

CLIMATE CHANGE IN BUSINESS PROCESSES

Engaging on climate policy: positions and industry associations

Sasol's climate advocacy position

A clear and coherent position on all climate-related advocacy matters is critical to our overall climate change management approach and business operations. A conducive policy landscape, enabled by collaboration and partnerships, accelerates our action towards Net Zero by 2050.

We undertake climate advocacy individually and through industry associations in support of the Paris Agreement, taking national context into account.



We have membership with various industry associations that enables us to improve our insight into a broad range of issues and facilitates the exchange of knowledge and expertise. Governance requirements are in place within the relevant industry associations that enable the adoption of broad business mandates. This ensures that no one individual business position dominates or is advanced.

Managing relationships with industry associations is firmly embedded in our governance and risk management processes, including in respect of competition/anti-trust law compliance. We subscribe to key national and international industry associations relevant to our business. In these associations, we constructively and collectively pursue technical outcomes and advocate for policy that relates to our respective businesses. Sasol participates at different levels within an industry association, including holding general memberships, chairing specific committees and sitting on board committees. These associations provide a platform for the collective voice of business and creates momentum to effect positive change.

In instances where there is misalignment between an industry association's position and our climate change position, we voice our views clearly and reserve the right to publicly communicate this position. We may even consider the termination of our membership should continued membership no longer be in Sasol's best interests. In light of our 2030 target and our 2050 Net Zero ambition, we will be further enhancing our monitoring, assessment and disclosures on our alignment with industry associations, by annually taking into account amongst others, credible and publicly available third-party assessments on such associations.

We believe over the years we have had a positive impact through our engagements with associations to support climate-related policy development, including advocating in South Africa for an aligned carbon budget/tax system, a climate change act, lifting renewable energy limits, a green hydrogen strategy and mandatory reporting of GHG emissions.

We are committed to undertaking a review of the relevant industry associations annually and more frequently if material policy position changes take place. It is envisaged that an annual review will help us ensure our alignment as we progress towards Net Zero by 2050. From our engagements with CA 100+, we used their Net Zero Benchmark indicator and their advocacy assessment criteria for reporting on our climate policy engagements.

We also engage with governments, labour, civil society and other stakeholders on short, medium and long term climate change policy. Most recently in South Africa, through BUSA, we have been participating in the National Economic Development and Labour Council (NEDLAC) negotiations on the Climate Change Bill. These negotiations are part of a statutory governance approach for consulting on key policies between labour, business and government.

Sasol is an active attendee at the UNFCCC Conference of Parties (COP) annual meetings. Since 2018, together with other business and industry associations, we have been collaborating with government in sponsoring the business-government country pavilion for the annual COP meetings. South Africa's aim in hosting a pavilion is to showcase the country's climate change activities, funding, technology and capacity-building requirements, as well as encourage partnerships.

In line with our green hydrogen and Net Zero ambition, we are participating in the development of a South African Energy Council to expedite and support development and deployment of low-carbon energy solutions. During 2021, we joined the International Hydrogen Council and were nominated to participate in the South African Hydrogen Panel that aims to advise the Presidency on mechanisms to unlock the hydrogen economy. Our CEO is participating in the Presidential Climate Commission to advance a just transition pathway for South Africa.

Sasol's principles for responsible climate-related advocacy

1. ACKNOWLEDGEMENT AND SUPPORT FOR CLIMATE SCIENCE

The IPCC provides a view of how global warming is likely to affect us, if unmitigated. The scientific evidence for warming of the global climate system is unequivocal, particularly in light of the 2021 IPCC science findings. Sasol acknowledges the scientific basis relating to anthropogenic climate change. We recognise the role of industry and our responsibility in playing a part in holding global average temperature increase, according to the scientific consensus.

2. SUPPORT FOR THE PARIS AGREEMENT GOAL

The Paris Agreement articulates the need for society to act with greater urgency to limit global warming to well below 2°C above pre-industrial levels and to pursue further efforts to limit this increase to 1,5°C. Sasol recognises that much more is required to support the aims of the Paris Agreement. We are therefore pursuing transformational changes to our business cognisant of the principle of common but differentiated responsibilities and respective capabilities as it relates to developing countries.

