10 June), which is before our fiscal year ends on 31 March. Emissions from Scope 3 are undertaken in addition to reporting Scope 1 and 2 emissions.

3. Even though we have operational control, Nattef was excluded from our 2020 GHG target. Target setting is undertaken in consultation with Nattef’s joint venture partners and a separate target may be explored for the future.
Dear stakeholders,

Sasol is proud to launch our 2030 emission reduction roadmap for our South African operations. This roadmap details our path to achieve our committed at least 10% reduction in GHG emissions by 2030, off a 2017 baseline and was developed taking a long-term view. It places us on a trajectory for greater reductions post 2030 and positions us to better support the country’s energy transition.

The need for South Africa to move towards a lower-carbon economy, and to pursue an energy mix that supports this imperative, is of utmost importance. For this reason, Sasol is vigorously pursuing gas, renewables and energy efficiency projects, which will not be investing in mining as a growth area and we have discontinued all of growth activities in West Africa. We are keen to play a leadership role in South Africa’s energy transition and believe we have the capabilities to do so. Although there are challenges, we are excited by the opportunity to help shape this new energy landscape. Indeed, positioning Sasol to succeed in this fast-evolving energy landscape is central to our strategy.

Future Sasol will comprise two business units, Chemicals and Energy. Our chemicals portfolio will be positioned to produce and supply more sustainable products that underpin modern life. Our Energy Business comprises the Southern African value chain and associated assets, where we are pursuing GHG reductions for South Africa, through a focus on gas as a complementary feedstock and renewables as a secondary energy source.

Accordingly, our 2030 roadmap accelerates the move from being carbon-intensive towards a more sustainable business. Our immediate actions, in fulfilment of our strategy, have included a Request for Proposals (RFP) to construct two 10MW solar facilities in Sasolburg and Secunda, as a first step in procuring a total 600MW of renewable energy. We have issued a Request for Information (RFI) for this procurement.

Gas remains a critical enabler for our GHG reduction ambitions. We have identified gas-enabling projects that we are urgently pursuing to create a solid foundation for greater emission reductions, as we move away from coal as a primary feedstock post 2030.

Sasol has technology experts dedicated to exploring alternative energy sources and technologies. We are a significant producer of hydrogen, which holds promise in diversifying our energy mix. We are also exploring carbon capture and utilisation options. These areas of excellence will provide many opportunities for collaboration with different stakeholders. In South Africa in particular, we have a significant role to play in co-creating solutions that will re-shape the country’s energy landscape, while assisting with socio-economic development. Together with key stakeholders and partners, we will help South Africa achieve its Paris Agreement commitments and national growth imperatives.

Extensive and robust engagements with our many stakeholders, which includes government, civil society, investors and business, have shaped our roadmap and climate change management activities. In 2019, Sasol received shareholder resolutions requesting further disclosure, commitment to longer-term targets and value chain emission reductions. Our disclosures aim to align with the requests made; and we are progressing work on a 2050 long-term ambition and the enabling activities that will allow us to better understand our scope 3 emissions, as well as the potential of carbon offsets for future reductions.

Society’s expectations and the role we can play in South Africa’s energy transition is clear. As a large industrial organisation, we have the ability to support recovery in a COVID-impacted economy by enabling the security of gas and development of renewables. These will potentially play a catalytic role in rebuilding the economy, through infrastructure development, downstream industry linkages and manufacturing. The changes we are undergoing are not easy. In fact, it is particularly challenging in a COVID-impacted economy, where recovery is likely to be slow, oil prices low and alternative energy projects will compete against many other priorities. In Southern Africa especially, emission reductions are complicated by society’s need to balance the challenges for access to affordable energy, while simultaneously reducing poverty, unemployment and inequality.

However, through collaboration and innovation, we remain focused on strengthening the sustainability of our operations. According to our 2030 roadmap, accelerates the move from being carbon-intensive towards a more sustainable business. Our immediate actions, in fulfilment of our strategy, have included a Request for Proposals (RFP) to construct two 10MW solar facilities in Sasolburg and Secunda, as a first step in procuring a total 600MW of renewable energy. We have issued a Request for Information (RFI) for this procurement.

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However, through collaboration and innovation, we remain focused on strengthening the sustainability of our operations. Our actions in this regard speak louder than our words and our recent announcements are testament to our commitment to support innovation through partnership. We continue our work to clearly define our long-term ambition and plan to release our 2050 emissions-reduction roadmap in 2021. Until then, I would like to thank our stakeholders for their contributions as Sasol marks 70 years in business.

Fleetwood Grobler
President and Chief Executive Officer
24 August 2020

**OUR CLIMATE CHANGE AMBITIONS**

Sasol’s sustainability vision is to advance chemical and energy solutions that contribute to a thriving planet, society and enterprise. This vision is supported by six climate change ambitions:

<table>
<thead>
<tr>
<th>AMBITIONS</th>
<th>PRIORITISED ACTIONS</th>
<th>DELIVERABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significantly reduce our GHG emissions from our South African operations</td>
<td>• We are meaningfully reducing emissions to meet our committed reduction target, using our 2030 roadmap.</td>
<td>Deliver on our 2030 target and communicate a 2050 ambition, with the intent of minimising socio-economic impacts Read more on page 14–15</td>
</tr>
<tr>
<td>Encourage large-scale renewable energy deployment and grow the gas economy in South Africa</td>
<td>• We are executing on our committed renewable energy deployment.</td>
<td>Deliver on our 2030 emission reduction roadmap and associated renewables and gas milestones Read more on page 12</td>
</tr>
<tr>
<td>Reduce scope 3 emissions</td>
<td>• We have started reducing scope 3 emissions and are identifying further reduction opportunities through an enhanced understanding of this profile.</td>
<td>Deliver on our scope 3 programme Read more on page 10</td>
</tr>
<tr>
<td>Enhance ambition by using carbon offsets</td>
<td>• We are reducing emissions, using offsets, outside of our operations that encourage supplementary sustainability objectives for the areas in which we operate.</td>
<td>Deliver on our carbon offset approach Read more on page 24</td>
</tr>
<tr>
<td>Reduce physical vulnerability to climate change impacts</td>
<td>• We are, through activities within our control, increasing the resilience of our people, frontline communities and assets from the effects of a changing climate, today and into the future.</td>
<td>Deliver on our adaptation strategy Read more on page 26</td>
</tr>
</tbody>
</table>

**PARTNERSHIPS: BE A CHANGE AGENT FOR CLIMATE CHANGE ACTION**

We recognise the importance of collaboration for increased GHG reduction ambition. We are advocating for progressive and enabling climate change policy, constructive participation at trade associations, increased transparency with implementation of TCFD and strategic partnerships for technology solutions.

**“Having begun our alignment with the Paris Agreement, we have placed sustainability, including climate change, at the centre of our strategy. Future Sasol is a strategic reset, the measures we are taking will be transformative. We have made clear portfolio choices that will enable Sasol’s GHG emission reduction ambitions and ensure a future that is sustainable in the long-term. In 2020, we launch our 2030 emission reduction roadmap, which is the blueprint to not only achieve our lower-carbon ambitions but also informs our role in the energy transition.”**

**READ MORE ON PAGE 17, 19, 21, 25 AND 30**
Introduction (continued)

STAKEHOLDERS ARE HELPING US SHAPE OUR CLIMATE CHANGE RESPONSE

Since the publication of our first Climate Change Report, Sasol has increased our stakeholder engagement and communication. We undertook extensive engagement across the spectrum of our numerous and diverse stakeholders and received constructive feedback. Stakeholders expressed their interest in more comprehensive disclosure of information regarding our 2030 roadmap, some are pushing for greater reductions by 2030, and others have also recognised the importance of the steps we have already taken. These engagements informed our holistic climate change management approach and specifically assisted in our roadmap development process. We intend continuing our engagement with various stakeholders over the coming year to inform our 2050 ambition and roadmap process. We are committed to maintaining this level of engagement and transparency.

**Employees**

Employee engagement is a cornerstone of enhancing the relationship with our employees and organised labour. Sasol’s sustainability is of primary interest to our employees and their input into the development of our roadmap has been essential and welcomed. We have implemented a change management approach by commencing with master classes on climate change, to not only create awareness and educate employees, but articulate our role in responding to climate change.

Value shared by stakeholder:

- Need for management of change
- Importance of a clear vision and strategy
- Be a more sustainable business

**Customers**

Our customers are core to the sustainability and value creation of our business. Through a customer-centric approach, we strive to produce and sell products that meet customer needs today and into the future. Our energy products in South Africa play an important role in providing necessary energy security. Sasol’s chemical product portfolio is marketed in over 120 countries and already benefits from lower-carbon feedstocks. However, customers want more sustainable products that provide increased benefits, with reduced environmental and climate change impacts. We therefore engage with this key stakeholder on an ongoing basis to understand collaboration opportunities to drive meaningful improvements in product lifecycle emissions.

Value shared by stakeholder:

- Greater transparency and disclosure
- Reduce lifecycle GHG emissions (including scope 3 emissions)
- Increase portfolio towards sustainability-advantaged products

**Shareholders and providers of capital**

ESG matters have increasingly become a primary focus area for shareholders, particularly on climate change. Our annual general meetings are important platforms to listen and engage our broad shareholder base. We also recognise the role shareholder activists have played and the input provided. Our objective is to instil confidence in our shareholders through Sasol’s long-term sustainability. Sasol’s strategic reset has seen us make clear choices guided by our decision to place climate change at the centre of our strategy, which is underpinned by our reduction targets and roadmap for our South African operations.