3. SUPPORT OF CARBON PRICING THAT PROVIDES GREATER INCENTIVES FOR INNOVATION AND LOW-CARBON CHOICES

Carbon pricing provides an incentive to accelerate the low-carbon transition through emission trading schemes, budgets or taxes. Setting a price on carbon requires an integrated, well designed, nationally determined and holistic policy response to the challenge of climate change. Sasol supports carbon pricing to enable a transition to a low-carbon economy. In our view, appropriately designed fiscal instruments and supporting mitigation action is critical, including the use of market mechanisms, such as carbon offsets and NbS/TbS CDRs. To ensure the viability of our projects and long-term strategy, we developed and implemented internal South African carbon prices to assist us in evaluating business decisions.

4. DEVELOPMENT OF LOW- AND LOWER-CARBON ENERGY SOLUTIONS IN THE FORM OF RENEWABLE ENERGY, GREEN HYDROGEN, NATURAL GAS (AS A TRANSITION FUEL) AND ENERGY EFFICIENCY

Through ambitious energy targets, the global industry is driving innovation, increasing competitiveness and reducing GHG emissions. Significant emission reductions can be achieved through energy efficiency. Renewable energy is a critical enabler for a low-carbon future and deployment at scale must take place urgently. Sasol has been a proponent of energy efficiency since as early as 2005 and committed to the EP100 initiative. Our 2030 roadmap is focused on renewable energy to reduce our emissions. Natural gas is a key enabler for an effective and efficient energy transition in developing economies. Even though it is a fossil fuel, it is a bridge for coal-based economies and can be more easily integrated with renewable energy. Sasol views transition gas and renewable energy as a springboard into green hydrogen to fully decarbonise our operations.

5. TRANSPARENCY AND DISCLOSURE

Increased transparency is critically important to ensure informed decision-making and provides confidence to our stakeholders that Group top risks, including climate change, are being addressed. We support and advocate for disclosure against best practice standards, such as the TCFD, GRI, UN SDGs and reporting criteria.

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Assessing alignment with industry associations

In 2021, Sasol assessed 12 key associations against our responsible climate-related advocacy principles, which have been expanded to now include transparency and disclosure (see page 38 for our five principles). This is aligned with our progression of TCFD reporting. Only relevant associations that undertake climate change advocacy were assessed by reviewing publicly available documents and engaging with their offices, where possible. Importantly, the majority of these industry associations cite climate change as one of their focus areas, however for the Industry Task Team on Climate Change (ITCC) it is their primary focus.

Methodology

This year, we mapped our principles against an association’s climate-related positions (refer to the table below). We applied our key principles for responsible advocacy consistently against the industry association positions. In addition, our methodology was enhanced for greater clarity, alignment to best practice and to address expectations on enhanced transparency through inclusion of a fifth principle: transparency and disclosure.

Recognising that an industry association’s view will not always accord with ours, we also review the value-add of these memberships prior to joining, during active membership and when renewal is due.

- In the event that the assessment revealed inconsistencies in terms of at least one/two of our principles, 'partially aligned' was indicated. In this instance, further engagement will take place to better understand positions held and to seek alignment.
- Where more than two principles were not aligned and if the association was not in support of the Paris Agreement, then 'not aligned' was indicated.
- Associations are considered 'aligned' with our principles where their support of the Paris Agreement is clearly articulated and the internal assessment shows congruence to all principles.

Membership fees

Sasol pays annual membership fees to industry associations, where required. The fees payable are calculated according to the constitution of the respective association.

Our assessment results

Of the 12 associations assessed, none were found to be not aligned with our responsible climate-related advocacy principles. Partial alignment was indicated across some of the relevant associations. This was by and large influenced by the lack of a clear position on transparency and disclosure, and carbon pricing. The alignment results are detailed below with an overall self-assessment indicator presenting aligned, partially aligned or not aligned. Sasol is also a member of non-advocacy associations that support ambitious climate action in support of the Paris Agreement. These include the NBI, Climate Group’s EP100, We Mean Business and CDP. Nominal membership fees are paid to these associations who support reporting platforms, climate-related studies on mitigation, adaptation and green financing.