Value shared by stakeholder:

- Potential for stranded assets in South Africa
- Shareholder resolutions for increased climate action
- Executive remuneration and value chain emission reductions

**Governments and regulators**

South Africa’s support for the Paris Agreement has provided direction for the country’s climate ambitions. The country faces a set of complex challenges, while also committing to transitioning to a lower-carbon economy. Through extensive engagements, we re-confirm our commitment to play a leading role, in partnership with other stakeholders, in South Africa’s energy transition. Within the US, we remain compliant with all applicable climate change legal requirements.

Value shared by stakeholder:

- Assist in growing the economy and creating decent and quality work
- Reduce GHG emissions
- Increase just transition opportunities
- Encourage gas and renewable energy development

**Communities and society**

Given the location of our operations, which are often in close proximity to communities, we recognise the importance of engaging and taking on-board their views. We aim to ensure the long-term sustainability of Sasol in a responsible manner, while minimising our environmental impact and contributing to reducing our GHG emissions. We have experienced heightened levels of activism, which has helped shape the development of our roadmap and commitment to an absolute minimum GHG reduction target by 2030. Our communities and civil society play an important role and we value their input. Sasol is committed to conducting its business ethically and responsibly.

Value shared by stakeholder:

- Relevance of Sasol in a lower-carbon future
- Provide job opportunities
- Reduce or stop the use of coal
- Reduce GHG emissions, while creating social value
- Resilience of our communities, to the impacts of climate change

**Suppliers**

Through our supply chain function, we conduct supplier due diligence, audits and responsible sourcing to drive improved focus on safety, health, environment and sustainability performance. Amongst other objectives, this informs our work to better understand the embedded GHG emissions of the feedstocks, inputs and services we buy as part of our products’ lifecycles.

Value shared by stakeholder:

- Greater transparency and disclosure
- Education and awareness on reducing scope 3 emissions
- Reduce emissions through effective collaboration and partnerships
TOWARDS A LOWER-CARBON FUTURE

Impact of climate change scenario analysis on Sasol’s previous strategy

In light of the many uncertainties today, it is not possible to make accurate predictions on how the world will respond to various challenges, including the impact of climate change and related responses by society. As such, we have applied scenario modelling through a range of plausible long-term scenarios to enable assessment of our strategic imperatives, test its robustness and guide relevant responses to mitigate risks. Post the release of our 2019 Climate Change Report, stakeholders indicated that our scenarios were not sufficiently aligned to the Paris Agreement goal. We therefore responded by updating our scenarios to align with latest trends and have tested our previous strategy against these scenarios. This analysis informed our updated strategy announced in June 2020, for Future Sasol.

In 2020, Sasol revised our scenarios through the expansion of our existing Fragmented, Cooperative and Base cases. Sasol also utilised the most recent International Energy Agency (IEA) Sustainable Development Scenarios (SDS), released in November 2019, as a further test of robustness against our previous strategy. These scenarios cover a variety of potential outcomes both favourable and unfavourable for the Group. Our scenario story-lines seek to outline potential futures. These range from a politically fragmented world focused on regional and national energy security and economic growth (Fragmented scenario), to one strongly focused on limiting global warming to below 2 degrees Celsius (IEA SDS scenario). The story-lines for the different scenarios are provided in the table below.

We modelled the potential demand for our different products in each of these scenarios, relative to our Base case in 2030.

In addition, a quantitative evaluation was used to assess the financial impact of the various outcomes on Sasol’s business, using adjustments to oil and product prices, as well as different carbon prices (see assumptions below).

Results show further growth in demand for liquid fuels for the Fragmented scenario, with demand remaining relatively flat in the Cooperative scenario and lower in the IEA SDS scenario. In South Africa however, there is still demand for liquid fuels across all scenarios to 2030, albeit lower in the IEA SDS and Cooperative scenarios, where we only expect to see meaningful changes in mobility technology post 2030. More aggressive policy measures and carbon pricing in the Cooperative and IEA SDS scenarios result in lower liquid fuels and coal demand relative to our Base case.

Natural gas demand remains relatively robust in all scenarios but varies depending on its use. In the IEA SDS scenario, lower demand for both fossil fuels and related products; and chemicals result from increased energy efficiency and recycling of plastics – these would require greater technology breakthroughs and adoption. Despite this, a growth in demand for chemical products is evident in all scenarios.

Demand for coal, natural gas and liquid fuels is higher in the Fragmented scenario driven by greater concerns for energy security, less focus on climate change mitigation; and greater focus on adaptation, when compared to our Base case. We see a rise in demand for renewable energy in all scenarios, however this is more pronounced in the Cooperative and IEA SDS scenarios.

In both the Cooperative and IEA SDS cases, GHG mitigation measures aside, we see coal use for both power generation and use in our production process coming under significant pressure.

The analysis shows that a combination of lower oil and chemical prices; and higher carbon costs are forecast to negatively impact earnings in both the Cooperative and SDS scenarios. This situation is mitigated by the introduction of a strategic roadmap for a reduced emissions profile for both scenarios, particularly for our South African operations (see response box below). Our International Chemicals businesses are already governed by a mature legislative environment, with emissions being managed through these requirements.

Higher oil and chemical prices for our major products and lower-carbon prices in the Fragmented case result in higher earnings.

Swift and decisive action in responding to our scenario analysis

Critical insights provided by the scenario analysis also used in updating our strategy. This strategy is focused on repositioning the business and resetting towards Future Sasol. COVID-19 and the low oil price necessitated swift and decisive action for the short-term, while charting a path for long-term sustainability. Our minimum 10% reduction target and associated emission reduction roadmap to 2030 indicates our commitment to reducing our GHG emissions for our South African operations.

BY INCORPORATING OUR 2030 ROADMAP INTO THE BASE CASE, WE SEE AN IMPROVEMENT IN EARNINGS IN THE IEA SDS SCENARIO OF ~40% AND ~2% IN THE COOPERATIVE SCENARIO. THIS SUPPORTS OUR STRATEGIC FOCUS TO MAXIMISE LONG-TERM GROWTH AMBITION AND ROADMAP IS UNDER DEVELOPMENT TO ENABLE CONTINUED RESILIENCE AND MITIGATE FURTHER POTENTIAL NEGATIVE FINANCIAL IMPACTS ON FUTURE EARNINGS.

Our Chemicals business will focus on market leading positions using lower-carbon feedstocks, which will see us relying less on coal as a feedstock and thereby exploiting the anticipated robust demand growth for chemicals expected in all scenarios. In addition, we have discontinued all oil activities in Western Africa and are resizing our portfolio to focus on gas. Through our three-pillar emission reduction framework, we are also broadening our focus on business opportunities for South Africa’s transition to a lower-carbon economy. Further analysis will be undertaken to understand the full capital implications of the different scenarios on our updated strategy, once fully developed and operational, also taking into account our 2050 long-term ambition.

FUTURE SCENARIOS

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Global temperature increase &gt; 2 degrees Celsius</th>
<th>Globalisation prevails</th>
<th>Global cooperation and adaption to climate change drive energy choices</th>
<th>Regional alliances become less important, with a focus on global cooperation</th>
<th>Greater trade, higher long-term economic growth</th>
<th>Stronger decline in coal and liquid fuel demand</th>
<th>Rapid growth in renewables due to policy, greater efficiencies and technology sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>BASE CASE</td>
<td>Global temperature increase between ~2.5 – 3.5 degrees Celsius, similar to the IEA Stated Economic Policy scenario</td>
<td>Globalisation slows down with cooperation in certain areas</td>
<td>Cooperation on climate change tempered by energy security concerns</td>
<td>Local environmental concerns play a strong role</td>
<td>Economic growth potential reduced by slowdown in globalisation</td>
<td>Some growth in liquid fuel demand but decline in coal demand</td>
<td>Strong growth in renewables and gas</td>
</tr>
<tr>
<td>FRAGMENTED</td>
<td>Global temperature increase &gt; 4 degrees Celsius</td>
<td>Deglobalisation occurs, the world moves away from free trade</td>
<td>Less global cooperation on climate-related matters</td>
<td>Regional energy security more important than global concerns</td>
<td>Regional/natural alliances form based on energy and trade security, which drives energy choices</td>
<td>Inefficiencies lower long-term GDP growth</td>
<td>Relatively higher demand for fossil fuels</td>
</tr>
<tr>
<td>IEA SDS</td>
<td>Global temperature increase &gt; 2 degrees Celsius</td>
<td>Globalisation prevails</td>
<td>Global cooperation and adaption to climate change drive energy choices</td>
<td>Regional alliances become less important, with a focus on global cooperation</td>
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</tbody>
</table>

Notes:
- PROJECTIONS BASED ON EXTRAPOLATED PERFORMANCE FROM 2019 BASE YEAR WITH GDP AT ACTUAL CAPACITY
- GHG EMISSIONS REDUCTION AMBITION AND ROADMAP IS UNDER DEVELOPMENT TO ENABLE CONTINUED RESILIENCE AND MITIGATE FURTHER POTENTIAL NEGATIVE FINANCIAL IMPACTS ON FUTURE EARNINGS

The analysis shows that a combination of lower oil and chemical prices; and higher carbon costs are forecast to negatively impact earnings in both the Cooperative and SDS scenarios. This situation is mitigated by the introduction of a strategic roadmap for a reduced emissions profile for both scenarios, particularly for our South African operations (see response box below). Our International Chemicals businesses are already governed by a mature legislative environment, with emissions being managed through these requirements.

Higher oil and chemical prices for our major products and lower-carbon prices in the Fragmented case result in higher earnings.