Self assessment of the relevant industry associations' alignment to our responsible climate-related advocacy principles

Association	1. Acknowledgement and support for climate science	2. Support for the Paris Agreement goal	3. Support of carbon pricing that provides greater incentives for innovation and low-carbon choices	4. Development of low and lower-carbon energy solutions in the form of renewable energy, green hydrogen, natural gas (as a transition fuel) and energy efficiency	5. Transparency and disclosure	Reference information	Overall self-assessment of alignment <sup>1</sup>	Membership position	Annual membership fees <sup>2</sup>
BUSA – “To create a competitive economy that is global and brings value for all South Africans. Committed to working with government, social partners and labour through supporting youth skills development, education, enterprise development and job creation.”	Aligned – BUSA’s position statements have been focused on steering government to a net zero ambition and 1,5°C trajectory by 2050. This position clearly articulates a commitment to climate science and the urgency to transition. BUSA is supporting programmes that develop the necessary precedent knowledge and consensus to mobilise climate action.	Aligned – BUSA advocates for an ambitious NDC aligned to the Paris Agreement. It has provided recommendations to the drafting process of the NDC to increase ambition beyond the draft text. It advocates for South Africa to contribute its fair share to the global effort to move towards net zero emissions by 2050, taking into account the principle of common but differentiated responsibilities. Most recently, BUSA has supported 350 - 420 Mt CO <sub>2</sub> e national GHG range as the NDC.	Aligned – BUSA is supportive of carbon pricing and that it should be used as part of a suite of policy instruments. It has consistently advocated for carbon pricing that effectively mitigates GHG emissions, while demonstrating economic efficiency. BUSA supports the development of an effectively designed South African carbon tax, as part of an integrated mitigation system. In support of this, BUSA has studied alternative instruments and mechanisms to develop a more comprehensive understanding of an economically efficient and effective carbon pricing system for South Africa. It has sought to engage positively with national policy-makers to contribute this knowledge and advocate for these mechanisms.	Aligned – Advocating for enabling policy to support green hydrogen, transition gas, renewables, energy efficiency and biomass feedstocks. BUSA advocates strongly for decarbonisation of the electricity grid and diversification of energy sources away from fossil fuels.	Aligned – BUSA advocates for transparency and is in support of TCFD. Learning and training sessions have been organised to support business.	Parliamentary submissions, as well as various regulatory submissions. <a href="https://www.busa.org.za/business-statement-on-south-africas-climate-change-and-decarbonisation-response-and-the-pathways-to-net-zero-emissions-by-2050/">https://www.busa.org.za/business-statement-on-south-africas-climate-change-and-decarbonisation-response-and-the-pathways-to-net-zero-emissions-by-2050/</a>	2021: ● 2020: ●	Board member and presiding Chair on two sub-committees nominated by members.	Based on % turnover ~R 0,17 million
Energy Intensive User Group’s ITCC – “To influence the Energy Industry by ensuring that the solutions developed are reliable and economically sound. The ITCC aims to ensure that the transformation to a lower-carbon future is done in a sustainable manner and protects economic competitiveness.”	Aligned – ITCC supports the science on climate change and the need to act, as well as advocates for policy-based on scientific evidence.	Aligned – Supports South Africa’s international climate commitments under the Paris Agreement taking national circumstances, developing status, socio-economic development and the need for technology and financing support into account.	Partially aligned – Acknowledges the merit of a carbon price in the economy in the longer term and that it promotes a just transition. The ITCC advocates for an alternative design to the currently implemented carbon tax. For example a system that incentivises mitigation, such as a carbon tax levied on emissions exceeding a budget. The ITCC engages policy-makers and has developed supporting studies to demonstrate the basis and merit of its position, however does not have a clear position on carbon pricing for the short term. Sasol will continue to engage to achieve alignment.	Aligned – Supports a lower-carbon transition through implementation of low-carbon technology and the roll-out of transition natural gas to complement intermittent renewable energy, particularly during peak periods.	Aligned – Actively supports implementation of TCFD guidelines for member companies and actively tracks developments in this space. Regular knowledge sharing sessions on evolving best practices are scheduled.	Various policy submissions. The ITCC has provided science-based positions on multiple activities, including the proposed national integrated carbon mitigation system, effective carbon pricing and appropriate market mechanisms. <a href="https://itcc.org.za/">https://itcc.org.za/</a>	2021: ● 2020: ●	Regular membership and presiding Chair nominated and voted in by members.	Fixed rate ~R 0.24 million