POTENTIAL NEGATIVE FINANCIAL IMPACTS ON FUTURE EARNINGS

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Base</th>
<th>Cooperative</th>
<th>IEA SDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fragments</td>
<td>Oil</td>
<td>Natural gas</td>
<td>Renewables</td>
</tr>
<tr>
<td>Oil ($/bbl, real 2020)</td>
<td>77</td>
<td>75</td>
<td>64</td>
</tr>
<tr>
<td>Carbon (R/t, real 2020)</td>
<td>23</td>
<td>76</td>
<td>192</td>
</tr>
</tbody>
</table>

Even though our 10% reduction target was active during the time of this assessment, we chose to exclude the benefit of carbon pricing at Sasol

FASTER TRANSFORMATION, lower GHG emissions, globalisation and lower fossil fuel demand

SLOWER TRANSFORMATION, higher GHG emissions, deglobalisation and higher fossil fuel demand

POTENTIAL NEGATIVE FINANCIAL IMPACTS ON FUTURE EARNINGS
Sasol Climate Change Report 2020

General robustness, growth and demand trend of Sasol’s value chains in each scenario to 2030

The relative attractiveness of investments in our different value chains are used as an indicator of robustness and supports the strategic decisions and choices we recently announced in our updated strategy.

<table>
<thead>
<tr>
<th>VALUE CHAINS</th>
<th>Overall attractiveness</th>
<th>Base</th>
<th>Fragmented</th>
<th>Cooperative</th>
<th>IEA SDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal value chain</td>
<td>Limited investment to maintain</td>
<td>Coal as an energy source is expected to come under increased environmental pressure in all our scenarios. It is only in the Fragmented scenario that we see growth in demand for coal. Therefore, Mining is not considered a growth area, with coal volumes declining in line with our GHG reduction ambitions. Importantly, Sasol engages in coal mining predominantly for our own use and will continue to investigate and monitor options for clean coal technologies.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuels value chain</td>
<td>Limited growth, focus on maintaining existing volumes and improved marketing to obtain the highest margin</td>
<td>Liquid fuel demand is expected to continue growing in our Base case. While fuel demand globally is expected to be flat in the Cooperative scenario and decline in the IEA SDS scenario, Sasol still expects to be able to place our product in the South African market for all scenarios. This is due to the challenges of infrastructure and the requirement for policy changes that are resulting in a slower transition to electric vehicle mobility.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas value chain</td>
<td>Investment to grow</td>
<td>The role of gas as a transition fuel to a low-carbon economy is expected to create opportunity for growth in all scenarios, although this growth potential is likely to be tempered by more aggressive renewables penetration in the Cooperative and IEA SDS scenarios. Hence, our focus on renewables as a secondary energy source.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals value chain</td>
<td>Investment to grow</td>
<td>There is continued growth in the Chemicals value chain despite environmental emphasis on recycling, re-use, and downgauging; the differentiated and specialty aspects of our portfolio, particularly with regard to products that increase efficiency, reduce waste and conserve resources, are complementary to these environmental considerations. Additionally, products within our portfolio facilitate lightweighting; and are also utilised in food packaging and care chemicals in which personal hygiene focus is expected to drive consumption.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CONSIDERATIONS FOR SASOL

Market sensitivity to climate change

- **Market declining**
- **Market growing**
- **Neutral Market**

Overall attractiveness of the value chain for investment

- **Focus for investment**
- **Maintain with limited investment**
- **Maintain with no further investment**

5. Downgauging - some utility from less chemical material
6. Lightweighting - replacing heavier components with lighter weighted plastic materials

In June 2020, Sasol released an updated strategy. A number of internal and external factors prompted this review, including our scenario testing performed in 2019 and 2020. Both these analyses revealed limitations in terms of our resilience to future climate-related risks. The strategic choices we made in 2020 have been guided by our capabilities and competencies, the megatrends we track, climate change risks and opportunities, as well as a number of interwoven challenges facing South Africa – including inequality, poverty and unemployment – and meeting growing energy demands, while decarbonising the economy.

Our European operations are active participants in the regional carbon trading schemes and have been implementing reduction initiatives since the inception of the Kyoto Protocol. In North America, we are pursuing lower-carbon feedstocks and low-carbon energy sources. Certain of our chemical products serve to reduce waste, improve energy efficiency and are key substrates in future mobility solutions. We continue to explore developments that could further improve carbon efficiencies and emission control technologies associated with these businesses; and focus our growth on end-markets, and applications that support our broader sustainability aspirations.

Our global Chemicals businesses outside South Africa are lower-carbon facilities operating under mature climate legislation, using lower-carbon feedstocks and improved emission control technologies. While we believe demand for liquid fuels will remain for some time to come, our Energy business will still be exposed to future climate-related risks. In this regard, our 2050 long-term GHG emission reduction ambition will look to further minimise risks and maximise opportunities so that both Sasol and our stakeholders thrive. The role we play in society in South Africa is considerable. Because of this, we are actively seeking solutions to maintain our operations, but in a more sustainable manner, including just Transition opportunities. As such, we have a specific strategic focus area relating to climate change to ensure the sustainability of this business in the long-term.

Enabled by transitioning to gas as a complementary feedstock and renewables as a secondary energy source.
DECARBONISING OUR ENERGY BUSINESS

Our Secunda Operation is a large producer of hydrogen from coal-based feedstocks, which is responsible for a large portion of our emissions profile in South Africa. Transition natural gas, as a complementary feedstock provides an opportunity in the medium-term to significantly reduce this footprint. By including large-scale renewables into our operations, as a secondary energy source; provides a route to initially decarbonise our power supply and into the future, to produce green hydrogen. While green hydrogen is currently prohibitively expensive, we continue to pursue demonstration opportunities and partnerships (see page 17) with the intent of enabling and taking advantage of technology developments and breakthroughs. In theory, the realisation of large-scale green hydrogen technology could enable us to become a near zero-carbon facility into the future. A potential journey to our 2050 ambition starts with current feedstocks and renewable energy, and progresses with further integration of lower- and thereafter low-carbon feedstocks.

Sasol’s 2030 roadmap is based on an ambition for a significantly transformed energy profile in South Africa by 2050. Delivering on our 2030 target through our roadmap is a key milestone for greater reductions into the future and to building the long-term resilience of our operations. Our three-pillar emission reduction framework forms the basis for us to transition.

Should additional volumes of affordable natural gas be secured in the medium-term as a complementary feedstock, it would potentially render our Secunda operations the largest gas to liquids facility in the Southern hemisphere. Emissions from natural gas utilisation are ~50 - 60% lower compared to coal. We are investigating additional sources of gas and are also in discussions with key role-players to enable natural gas to be supplied into the Southern Africa gas delivery system via Liquidified Natural Gas (LNG) import and pipelines. We acknowledge that the lifecycle GHG emissions for imported LNG is higher than regional pipeline gas. We therefore view LNG as a temporary intervention for the short-term to mitigate projected gas deficits from current volumes, while we position for long-term pipeline gas. Both gas options require investment in relevant infrastructure (re-gasification facilities, use of and debottlenecking of existing pipeline systems and new pipelines). We are engaging with a number of gas suppliers, infrastructure developers and the relevant state-owned entities in South Africa and Mozambique to develop and execute the required projects to enable additional gas to be delivered to South Africa by the middle of this decade. Increased use of natural gas will allow us to transform and significantly reduce our GHG emissions, improve ambient quality and enable security of energy supply to our operations, when coupled with low-carbon, but intermittent renewable energy. Enabling renewable energy deployment at scale to reduce our emissions is an immediate priority. In June 2020, we entered the market to procure ~600MW of renewable energy by 2030. This was followed by a RFP to develop two 10MW solar PV power plants to pilot embedded renewable energy at our Sasolburg and Secunda facilities. This is a first step in procuring the total 600MW of renewable energy. We are aiming for construction of the two 10MW power plants to be completed by 2022, subject to the necessary environmental impact assessments being approved. To realise our renewable energy vision, we are working with recognised leaders in this field, such as the Centre for Scientific and Industrial Research (CSIR) and Hatch to understand the maximum potential for renewable energy at our South African operations.

NATURAL GAS: A BRIDGE TO A LOW-CARBON FUTURE

Natural gas is a transition energy resource for the South African economy. The country’s Energy and Manufacturing sectors have been built on coal as a feedstock and power source, which is also the primary reason for the significant national GHG emissions profile. South Africa finds itself in an energy conundrum as there are limited or no viable feedstocks that can be readily substituted for coal, specifically for manufacturing, without significant disruption to the economy. Renewable energy holds substantial opportunity to decarbonise the power sector. However, due to natural variations in solar and wind resources, it is not able to generate consistent electricity output 24 hours a day to run large industrial operations, including Sasol’s Secunda facility. Alternately, gas can be used to provide flexible power generation to supplement renewable energy when these resources are not available. It is also a faster resource for large industrial operations. Considering South Africa’s national circumstances, exacerbated by COVID-19, it is important that a suitable lower-carbon substitute be sourced in the short- to medium-term, while sustaining economic and social activity. Therefore, growing the share of affordable natural gas is just as important for the South African economy as it is for Sasol. Even though natural gas is a fossil fuel, it is a higher energy-density, hydrogen-rich, flexible feedstock, with significantly lower GHG emissions per unit of energy compared to coal. Sasol requires hydrogen, which we produce using coal and water. Historically, coal, a hydrogen-poor material, was the only available feedstock. The use of this feedstock in production accounts for ~50% of GHG emissions at Secunda. By using additional and affordable hydrogen-rich natural gas instead of coal, we will be able to significantly reduce our GHG emissions and still operate this facility. For Sasol, natural gas is a transition feedstock that enables further integration of low-carbon technology solutions, over time.

Our sustainability vision is to advance chemical and energy solutions that contribute to a thriving planet, society and enterprise by operating a sustainable Energy business in South Africa to 2050 and beyond. We believe that fuels of the future, such as hydrogen, will play a major role in decarbonising our operations and the global economy. To realise this, by leveraging our proprietary Fischer-Tropsch technology, we will use our competitive advantage in fuel switching and hydrogen production to advance our ambitions. We are in a prime position to lead in this space based on our experience. Significant quantities of renewable energy and affordable natural gas are pivotal to our vision. In the post-2030 time horizon, Sasol envisions natural gas as a key enabler to potentially produce lower-carbon hydrogen and, over time, renewable energy at scale to unlock green hydrogen and associated business opportunities.

OUR LONG-TERM APPROACH

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**ROADMAP TO ACHIEVING OUR 2030 TARGET**

**REDUCE**
- **2017** 63.9 Mt CO₂e
- **2020** 61.9 Mt CO₂e
- **2025** ~60.7 Mt CO₂e
- **2030** ~57.5 Mt CO₂e
- **To 2050**

**4 - 5% GHG EMISSION REDUCTION**
- Maintain our short-term carbon budget of 302 Mt CO₂e for 2016 to 2020
- Energy and process efficiency (1 - 2 Mtpa CO₂)
- First 20MW of renewable energy in Sasolburg and Secunda
- 280MW of total 600MW renewable energy requirement (0.8 - 1 Mtpa CO₂)

**6 - 7% GHG EMISSION REDUCTION**
- Additional energy and process efficiency
- Additional gas conversion capacity dependent on affordability, availability and long-term emission reduction ambition
- 300MW of total 600MW renewable energy requirement (0.8 - 1 Mtpa CO₂)

**TRANSFORM**
- Begin in 2025 with implementation of additional gas conversion capacity in readiness for further natural gas post 2030, and additional energy and process efficiency projects.
- In the event that gas is either unavailable or unaffordable, an alternative roadmap path can be pursued, including accounting for the decline in current natural gas intake, accelerated asset disposals, further process and energy efficiency improvements and affordable new technology solutions.
- The gas-based TRANSFORM pillar is preferred as the overall sustainability benefits are higher into the long-term (see our long-term approach on page 12).

**Capital considerations**
- Period 2025 to 2030: preliminary investigations indicate a capital expenditure of ~R11 billion at a pre-feasibility level of definition. We are further assessing mitigation of project scope and associated capital cost, as well as the improved operating cost of the investment options available, all of which will be advanced over the next 12 to 24 months. The capital related to these projects has not yet been included in our capital allocation process, as it is subject to the completion of feasibility studies. We will update the market as these developments progress, with project implementation expected to start in 2025.
- The targeted return on invested capital on the portfolio, which takes into account this spend, will be shared in due course.
- In parallel, internal processes are underway to understand international green financing opportunities for integration into our capital allocation processes. If these financing opportunities materialise, execution of certain elements of the roadmap could take place earlier.

**ENABLING INITIATIVES THAT COMPLEMENT THE ROADMAP**
- Procure and develop carbon offset credits and projects.
- Implement technology demonstration projects.
- Execution of the scope 3 emissions programme.
- Advancing responsible policy advocacy that achieves mutual benefits for the country and our roadmap ambitions.

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In addressing our climate change challenge, we committed to a phased approach, taking into account the myriad social and economic risks and opportunities that are associated with an energy transition in a developing economy. Sasol’s economic, environmental and social footprint in South Africa is large and the decisions we take have an impact on the broader economy, other industry players, society and the communities that rely on us. If we take decisions that ultimately destroy value, the economy will also suffer. However, if we choose mutually beneficial sustainable opportunities, we can assist the country and ourselves become more resilient to climate change.

South Africa’s economic vulnerability and social, environmental and political landscape necessitate broad stakeholder collaboration to journey transition. In a COVID-impacted world, stimulating an already stressed and severely climate-exposed economy requires all sectors to play their part. Encouraging much-needed innovation to unlock barriers and grow sustainable sectors of the economy, while simultaneously addressing environmental concerns, reducing inequality and alleviating poverty, is of priority.

In re-inventing Sasol for the future, we have centralised the dimensions of people, planet and profit on an equal footing in our updated governance and decision-making processes. To this end, we developed and formalised an approach to embed climate change into the Group’s decision-making processes from strategy to project execution. This term our sustainability Decision-Making Framework (DMF), which was also used to support the development of our 2030 emission reduction roadmap.

The DMF considers decisions throughout the project development cycle (from opportunity screening to decision maturity) and is tailored for application to various levels from capital investment decisions to portfolio management and small projects. It is implicit in our investment governance framework, control and integration functions and explicitly applied during decision-making, with a report on the findings now a mandatory part of submissions to capital governance forums. The DMF allows for the consideration of energy efficiency, impacts on water consumption, air emissions, and waste and effluent generation. These considerations are augmented with the social elements of employment, health and well-being, innovation, tertiary job creation. We are exploring both public-private and private-private partnerships to realise these ambitions.

Our 2030 emission reduction roadmap shows how we intend delivering our 2030 reduction target. In developing our roadmap, we took into account the issues that will inform our long-term 2050 ambition. Natural gas and renewables have been identified as key enablers for more significant emission reductions than our current 2030 10% target. A significant reduction in our emissions before 2030 is constrained by affordable and available feedstocks and utilisation of lower-carbon energy. Given that there are uncertainties surrounding gas supply, pricing, infrastructure development and renewable energy regulations, a longer time-frame than 10 years is required to see significant step change reductions. Therefore, we are taking time to resolve some of these uncertainties before announcing our 2050 target, which we intend sharing at CMD in 2021. Notwithstanding these uncertainties, the manner in which our roadmap has been designed positions us to resolve these uncertainties and if affordable gas is secured we will be positioned for large reductions post 2030.

Through these national initiatives and our roadmap development process, we see transition fuels such as gas and renewable energy playing a critical role in economic growth and job creation in South Africa. The country’s transition has already begun and points towards an expedited trajectory in a COVID-19 impacted world, where these energy sources are significantly cheaper than coal. Sasol, together with most other industry players, formed part of the Business Unity South Africa (BUSA) Platform to provide clear recommendations for economic recovery after the COVID-19 pandemic, taking climate change and Just Transition considerations into account. Key recommendations focus on the importance of the right policy environment to mobilise private sector investment and spending. Energy security and a transition to green energy generation is central to the new industrialisation and work independently and in collaboration with government and other partners to understand:

- mitigation opportunities that result in the enhancement of social benefits;
- advocating for a conducive national policy framework;
- public stakeholder engagement and; funding opportunities.

Starting our hydrogen journey

Through an initiative by the Department of Science and Innovation (DSI) in South Africa, Sasol is participating in a project to donate methanol and hydrogen for a nine-month period to the field Intensive Care Unit at 1-Military hospital in Pretoria. This project is using innovative mechanisms to provide much-needed power. The project is a joint effort between the DSI, Bambili Group, Air Products, Sasol and Protea Chemicals. In supporting projects such as these, we promote the use of sustainable fuels to pave the path for both Sasol and the country’s transition to sustainable energy sources, like green hydrogen.

PARTNERING WITH AIR LIQUIDE

As part of Sasol’s asset review process, the sale of the Secunda oxygen plant to Air Liquide was announced in July 2020. The Secunda oxygen plant (Air Separation Units) is responsible for ~7 Mtpa CO₂ emissions, which is ~1% of our South African emissions profile. Air Liquide has industrial gas technology to reduce the emissions associated with these units by at least 30 - 40% by 2030. This will contribute to and support the overall GHG reductions of the Secunda site. The ~7 Mt CO₂ removal from Sasol’s baseline does not impact on us achieving our committed 10% reduction ambition by 2030.

Potential reductions for the Air Separation Units focus on a combination of renewable energy utilisation and potential modernisation of the oxygen units. This partnership creates opportunities for both Sasol and Air Liquide to jointly progress our GHG reduction ambitions and advance development of the hydrogen economy in South Africa. Air Liquide is a global leader in industrial gases and services; has experience and expertise in the green economy, thereby assisting in our drive for a Just Transition to enable economic growth and employment opportunities.

TOWARDS A LOWER-Carbon FUTURE (continued)
OUR LOWER-CARBON CHEMICALS BUSINESS

Sasol supplements lower-carbon natural gas with grid electricity to power our international Chemical business. In our Eurasian and North American operations, purchased electricity (scope 2 emissions) accounts for ~14% and 21% of our regional GHG footprint, respectively. Electricity can be generated from a range of sources, including burning fossil fuels to renewable sources. Changing the mix of electricity towards less carbon-intensive sources helps reduce GHG emissions and improve air quality.

The mix of energy sources for electricity generation in the US and Europe has changed over time, especially in recent years. Natural gas and renewable energy sources account for an increasing share, while coal-fired electricity generation has declined. Uptake of renewable electricity generation from wind and solar has steadily increased, driven by changes in market prices and policies.

As a result of these changes, utility companies that distribute electricity to Sasol, now provide electricity with a lower average CO₂ intensity per kilowatt hour (kWh) compared with 5 years ago. For example, at our Eurasian operations over the past 5 years the share of coal in the average purchased generation mix has declined from 27% in 2014 to 18% in 2018, replaced by increasing shares of natural gas and renewable generation.