● Not aligned ● Partially aligned ● Aligned

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Chemical and Allied Industries' Association (CAIA) – To represent and advocate members' interests, while promoting Responsible Care®, monitor its implementation and earn public trust for the chemical industry.	Aligned – Acknowledges the latest climate science and is driving urgency for action. Advocates for governments role in creating transparent, consistent and aligned policy frameworks, based on science and creating a conducive investment environment in South Africa.	Aligned – Supports the goal of the Paris Agreement and participates in advocating for an ambitious NDC, with relevant supporting mechanisms.	Aligned – Supports a fit-for-purpose carbon pricing design, integrated within a holistic policy framework that does not unduly impact South Africa's competitiveness.	Aligned – Supports renewable energy and natural gas as a lower-carbon transition fuel and a bridge to a lower-carbon economy. Members have undertaken voluntary mitigation activities related to increasing energy efficiency and reducing energy consumption.	Partially aligned – CAIA supports transparency however does not have a position on transparency and disclosure, as well as best practice reporting standards. Sasol will continue to engage on reporting standards and greater transparency.	Various policy advocacy positions and statements formulated through a dedicated Climate Change Working Group related to South Africa's NDC, just transition, availability of sustainable financing, Climate Change Bill and climate change mitigation system (including carbon budgets) - available through membership.	2021: ● 2020: ●	Board member	Based on % chemicals turnover in South Africa ~R 5, 1 million
South African Petroleum Industry Association (SAPIA) – To contribute to policy formulation, implementation and a fair framework for all, such as providing input into the development of climate change policy and regulations including that pertains to the monitoring, measuring and reporting of GHG emissions. Make the transition to cleaner fuels avoiding any supply disruptions and ensure that it is cost-effective.	Aligned – SAPIA subscribes to a scientific approach to understanding climate change and how to mitigate and limit the effects of climate change.	Aligned – SAPIA is supportive of the goal of the Paris Agreement. Many members of the association are at the forefront of promoting net zero ambitions. SAPIA is supportive of an enabling legislative environment, co-operation between organs of state, civil society and business, as well as finance to drive the just transition.	Aligned – SAPIA is supportive of carbon pricing to drive consumer and business behaviour towards a conducive environment that ensures a just transition.	Aligned – SAPIA advocates for the three-pillars of collaboration – conducive policies, finance and technical innovation that leads to less carbon emitting energy alternatives for use. This includes not only the use of renewables but also energy efficiency, CCUS and transition fuels towards a cleaner low-carbon future.	Aligned – Transparency is supported to outline goals, directing necessary resources and training towards the energy transition.	Various policy submissions.  Through an engagement, it was indicated that an energy transition position is being finalised for release.  SAPIA confirmed support of member company positions on net zero.	2021: ● 2020: ●	Board member	Based on annual operating budget for the company ~R 2, 95 million
Minerals Council of South Africa (MINCOSA) – To play a leadership role in enabling the South African mining sector to achieve its real potential for investment, growth, transformation and development in a socially and environmentally responsible manner.  MINCOSA advocates for and works with the mining industry to contribute to GHG mitigation and adaptation of communities impacted by climate change.	Aligned – MINCOSA has consistently echoed its members' acceptance of climate change science and the need for the mining industry to contribute to the collective effort in adapting and mitigating the impact of climate change.	Aligned – MINCOSA has made clear and concerted efforts to contribute to the activities of the UNFCCC and to support the Paris Agreement. This is demonstrated by MINCOSA taking a thought leadership position in advocating for conducive climate change and just energy transition policies to support the country's NDC.	Partially aligned – MINCOSA has indicated the following in its position statement prior to the adoption of the Carbon Tax Act, "the carbon tax, in the absence of any other climate change measures in the overall 'toolbox' that includes incentives and not only disincentives and necessary supporting regulation, is likely to be damaging to carbon intensive sectors with no pathways for offsets".  