We are in the process of evaluating further opportunities to lower our GHG emissions through potentially more cost-effective utilisation of renewable energy. Looking forward, we are investigating the procurement of renewable electricity that is generated by utility electricity providers in the regions in which Sasol’s facilities are located.

For our North American operations, absolute GHG emissions have increased from 2019, due to LCCP coming online, however GHG intensity has significantly decreased because of a higher production output. This intensity is expected to decrease further once the LCCP is fully operational.

For our Eurasian operations, our GHG emissions remain relatively stable. Our production has been impacted by COVID-19 and related lockdowns, thereby causing a slightly higher GHG intensity in 2020 compared to 2019.

Combined heat and power project at our Lake Charles Chemicals Project

Our LCCP follows the principle of using energy and raw materials as efficiently as possible. Our design shows a series of intelligent systems that help save energy through a number of ancillary economic and environmental benefits.

For example, we utilise a combined heat and power (CHP) process through a steam turbine generator (STG). The CHP technology uses lower-carbon natural gas and produces both electricity and steam at the same time.

The STG system reduces very high-pressure steam to provide high pressure and medium pressure heating steam to satisfy the plant’s demand creating 25MW of electrical power as a by-product to offset grid purchases of electricity. In general, simultaneous production is more efficient than producing electricity and thermal energy through two separate power systems and requires less fuel. This reduction in fuel use results in a number of benefits for our overall Lake Charles Complex, including energy cost savings; and reduced GHG and air emissions.

Working with our international partners to use lower-carbon electricity

Our ethane cracker and derivatives complex in Lake Charles, Louisiana utilises relatively low-carbon intensity electricity. According to the 2018 Benchmarking Air Emissions report from M.J. Bradley & Associates, Sasol’s Lake Charles electricity provider is the sixth-largest top 100 power producers in the US and ranks fourth in the production of zero-emitting energy. Committed to reducing their own environmental footprint, Entergy, Sasol’s electricity provider at Lake Charles, is investing over US$11 billion in capital over the next five years in generation assets, transmission and distribution infrastructure.

In 2019, we purchased electricity at an emission grid factor of ~320 kg of CO₂e/MWh, which is lower than the most recently published US national average of 458 kg CO₂e/MWh and our 2020 purchased intensity of 485 kg CO₂e/MWh. This resulted in our scope 2 emissions being ~34% less when comparing to emission rate levels in 2000.

Purchased electricity CO₂e intensity at our Lake Charles Chemicals Complex

9. Climate scenario analysis and evaluation of risks and opportunities, Entergy, March 2019
ENABLING INITIATIVES AND PARTNERSHIPS

Understanding the impacts of value chain emissions

Sasol recognises the size of our scope 3 emissions, which represents 39% of total GHG emissions. While our first priority remains on reducing combined scope 1 and 2 emissions (which are significantly higher than scope 3 emissions given our intensive coal-based operations), scope 3 emissions are a focus of our holistic reduction efforts in the medium- to long-term.

As the remaining global carbon budget continues to be depleted, there is an increasing desire from our stakeholders to influence the reduction of these emissions. It is against this backdrop that we are responding through a work programme to more completely assess scope 3 emissions, its baseline and implement reduction interventions, where possible, with the aim of potentially setting a target.

Sasol calculates scope 3 emissions using methodologies consistent with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We have been reporting these emissions from 2010 in our CDP responses. Since then, we have progressively reported on more scope 3 categories, including across our geographical locations, as information and internal processes were refined. We currently report on 9 out of the 15 categories. The emissions we do not report on are either not applicable or the data may not yet be readily available. On the not yet reported but applicable categories, we are exploring opportunities to quantify this data for future reporting, as well as to align our scope 1, 2 and 3 reporting timeframes. Scope 3 reporting currently lags by one financial year, due to the need for us to extend Sasol’s environmental data reporting system to capture the numerous variables required for comprehensive scope 3 reporting.

Material categories (emissions larger than 1 Mtpa) are associated with the use of our energy products by our customers (Category 11) and procuring feedstocks for our operations (Category 1). This scope 3 profile is consistent with other energy companies. However, our profile is considerably smaller in absolute terms. For 2019, Category 11 accounted for ~35.6 Mt CO₂e out of the total 42.3 Mt CO₂e. Category 11 emissions arise from the combustion of our energy products, primarily liquid fuels in the South African market, and exported coal. In general, our chemical products are not combusted, with the carbon being sequestered. Our energy products make up ~64% of Sasol’s total sales by mass and remain key to our product slate. Regarding our chemicals products, we anticipate associated emissions in the use phase to be substantially lower than our energy product emissions. Many of our chemical products have a number of different applications, each of which have a different conversion, use and disposal-related emissions profile. For the long-term, a process is underway to better understand how our chemical products are used.

A parallel process is underway to support our customers in quantifying their emissions using a lifecycle assessment approach on our chemical product portfolio. More details on this activity will also be shared in future reporting.

Our work programme

Our ability to accurately track our scope 3 value chain emissions baseline is a prerequisite for consideration of future targets. Therefore, we are developing an enhanced approach to further refine our calculations and track our scope 3 emissions.

In 2020, our focus has been on ensuring completeness of sources, including other geographic locations; updating our assumptions and verifying emission factors in the reported categories. To date, our information has been tabulated according to the scope 3 categories, including emission data, boundary conditions, emission factor sources and assumptions applied.

Looking forward, we aim to improve our emissions baseline and identify additional quick-win reduction interventions across the value chain. Activities we are busy with to help track performance include:

- Increasing the quality of the data and reducing the level of uncertainty in our scope 3 emissions reporting. This includes checking methodologies, assumptions and emission factors in each category.
- Continuing to build on our process of engagement through our supplier sustainability questionnaire. This enables the self-evaluation of sustainability metrics, including climate change and energy.
- Engagement with selected suppliers to improve estimation of our emission factors by obtaining actual data.
- Improved tracking of our value chain emission reduction activities.

In 2020, interventions that reduced scope 3 emissions include:

Optimisation of storage warehouse locations to reduce product transport distances (Category 4):

At Sasol Germany, we undertook a trial run to convert from supplying and transporting solid wax to a molten product, to save on the customer’s need to reheat the material before processing (Category 10):

This trial run was successful, as the melting process provided the double benefit of saving customers from using energy to reheat solid wax, as well as increasing their production capacity.
SASOL’S SCOPE 3 EMISSION CATEGORIES

1. Purchased goods and services
Covers strategic raw materials purchased from suppliers, where feedstocks are used to manufacture products and not used as fuels. Assumptions are checked annually for relevance in estimating these emissions. Emission factors are sourced from the United Kingdom’s Department for Environment, Food and Rural Affairs (DEFRA), Sphera’s GaBi tool and other publicly available sources. In the case of selected feedstocks, where emission factors were not available, a request was issued to suppliers for operations-specific factors. In 2019, our emissions increased due to expanding the scope to include all owned and controlled operations globally and the use of a more accurate emission factor for crude oil. For 2018, emissions data was restated for increased accuracy. We created awareness as a basis for future engagements on mitigation interventions.

2. Capital goods
Upstream emissions from the production of capital goods purchased or acquired.
Not yet calculated – quantification is being explored for future reporting.

3. Fuel-and-energy-related activities
Emissions from the production of fuels and energy purchased and consumed that are not included in scope 1 or 2.
Covers purchased coal, natural gas and liquid fuels for on-site stationary or mobile combustion for our operations, globally. Emission factors are sourced from DEFRA, Sphera’s GaBi tool and other publicly available sources. In 2019, some purchased goods were reclassified from Category 1 to Category 3, in line with the classification of feedstocks. Emission factors are derived from the US Environmental Protection Agency’s Climate Leaders programme and DEFRA. Business travel includes both flights (local and international) for business purposes as well as kilometres travelled in hired cars and taxis. For car hire, we assumed a standard sedan vehicle hire.

4. Upstream transportation and distribution
Emissions from transportation and distribution activities through the value chain, where Sasol appoints transporters.
Covers outbound transport of products by transporters or assets not owned or controlled by Sasol, but appointed by Sasol. Modes of transport considered include road, rail, marine shipping; and some pipeline and air transport. Currently excluded are inbound transport of materials and storage of products in warehouses and tanks. Emission factors are sourced from DEFRA and other publicly available sources, including the European Chemical Industry Council. Where country specific emission factors were available, these were used. Engagements took place with various service providers across different transport modes to use actual data, where quantified.
Ongoing supply chain optimisations have the benefit of driving continuous improvements in logistics emissions (see example described on page 21). Double counting of emissions between Category 4 and 11 was identified, and therefore a downward adjustment was made accordingly for both road and rail transport in South Africa.

5. Waste generated in operations
Emissions from third-party disposal and treatment of waste generated for owned or controlled operations.
Covers emissions from the disposal of non-hazardous solid waste. DEFRA default factors were used.

6. Business travel
Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties.
Covers emissions associated with charter flights and travel booked through our in-house travel agent. Emission factors are derived from the US Environmental Protection Agency’s Climate Leaders programme and DEFRA. Business travel includes both flights (local and international) for business purposes as well as kilometres travelled in hired cars and taxis. For car hire, we assumed a standard sedan vehicle hire.

7. Employee commuting
Emissions from transportation of employees between homes and work sites.
Covers emissions associated with employee commuting in South Africa. Emission factors are sourced from DEFRA and other publicly available sources. Analysis is underway to expand this scope.

8. Upstream leased assets
Emissions from the operation of leased assets by Sasol and not included in scope 1 and 2 emissions.
Sasol does not operate leased assets not already included in the inventory. No reporting will be undertaken for this category.

9. Downstream transportation and distribution
Emissions from transportation and distribution activities through the value chain where suppliers (upstream) or customers (downstream) arrange transporters.
Transportation of materials and products arranged by suppliers and customers is complex to estimate. Quantification may be considered for future reporting.

10. Processing of sold products
Emissions from processing of sold products by customers subsequent to sale.
Covers almost all chemical products. This is complex to estimate, since many chemicals have multiple applications, and the details of processing and conversion of chemicals by customers is not always known. Efforts will be considered to quantify these emissions for future reporting. Where customers request focused engagements, we collaborate to innovate on process improvements (see example described on page 21).

11. Use of sold products
Emissions from the use of goods and services sold.
Covers emissions related to the complete combustion of all products sold to our customers to generate energy in their operations. Includes only energy-related products, such as emissions from combustion of natural gas, diesel, petrol and exported coal. Emission factors for products with variable quality (e.g. export coal) were calculated from product analysis, whereas those with more fixed quality (e.g. diesel, petrol) were sourced from databases including DEFRA, Sphera’s GaBi tool and other publicly available sources. For our chemical portfolio, emissions relating to use have not been quantified. In 2019, our emissions increased as a result of additional products being calculated, such as coal and crude oil.

12. End of life treatment of sold products
Emissions from waste disposal and treatment of products sold at the end of their life.
Not yet calculated – quantification is being explored for future reporting.

13. Downstream leased assets
Emissions from the operation of owned assets but leased to other entities and not included in scope 1 emissions.
Covers emissions from leased assets and focused on energy use for each of these assets, including office, retail and specialised buildings. The South African National Standards (SANS) 204: Building Energy Efficiency requirements are used to determine annual energy consumption for each asset.

14. Franchises
Emissions from the operation of franchises not included in scope 1 or 2.
Covers emissions from franchises, including Sasol and Exel service stations in South Africa and focused on energy use for each of the franchised sites. The SANS 204: Building Energy Efficiency requirements are used to determine annual energy consumption for each franchised site.

Material categories are those emitting more than 1 Mt CO2e.

Notes:
See detailed explanation for the trend in each material category, reflected in blue highlighted text.

42.3 million tons CO2e of scope 3 emissions were calculated for 2019, representing 39% of our total GHG emissions.
CARBON OFFSETTING: A TOOL FOR SOCIAL GOOD

Sasol aims to use offsets in three ways to reduce our emissions outside of our operations:

- **Enabling initiatives and partnerships (continued)**

  **To meet current and future legal obligations:** offsets are allowed under certain jurisdictions.

  **To increase or meet our targets:** after on-site mitigation action is exhausted, offsets could be used to bridge the remaining gap.

  **To enable scope 3 emission reduction:** although a work programme has been initiated, limited opportunities currently exist to reduce our liquid fuel product emissions, outside of offsets.

Offsetting is recognised as a necessary tool to meet and increase climate ambition. Offsets allow for accessing least-cost emission reductions that also provide additional societal benefits. Facilitating the use of carbon trading and growing carbon markets is a focus of Article 6 in the Paris Agreement.

**Pros**
- Reduced reliance on the market
- Leveraged expertise reducing time to market
- Shared risk
- Reduced reliance on the market
- 100% ownership of the credits
- High degree of control over project types

**Cons**
- Risk of delivery borne by 3rd party
- Sasol pays on delivery of credits
- Higher credit costs and subject to market conditions
- Potentially higher upfront costs as Sasol would have to pay for services
- Full exposure (delivery and funding) and non-core competency

**PROCURING CREDITS**

Sasol has supported a number of offset projects through the purchase of verified credits. For example, we have partnered with Energy Systems SA to support the ‘Joburg Landfill Gas to Energy Project’ and the EnviroServ Chloorkop Landfill Gas Recovery Project’. These two projects support landfill gas (LFG) to electricity interventions. LFG is directed to a modular electricity generation plant, whereby the methane is combusted to produce electricity. In the absence of these projects, methane, which is 23 times more potent at global warming than CO2, would have been released. Some projects demonstrated additional CO2 emissions saved through the displacement of electricity from the national, predominantly coal-based, grid.

The South African Carbon Tax Act makes provision for various allowances or relief mechanisms to reduce carbon tax liability during Phase 1, running until the end of 2022. A company may utilise offset credits up to a limit of 5 or 10% of their scope 1 GHG emissions depending on the activity.

Accordingly, Sasol has undergone a rigorous evaluation process to purchase independently verified emission reduction certificates from reputable carbon retailers. In so doing, we have saved in excess of R200 million in carbon tax liability. The projects have mitigated the release of 2.5 Mt CO2e. Projects have been reviewed to ensure environmental integrity (i.e. that emission reductions are real, permanent and additional12).

Our ability to accurately project our future offset requirements is impacted by regulatory uncertainty in South Africa. Currently, there is a lack of clarity with respect to the role that carbon offsets will play from 2023 onwards. Therefore, we continue to engage with government on the pros and cons associated with the design of the aligned carbon budget tax system (integrated mitigation system) and associated flexibility mechanisms.

We have also advanced investigations into in-house offset projects and have embarked on a series of research activities. In South Africa, it is unlikely that a single project or sector will be able to address our carbon offsetting requirements. Therefore, a roadmap of practical solutions will be selected based on investment costs, carbon mitigation potential and co-benefits. In 2021, we plan to communicate our carbon offset roadmap as part of our 2050 emission reduction roadmap.

These could potentially include technology options in:

- the waste sector;
- enhancing natural sinks using afforestation and restoration initiatives and protecting natural habitats; and
- community-based energy efficiency projects.

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12 Additional is a term used in markets used for tradable GHG emission reductions. It means that a project would not have occurred under ‘business-as-usual’ i.e. there would be no project without the added incentive of revenue generated from the sale of the offsets.
ENSURING RESILIENCE TO THE PHYSICAL IMPACTS OF CLIMATE CHANGE

The manifestations of climate change through higher temperatures, changing rainfall patterns, more frequent and/or intense weather events, including heat waves, droughts, storms and cyclones/hurricanes, pose risks to our employees, communities, operations and value chains. As reported last year, these risks are spatial (differ by geographical region) and variable in nature, and therefore require site-specific responses. Our adaptation response is a journey moving from a reactive approach (focused on recovery once an event has been experienced), towards proactive adaptation (preparing for anticipated future changes and impacts, which are informed by climate science).

Our adaptation approach moving from reactive to proactive action

<table>
<thead>
<tr>
<th>Short-term (1 year, including completed activities)</th>
<th>Medium-term (2-3 years)</th>
<th>Long-term (4-6+ years)</th>
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<tr>
<td>• Formalised adaptation as a designated focus area</td>
<td>• Update risk assessments</td>
<td>• Systems, processes and projects</td>
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<td>• Communication and awareness sessions held during 2020</td>
<td>• Conducted with site-specific actions identified and implemented</td>
<td>are mature to ensure assets, fenceline communities and supply chain are resilient to the impacts of a changing climate</td>
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<tr>
<td>• Continuous fostering of relationships (internally and externally)</td>
<td>• Integrating climate change into business processes</td>
<td>• Monitoring and assurance of site-specific actions, such as asset integrity, maintenance schedules and early warning systems</td>
</tr>
<tr>
<td>• Developing guidance documents to ensure current and future adaptation responses are embedded consistently across the sites</td>
<td>• All management levels of the organisation focusing on a climate change agenda</td>
<td>• Continuous monitoring and incorporation of global best practice, as well as identification of emerging risks</td>
</tr>
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</table>

Enabling initiatives and partnerships (continued)

We plan to collate site-specific risks and opportunities into a roadmap of prioritised activities utilising our established Enterprise Risk Management process. At operational level, we include extreme weather into our storm water management, adjusting operating envelopes (specifically cooling requirements) and managing occupational exposure due to heat stress at our operations. This is against the backdrop of having introduced improved early weather warning systems and protocols for operating under abnormal weather conditions.

Fenceline communities and partnerships

Empowering our fenceline communities to enhance their resilience to the impacts of climate change is a focus area of our adaptation strategy. Our programmes include investments in education, skills development, infrastructure and health interventions. For further information refer to **SR** page 46. We depend on the expertise of industry and environmental partners to meet the current demand for sustainable programmes and investments. We can only create just and resilient communities that thrive in sustainable economies through buy-in from our stakeholders and our ability to take our current interventions or programmes to scale within our fenceline communities. Adaptation requires building multi-stakeholder partnerships, both regionally and internationally. In 2020, Sasol participated in the Africa Business Adaptation Project (BAP) as a nominated representative for the Industry Task Team on Climate Change (ITTC). The BAP leverages work originally carried out in the US by climate experts, to share best practices in developing adaptation strategies for business in order to advance this field.

EMBEDDING CLIMATE CHANGE MANAGEMENT

**Governance**

In 2019, we communicated our sustainability and governance approach for enhanced climate management. Year on year we aim to more deeply embed climate change management into mainstream business activities through our integrated fit-for-purpose approach. In this way we minimise risks and maximise opportunities, as we transition our operations. In 2020, we made changes to the terms of reference of the relevant governance committees of the Board and the Group Executive Committee (GEC); and some of the supporting governance structures.
Embedding climate change management (continued)

**DRIVING PERFORMANCE THROUGH INCENTIVES**

Sasol promotes effective management and achievement of climate-related targets and objectives through appropriate performance incentives. With the exception of Mining employees below management levels who participate in production bonus plans, short-term incentives are distributed through the single short-term incentive (STI) structure, which applies to all other employees globally. Corporate performance targets are set in relation to the long-term incentive plan and are measured over a period of 3 years.