Its focus is on an integrated climate change mitigation instrument and not a singular tax, however they do not have clear position on carbon pricing.  Sasol will continue to engage and advocate for the just transition, using effective and efficient carbon pricing as part of a suite of measures.	Aligned – MINCOSA committed to cleaner energy technologies and renewables. It engaged with government to address the licensing challenges faced by mining companies that sought to invest in self generation capacity through renewable energy projects.  MINCOSA has also instituted a programme to fast track the application and adoption of green hydrogen technologies in the mining industry.  Given the bulk of the emissions in the mining industry at large being primarily from the use of electricity generated from coal (scope 2 emissions) MINCOSA has been calling for concerted effort to decarbonise the electricity sector.	Aligned – MINCOSA fully supports transparency, reporting and disclosure on ESG performance and climate change. Its member companies prescribe to various disclosure and reporting initiatives such as TCFD, GRI and ESG reporting.	Various submissions to government.  Public position paper on carbon tax.  Media briefings.	2021: ● 2020: ●	Board member	Based on percentage of production ~R 9,66 million
European Chemical Industry Council (CEFIC) – CEFIC and its members focus resources on four critical areas to progress sustainable development, including the transition to a lower-carbon economy and driving resource efficiency across global value chains.  CEFIC advocates and represents the industry in order to create the right support and policy frameworks in Europe and beyond, add value as a collective compared to individual companies' activities.	Aligned – CEFIC supports the Paris Agreement and strong action on climate change in line with the scientific advice provided by the IPCC.	Aligned – CEFIC supports the Paris Agreement and strong action on climate change in line with the scientific advice provided by the IPCC.	Aligned – CEFIC supports carbon pricing under the European Union Emissions Trading Scheme (EU ETS) that achieves a fair and efficient reformed ETS and enables the most efficient companies to manufacture and grow in Europe. Advocates for revenue recycling to support further emissions reductions.	Aligned – CEFIC supports affordable natural gas that could further contribute to the chemical industry's GHG emission reductions, contributing to overall industrial emission reductions with acknowledgement that natural gas could progressively be replaced by renewable gas. CEFIC expects clean hydrogen to play a pivotal role in reducing the GHG footprint of Europe's energy and feedstock supply within the transition to climate neutrality. CEFIC supports renewable energy.  "For the chemical sector to deliver further emissions reductions from our operations, access to affordable low-carbon energy to electrify our operations will be crucial in the future. However, the current cost to fully electrify many of our processes is high (between €20 – 27 billion/year for investment requirements estimated by Dechema, 2017) and would require wide scale access to renewable energy sources that Europe does not yet have today. As such, in this stage of transition where climate-neutral electricity, hydrogen, and CCU are not yet broadly available and globally competitive, the chemical industry sees the use of natural gas with CCS as a promising pathway to transition our operations towards climate-neutrality, as the International Energy Agency and others have also identified."	Aligned – CEFIC supports the recommendations of the TCFD.	Various climate-related position papers on topics such as supporting the EU Green Deal and Climate Neutrality, GHG emissions reporting and financing the transition of a low carbon economy  <a href="https://cefic.org/policy-matters/climate-change-and-energy/eu-carbon-market-and-ets-link-tbc/">https://cefic.org/policy-matters/climate-change-and-energy/eu-carbon-market-and-ets-link-tbc/</a>  <a href="https://cefic.org/app/uploads/2021/06/Cefic-views-on-the-Commission-draft-Delegated-Act-on-the-obligation-for-certain-companies-to-publish-non-financial-information.pdf">https://cefic.org/app/uploads/2021/06/Cefic-views-on-the-Commission-draft-Delegated-Act-on-the-obligation-for-certain-companies-to-publish-non-financial-information.pdf</a>	2021: ● 2020: ●	Direct membership on sub-groups that are product oriented	~Euro 0,0075 million +  Per sub-group, of which we are member of seven