During 2020, the Remuneration Committee approved incorporating the delivery of the 2030 emission reduction roadmap, together with energy efficiency, into our 2021 STI incentive structure. The provision of significant renewable energy sources over the next three years, will be included in the corporate performance targets used in the 2021 long-term incentive (LTI) plan. Year on year GHG reductions are not feasible given the complexity of our operations and the need for planned maintenance outages of our facilities for operational changes to be effected. Therefore, we are incentivising key interventions that result in step-change reductions in our emissions.

Our approach focuses on delivery of the roadmap and critical levers that reduce GHG emissions in the short- to medium-term. The group’s incentive targets closely align with our strategic priorities and are annually reviewed. Climate change is a strategic priority for Sasol and incentive targets support the achievement of our objectives. Climate change-related targets in both our STI and LTI plans will have an increased weighting in 2021. The intention is, as we formalise our capital allocation and strategic priority for Sasol and incentive targets support the achievement of our objectives. Climate change-related targets in both our STI and LTI plans will have an increased weighting in 2021. The intention is, as we formalise our capital allocation and strategic priority for Sasol and incentive targets support the achievement of our objectives. Climate change-related targets in both our STI and LTI plans will have an increased weighting in 2021. The intention is, as we formalise our capital allocation and strategic priority for Sasol and incentive targets support the achievement of our objectives. Climate change-related targets in both our STI and LTI plans will have an increased weighting in 2021. The intention is, as we formalise our capital allocation and strategic priority for Sasol and incentive targets support the achievement of our objectives. Climate change-related targets in both our STI and LTI plans will have an increased weighting in 2021. The intention is, as we formalise our capital allocation and strategic priority for Sasol and incentive targets support the achievement of our objectives. Climate change-related targets in both our STI and LTI plans will have an increased weighting in 2021. The intention is, as we formalise our capital allocation and strategic priority for Sasol and incentive targets support the achievement of our objectives. Climate change-related targets in both our STI and LTI plans will have an increased weighting in 2021.

**Sasol’s climate change executive remuneration objectives**

- **Short-term incentive plan**
  - Release our 2030 emission reduction roadmap and deliver on associated milestones towards our 2030 target
  - Deliver the business construct13 for our 600MW renewable energy project
  - Energy efficiency improvement of 1% from 2020 to 2021
  - Release our 2050 long-term ambition and roadmap

- **Long-term incentive plan**
  - The introduction of renewable energy linked to the 600MW RFI and aligned to the 2030 roadmap by June 2023, reducing scope 2 emissions

13. Sourcing strategy approved, preferred bidders selected and the final form of power purchase agreements with the preferred bidders negotiated for the first tranche of renewable energy projects.

**CLIMATE CHANGE POLICY AND ADVOCACY**

**South Africa**

Climate change policy in South Africa is still being progressed amidst the extreme difficulties experienced due to the pandemic, exacerbated by prevailing socio-economic and financial issues. In the President’s 2020 State of the Nation address, the importance of finalising the Climate Change Bill was re-emphasised through the constitution of the Presidential Climate Change Coordinating Commission, Sasol continues to engage with the government on the development of climate change policy, including the Carbon Tax Act. In 2019, South Africa’s parliament approved a Carbon Tax Act to be implemented in phases, which began on 1 June 2019. The first phase runs from 2019 to 2022, at which point the tax will be aligned with the carbon budget.

Work is underway to understand the Just Transition pathway for South Africa that balances the competing national needs of the country. Sasol is part of the working teams on this critical piece of the overall South African energy transition.

Sasol adopted our voluntary carbon budget issued by the government as our short-term target. This budget was issued for a five year calendar period from 2016 to 2020. By December 2019, Sasol used 226 Mt of our allocated 302 Mt CO₂e. To support our short-term carbon budget, in 2017, we committed to a cumulative 3.2 Mt CO₂e reduction in direct and indirect emissions for the same period through the Pollution Prevention Plan regulations. By 2019, we achieved 2.25 Mt CO₂e reduction, using energy and process efficiency opportunities at both our Secunda and Sasolburg operations.

In the fourth quarter of 2020, advancement of climate change policy in South Africa was impacted by COVID-19 lockdown measures. In response, the National Treasury deferred the first carbon tax payment by three months to October 2020. Sasol’s carbon tax liability (excluding Natrex) for 1 June 2019 to 31 December 2019 is ~R308 million, after allowances, carbon offsets and electricity levies are taken into account. A full year’s carbon tax liability ranges from 4,87% for electricity and gas production and distribution, as well as steam supply, while up to the full 10% allowances for mining, petroleum and chemical products were claimed.

**Trade exposure allowances**

The methods that informed National Treasury to establish the benchmarks published in the regulations were obtained from Sasol. The performance allowances claimed in determination of the carbon tax liability range from 0 to 5%.

**Budget allowances**

The budget allowances claimed for the period in question was 5% across all the emission activities.

**Carbon offsets**

The carbon tax offsets claimed for the period 1 June 2019 to 31 December 2019 in excess of ~R200 million was directly attributed to Sasol’s Nitric Acid projects. Additional offsets are in the process of being procured to meet the shortfall in terms of the carbon tax rebate.

**International**

The most fundamental shift in European energy policy in the past 20 years has been made through the Green Deal’s commitment to climate neutrality (net zero) by 2050.

Energy-intensive industries, such as chemicals, are indispensable to the economy, supplying key value chains. Access to climate-friendly energy and feedstock will be essential to ensure a trajectory towards climate neutrality. We are tracking these developments closely and will ensure compliance to any national policies once promulgated.

In the US, the Trump administration has pursed a roll-back of critical climate policies. However, despite these setbacks, real momentum towards decarbonisation at the State and City level continues. Sasol continues to ensure compliance to all policies.

Once work on the 2050 South African operations long-term ambition and roadmap is released, we will accelerate the process to identify further mitigation opportunities for our international Chemicals business.

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1. Sasol Climate Change Report 2020

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ASSESSING ALIGNMENT WITH INDUSTRY ASSOCIATIONS

A clear and coherent position on all climate-related issues is critical for our business operations. Managing our relationships with business and industry associations is a key element of our governance and risk management processes. We hold memberships across numerous national and international industry associations, where we constructively and collectively shape technical outcomes and advocate for policy that relates to our business.

Alignment methodology

In 2020, we assessed alignment with 11 associations globally. We selected these associations based on their activities, impact and reputation on climate and energy-related advocacy matters. Geographically, these associations span South Africa, the US and Europe. An initial assessment focused on reviewing publicly available documents, media sources, publications and observations against Sasol’s own climate change positions. Four key principles were identified and considered essential for responsible climate-related advocacy for this assessment, which are listed alongside.

In addition, Sasol also checked, but did not evaluate, these associations’ commitment to promote increased transparency and disclosure in support of our commitment for greater disclosure. Due to the absence of publicly available positions on this topic and the nascent field of climate change disclosure in some regions, we were unable to undertake a meaningful assessment of this principle.

Recognising that an industry association’s view will not always concur with ours, we review the value of these memberships prior to joining, during active membership and when renewal is due. If the industry associations’ positions are unclear they would be classified as partially or not aligned. In these cases an engagement process with the industry association to obtain clearer positions would be undertaken. Each association was assigned a rating of either:

- Not Aligned - at least one principle with a not aligned position
- Partially Aligned - one or more principles with Partially Aligned positions; or
- Aligned - all of the principles addressed by the association, the stated positions were in line with Sasol’s assessments.

For this analysis, alignment and differences were assessed against the four key principles for the respective industry associations. Our results are indicated below.

Assessment results

Eleven associations were assessed and we concluded that all were aligned with Sasol’s principles. We have formally communicated these findings with the leadership of the key assessed industry associations. We expect to broaden our assessment to include additional criteria, such as support for enhanced transparency and disclosure for future reporting.

Carbon pricing provides an incentive to accelerate the lower-carbon transition through either emission trading schemes or taxes. Setting a price on carbon requires an integrated and holistic policy response to the challenge of climate change, within the context of the principle of common but differentiated responsibilities for developing countries.

IVES supports carbon pricing to enable a transition to a lower-carbon economy. In our view appropriately designed fiscal instruments that support mitigation action is needed. To ensure the viability of our projects and our long-term strategy, we developed and implemented internal South African carbon prices to assist with evaluating our business decisions.

Clear positions that align with Sasol on all four key principles.

We maintain and monitor our memberships of associations, and the positions or campaigns they undertake, to enable us to consider whether it remains appropriate.
We continue to mature risk management at Sasol using our Enterprise Risk Management Framework (ERMF). At the centre of this framework lies a comprehensive process to identify and manage climate change risk (refer to the risk management approach in the IR page 52-57 for further details). We are guided by the following five fundamentals that provide the foundation and context associated with effective risk management.

1. Accountability
   Leadership sets the tone and provides clear direction and governance for effective risk management. The GEC remains responsible for the implementation of our climate change response. The GEC is supported by the PSR to provide strategic climate change oversight and steer. The SSEC at Board level provides ultimate steer and oversight of climate change-related risks and opportunities.

2. Business knowledge
   The approach and execution of our risk management process continues to be informed by changes in the internal and external business environment and assessment of its impacts relating to operational interruptions, competitiveness, supply and demand for our products, our future legal licence to operate, reputation and stakeholder interest. We are continuing to take steps to understand and respond to current and projected future weather and climate risk for our business and surrounding communities. Against this context, Sasol is continuously reviewing its methodology and approach to analyse and assess its climate change cost exposure and value at risk to improve its sustainability.

3. Event-based risk management
   In 2019, we reported on our climate change risk and highlighted three main risk drivers, including key responses. These risk drivers, as listed below, indicate the outcomes from our detailed risk analysis:
   - Sasol’s inability to develop and implement an appropriate climate change mitigation response;
   - Downstream societal pressure impacting on market access and product competitiveness; and
   - Sasol’s inability to ensure physical long-term resilience of business operations.
   Year on year, we follow an iterative process to analyse and review these risk drivers, including meeting anticipated legislative and policy requirements, such as the emerging risk of net zero targets in developed economies, increasing capital and operational costs to reduce emissions and adapting to potential physical impacts. Risks are reviewed and aligned with the context and direction set by our climate change strategy.

4. Risk-based responsiveness
   In responding to our climate change risk that can materially influence the achievement of our strategic and business objectives, we adopted a structured approach and we are already delivering on our emission-reduction ambitions. We have defined a roadmap and a decision-making framework, with the aim of being resilient in a lower-carbon future and we outline the path that lies ahead based on scenario analysis. We see opportunity in the transition to a lower-carbon economy and are progressing our climate change response, as a top priority.

5. Risk assurance
   We are enhancing our reporting to specific governance structures on the adequacy and effectiveness of risk processes, systems and capabilities to manage and monitor climate change risks. Assurance provision is aligned with our ongoing commitment to engage openly and transparently with all stakeholders.
   Our assurance process provides evidence about the measurement, related disclosures and internal controls relevant to the Group’s preparation of the selected sustainability information. For details of our assurance refer to page 36.
   It is important to note that we are continuously refining our approach through scenario work to inform robustness testing of our strategy and associated mitigation and adaptation responses.
### Performance data

#### Natural Capital – Our environment

**Production data**

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<thead>
<tr>
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<th>North America</th>
<th>Mozambique</th>
<th>Eurasia</th>
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**Greenhouse gases (GHG) (kilotons)**

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</table>

**Indirect carbon dioxide (CO₂) Scope 2**

<table>
<thead>
<tr>
<th>Satellite Operations, Strategic Business Units and Functions</th>
<th>North America</th>
<th>Mozambique</th>
<th>Eurasia</th>
<th>Natref</th>
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<tbody>
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**Nitrous Oxide (N₂O)**

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**Direct carbon dioxide (CO₂) Scope 1**

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**Footnotes**

1. Production – external sales – The boundaries of this figure only include a product that is destined for sale to Sasol customers, and does not include a product utilised or sold between the Sasol Group of companies. A decrease in production was noted as a result of decreased demand due to the COVID-19 pandemic.

2. Greenhouse gas (GHG) emissions have been calculated and reported in accordance with the GHG Protocol (www.ghgprotocol.org) and the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines. In our GHG measurements, we have included 100% of the emissions for the following joint ventures (JVs): Natref in South Africa and Sasol Exploration & Production International. Data for those JVs where we do not have a significant influence or operational control is not included. An external assurance provider has once again independently verified our direct and indirect emissions levels. Our GHG emission intensity (tons CO₂ per ton of production – external sales) increased to 3,91 in 2020 from 3,61 in 2019, due to a decrease in the production – meant for external sale.

3. The GHG emissions for NAO have increased by 31% as a result of the LCCP facility being commissioned.

4. Other indirect carbon dioxide (CO₂) emissions are included on page 23 and in our CDP submission available at www.sasol.com. An process is underway to ensure this dataset because source data is not housed by Sasol, thereby resulting in assumptions being made for these calculations.

5. The GHG emissions for NAO have increased by 31% as a result of the LCCP facility being commissioned.

6. Other indirect carbon dioxide (CO₂) emissions are included on page 23 and in our CDP submission available at www.sasol.com. An process is underway to ensure annual reporting alignment for Sasol’s scope 1, 2 and 3 datasets. For this year only FY19 data has been calculated. Only a limited assurance audit is possible on this dataset because source data is not housed by Sasol, thereby resulting in assumptions being made for these calculations.

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INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF SASOL LIMITED (SCOPE 3)

We have performed our limited assurance engagement in respect of the sustainability key performance indicator for the year ended 30 June 2019, as reported in the Climate Change Report for the year ended 30 June 2020. The subject matter comprises the sustainability key performance indicator disclosed in accordance with management’s basis of preparation, as prepared by the responsible party, during the year ended 30 June 2020. The terms of management’s basis of preparation comprise the criteria by which the company’s compliance is to be evaluated for purposes of our limited assurance engagement. The sustainability key performance indicator is as follows:

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the key performance indicators are not prepared, in all material respects, in accordance with management’s basis of preparation.

Other matters

Our report includes the provision of limited assurance on Greenhouse gases: Carbon dioxide (CO₂) – indirect (Scope 3) for the year ended 30 June 2019. We were not required to provide assurance on this selected KPI for the financial year ending 30 June 2018 and preceding reported figures.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the key performance indicators are not prepared, in all material respects, in accordance with management’s basis of preparation.

Data and assurance (continued)

Directors’ responsibility

The directors being the responsible party, and where appropriate, those charged with governance are responsible for the key performance indicator information, in accordance with management’s basis of preparation.

The responsible party is responsible for:
• ensuring that the key performance indicator information is properly prepared and presented in accordance with management’s basis of preparation;
• confirming the measurement or evaluation of the underlying key performance indicators against the applicable criteria, including that all relevant matters are reflected in the key performance indicator information and;
• designing, establishing and maintaining internal controls to ensure that the key performance indicator information is properly prepared and presented in accordance with management’s basis of preparation.

Assurance Practitioner’s responsibility

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historic Financial Information. This standard requires us to comply with ethical requirements and to plan and perform our limited assurance engagement with the aim of obtaining limited assurance regarding the key performance indicators of the engagement.

We shall not be responsible for reporting on any key performance indicator events and transactions beyond the period covered by our limited assurance engagement.
TCFD INDEX

Location of our aligned disclosures

<table>
<thead>
<tr>
<th>TCFD recommendation</th>
<th>Place of disclosure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOVERNANCE – Disclose the organisation’s governance on climate-related risks and opportunities</td>
<td>Governance overview</td>
<td>27</td>
</tr>
<tr>
<td>a) Describe the Board’s oversight of climate-related risks and opportunities.</td>
<td>Governance overview</td>
<td>IR</td>
</tr>
<tr>
<td>b) Describe management’s role in assessing and managing climate-related risks and opportunities.</td>
<td>Governance overview</td>
<td>IR</td>
</tr>
<tr>
<td>STRATEGY – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s business, strategy and financial planning where such information is material</td>
<td>Risk management</td>
<td>32–33</td>
</tr>
<tr>
<td>a) Describe the climate-related risks and opportunities the organisation has identified over the short-, medium- and long-term.</td>
<td>Risk management</td>
<td>32–33</td>
</tr>
<tr>
<td>b) Describe the impact of climate-related risks and opportunities on the organisation’s business, strategy and financial planning.</td>
<td>Risk management</td>
<td>32–33</td>
</tr>
<tr>
<td>Impact of climate change scenario analysis on Sasol’s previous strategy</td>
<td>IR</td>
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<tr>
<td>c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</td>
<td>IR</td>
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<tr>
<td>Risk management</td>
<td>Driving performance through incentives</td>
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<tr>
<td>d) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.</td>
<td>Risk management</td>
<td>32–33</td>
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</tbody>
</table>

METRICS AND TARGETS – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

<table>
<thead>
<tr>
<th>TCFD recommendation</th>
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</thead>
<tbody>
<tr>
<td>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</td>
<td>Performance Data: Natural Capital</td>
<td>68–69</td>
</tr>
<tr>
<td>The year in review</td>
<td>CCG</td>
<td>34–35</td>
</tr>
<tr>
<td>b) Disclose scope 1, scope 2 and, if appropriate, scope 3 GHG emission and the related risks.</td>
<td>Performance Data: Natural Capital</td>
<td>68–69</td>
</tr>
<tr>
<td>The year in review</td>
<td>CCG</td>
<td>34–35</td>
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<tr>
<td>Sasol’s scope 3 emission categories</td>
<td>SR</td>
<td>22–23</td>
</tr>
<tr>
<td>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.</td>
<td>Roadmap to achieving our 2030 target</td>
<td>14–15</td>
</tr>
<tr>
<td>The year in review</td>
<td>3</td>
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ADDITIONAL INFORMATION

Under our commitment to Paris Agreement and SDG 13: Climate Action is an immediate priority and the work that we do is subject to independent review. Recognitions, participation in indexes, initiatives, and commitments are included below.

Support to global and national initiatives:

Forward-looking statements disclaimer

Sasol may, in this document, make certain statements that relate to analyses and other information which are based on forecasts of future results (related to the future rather than past events and facts) and estimates of amounts not yet determinable. These statements may also relate to our future prospects, expectations, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding our climate change strategy generally, our energy efficiency improvement target, our three-pillar emission-reduction framework, our absolute GHG emission-reduction target and our estimated carbon tax liability. Words such as “aim”, “estimate”, “believe”, “anticipate”, “expect”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour”, “target”, “forecast”, “committed”, “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Therefore, you should not place undue reliance on any forward-looking statements. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements specifically related to this Climate Change Report include, but are not limited to, changing regulatory, economic and political environments in the countries in which Sasol operates; potential liability of the Sasol’s operations under existing or future environmental regulations, including international agreements and severe weather events. These factors and others are discussed more fully under the heading “Risk Factors” in our most recent annual report on Form 20-F filed on or about 24 August 2020 and in other filings we make with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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Email: sustainability&risk@sasol.com

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1979/003231/06

Sustainability and Risk