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Verband der Chemischen Industrie e.V. (VCI) - VCI acts according to the principle of sustainability and are an alliance partner of the chemistry sustainability initiative. VCI promotes sustainability in its work and in the industry to provide impetus for sustainable development in business, science, politics and society.	Aligned – Supports climate neutral policies and the Paris Agreement.	Aligned – The VCI supports the Paris Agreement. In a recent study, it showed that climate-neutral chemistry is possible and which conditions are needed for the German chemical industry to become carbon-neutral by 2050.	Aligned – Supports carbon pricing through a global ETS to enable competitive conditions at the global level and avoid carbon leakage.	Aligned – The VCI supports the promotion of renewable energies to make energy supplies climate-friendly, reliable and affordable.  Encourages the use of energy-efficient products and technologies. Acknowledges the role of natural gas as a raw material base alongside renewable sources.	Aligned – Supports transparent monitoring, reporting and verification systems (MRV).	<a href="https://www.vci.de/vci-online/top-themen/raw-materials-base-of-the-chemical-industry.jsp">https://www.vci.de/vci-online/top-themen/raw-materials-base-of-the-chemical-industry.jsp</a>	2021: ● 2020: ●	Regional Board member	Based on turnover related to relevant products  ~Euro 0, 45 million
American Chemistry Council (ACC) - To deliver long-term business value through exceptional advocacy and improved member performance. This includes best-in class member engagement, political advocacy, communications and scientific research. We are committed to fostering progress in our economy, environment and society.	Aligned – ACC Climate Policy Principles 2019:  ACC considers climate change as a global challenge that requires long-term commitment and action by every segment of society. A combination of technology, market-based and policy solutions will be necessary to reduce GHG emissions and achieve climate goals, such as those of the Paris Agreement.	Aligned – ACC supports the policy statements of the International Council of Chemical Associations (ICCA) on the Paris Agreement, which recognises the role of the chemical industry in achieving the goal of the Paris Agreement.	Aligned – ACC believes any climate policy should be based on market signals and administrative provisions that send clear messages: transparent, predictable, technology-neutral price signals will facilitate lower GHG emissions, and any such price signals should be made revenue neutral. The complexity and administrative costs of United States climate policy must be minimised to the fullest extent possible. ACC considers the protection of the competitiveness of United States manufacturing as key. The United States chemical industry is in the midst of a historic wave of investment in new capacity. Any climate policy must protect the ability of energy-intensive, trade-exposed industries to compete in the global economy.  Through discussion, ACC supports an ETS or carbon tax depending on member jurisdiction.	Partially Aligned – “ACC supports a national energy strategy that develops and uses America’s diverse sources, promotes energy efficiency and encourages the development and adoption of new technologies.” Specifically, ACC supports development of low energy carbon solutions (including renewable energy, energy efficiency, hydrogen and CCUS).  Post engagement with ACC, Sasol concluded that ACC is partially aligned with our principles because they are supportive of GHG emissions being regulated and the development of low and lower-carbon energy solutions, but they do not support regulation of natural gas. ACC further explains “the chemical industry relies on essential and cost-sensitive feedstocks, such as natural gas, natural gas liquids, hydrogen and others, as well as processes that result in little or no GHG emissions. Manufacture and use of such feedstocks and processes should be exempted from climate regulation.”	Aligned – Through the Responsible Care programme, ACC member companies report progress on energy efficiency and GHG intensity. “America’s chemical industry recognises the need to further reduce GHG emissions and energy use in our own operations. Through Responsible Care®, ACC members publicly report their GHG intensity, which is calculated by determining the pounds of CO <sub>2</sub> e /pound of production.”  Sasol concluded ACC as being aligned because they support transparent metrics and disclosure of energy efficiency and GHG intensity. Further, ACC states that “they also support a Uniform, National Climate Policy that results in a single transparent and effective national program that gradually eliminates the need for a patchwork of state laws and federal regulations.”	<a href="https://www.americanchemistry.com/ACC-Climate-Policy-Principles.pdf">https://www.americanchemistry.com/ACC-Climate-Policy-Principles.pdf</a> , <a href="https://www.americanchemistry.com/Energy-Efficiency/">https://www.americanchemistry.com/Energy-Efficiency/</a> , <a href="https://www.americanchemistry.com/Innovation/Energy/">https://www.americanchemistry.com/Innovation/Energy/</a> , <a href="https://www.americanchemistry.com/Policy/Environment/Environmental-Regulations/">https://www.americanchemistry.com/Policy/Environment/Environmental-Regulations/</a> , <a href="https://www.americanchemistry.com/Sustainability/Healthy-Climate.html">https://www.americanchemistry.com/Sustainability/Healthy-Climate.html</a>	2021: ● 2020: ●	Board member	Based on percentage revenue  ~US\$ 0.51 million
American Cleaning Institute (ACI) - Serves the growth and innovation of the U.S. cleaning products industry by advancing the health and quality of life of people and protecting our planet. ACI achieves this through a continuous commitment to sound science and being a credible voice for the industry.	Aligned – ACI acknowledges that the science is clear. This is supported by the following statement: “ACI recognizes the urgent need to hold global average temperature in accordance with scientific consensus. As such, ACI has challenged cleaning product manufacturers and chemical producers to take action by aligning their climate strategies and goals, with the need to limit the global temperature rise to 1.5°C or less by reaching net-zero global emissions by 2050.”	Aligned – ACI acknowledges that the science is clear. This is supported by the following statement: “ACI recognizes the urgent need to hold global average temperature in accordance with scientific consensus. As such, ACI has challenged cleaning product manufacturers and chemical producers to take action by aligning their climate strategies and goals, with the need to limit the global temperature rise to 1.5°C or less by reaching net-zero global emissions by 2050.”	Partially aligned – ACI supports policy and collaborations with external stakeholders, minimising emissions from cleaning product use, however no direct statement on carbon pricing support. Sasol will continue to engage to encourage alignment and clear positioning on policy and fiscal instruments to drive the transition.	Aligned – ACI is driving for 100% renewable energy and low-carbon solutions. In addition, support for CCUS is also indicating by the following statement: “Enhancing climate resilience by restoring, conserving or creating natural climate solutions that store carbon and aid in sequestration.”	Aligned – Committed to an increase in transparency to provide people with the information they need to make informed decisions. Consumers want to see the evidence of safe, effective products that have been made with respect for people and the environment. “One of our key goals is to be a more transparent industry, strengthening trust and helping purchasers choose cleaning products with confidence.”  ACI continues to work towards transparency and reporting, by offering guidance rather than mandating its members to align.	<a href="https://www.cleaninginstitute.org/sites/default/files/documents/2019ACISustainabilityReport.pdf">https://www.cleaninginstitute.org/sites/default/files/documents/2019ACISustainabilityReport.pdf</a>  <a href="https://www.cleaninginstitute.org/industry-priorities/sustainability/sustainability-goals/goal-increasing-transparency">https://www.cleaninginstitute.org/industry-priorities/sustainability/sustainability-goals/goal-increasing-transparency</a>  <a href="https://www.cleaninginstitute.org/newsroom/releases/aci-applauds-us-reentry-paris-climate-accord">https://www.cleaninginstitute.org/newsroom/releases/aci-applauds-us-reentry-paris-climate-accord</a>  <a href="https://www.cleaninginstitute.org/newsroom/releases/2021/cleaning-products-industry-leaders-make-bold-commitments-combat-climate">https://www.cleaninginstitute.org/newsroom/releases/2021/cleaning-products-industry-leaders-make-bold-commitments-combat-climate</a>	2021: ● 2020: ●	Board member	~US\$ 0,165 million

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Assessing alignment with industry associations

Association	1. Acknowledgement and support for climate science	2. Support for the Paris Agreement goal	3. Support of carbon pricing that provides greater incentives for innovation and low-carbon choices	4. Development of low and lower-carbon energy solutions in the form of renewable energy, green hydrogen, natural gas (as a transition fuel) and energy efficiency	5. Transparency and disclosure	Reference information	Overall self-assessment of alignment <sup>1</sup>	Membership position	Annual membership fees <sup>2</sup>
<p>International Chamber of Commerce (ICC) - ICC brings together the various economic sectors in market economy countries and its mandate is designed to deliver on multiple aspects including:</p> <ul style="list-style-type: none"> <li>representing trade, industry, finance, transport, insurance and, in general, all sectors of international business; and</li> <li>ascertain the views of corporations and individuals involved in international trade and related business operations.</li> </ul> <p>ICC is able to voice trade specific views to relevant intergovernmental institutions and governments and drive specific positions that could be supportive of climate change related interventions.</p>	<p>Aligned – ICC recognises the escalating climate emergency and wholly endorses the findings of the IPCC Special Report on Global Warming of 1,5°C. Has a clear alignment to advocate for policy frameworks that support the alignment of business operations with this target and help reach the additional goal of net zero emissions in many countries by 2050.</p>	<p>Aligned – ICC is committed to advocating for and providing input on coherent policy frameworks – in line with the Paris Agreement and the latest climate science. Has a clear alignment to advocate for policy frameworks that support the alignment of business operations with this target and help to reach the additional goal of net zero emissions in many countries by 2050.</p>	<p>Aligned – ICC endorses the study by the High-Level Commission on Carbon Pricing and Competitiveness that calls on industry peers and governments to adopt strong carbon pricing policies.</p>	<p>Aligned – ICC advocates for low-carbon strategies example, renewable energy and supportive government policies that act in tandem to unlock economic opportunities and manage competitive concerns. Advocates for energy efficiency as a critical component of any comprehensive sustainable energy strategy. Highlights governments should continue to promote and support energy efficiency among producers and consumers of energy.</p>	<p>Not aligned – No position could be found for ICC's support of transparency and disclosure. Sasol will continue to engage on reporting standards and greater transparency.</p>	<p>Mobilisation of business leaders to catalyse support of action to tackle climate change through the Chambers Climate Coalition. Has created a global forum that offers members actionable, real-world solutions and recommendations on cost-effective, sustainable business practices aligned with Paris targets.</p> <p><a href="https://www.chambers4climate.iccwbo.org/">https://www.chambers4climate.iccwbo.org/</a></p>	<p>2021: ● 2020: ●</p>	<p>Regular membership</p>	<p>Fixed rate ~R 0,02 million</p>
<p>International Council of Chemical Associations (ICCA) – Our mission is to help the global chemical industry improve financial performance and reputation by tackling global issues, and by helping the industry improve continuously its performance through Responsible Care® and other programs.</p>	<p>Aligned – Committed to climate action and reducing GHG emissions through lightweighting, renewable energy sources, electric and battery materials and emission reductions up and down the supply chain.</p>	<p>Aligned – Committed to achieving climate goals as contained within the Paris Agreement.</p> <p>"The Paris Agreement is designed to curb greenhouse gas emissions and mobilise global political will to address the climate change challenge. Successful implementation of the Paris Agreement hinges in large part on contributions from the private sector. For global chemical manufacturers, that means continuing to do what they do best: innovate. Innovation requires a consistent, supportive policy and regulatory environment to reach its full potential and to allow industry to develop and implement solutions to address global sustainability challenges."</p>	<p>Not aligned – No position could be found for ICCA's support of carbon pricing. Sasol will continue to engage to encourage alignment.</p>	<p>Aligned – Chemical technologies are directly fighting climate change as irreplaceable components of advanced building materials and batteries, renewable energy sources, electric and high-efficiency vehicles, and lightweight plastic packaging options that improve energy efficiency and reduce GHG emissions throughout our economy.</p> <p>"Chemistry forms the backbone of energy-efficient products and technologies that help enable a more sustainable future. While greenhouse gas is emitted during the manufacture of chemical products, the use of the products downstream and in other sectors can help save more energy and emissions than are required to produce them. To this end, ICCA has developed multiple energy technology roadmaps, lifecycle assessment tools and case studies to help businesses up and down the value chain realize new gains in energy efficiency while also reducing the environmental footprint of their operations."</p>	<p>Aligned – ICCA supports transparency and chemicals contributions to the SDGs.</p>	<p><a href="https://icca-chem.org/news/icca-statement-on-climate-policy/">https://icca-chem.org/news/icca-statement-on-climate-policy/</a></p>	<p>2021: ● 2020: ●</p>	<p>Indirect membership</p>	<p>No fees payable</p>
<p>Louisiana Chemical Association (LCA) – Promotes a positive business climate for chemical manufacturing that ensures long-term economic growth for its member companies that operate throughout Louisiana. The LCA similar to its sister organisations work with local and state officials, community organisations and business interests to promote a positive climate for chemical manufacturing that insures long term economic growth.</p>	<p>Aligned – LCA acknowledges and supports the science on climate change. Emission reduction policies should involve the scientific community and the resultant recommendations should be technologically and economically reasonable.</p>	<p>Aligned - Supports the objectives of the Paris Agreement. The Paris Agreement aims to limit global temperature rise to well below 2°C above pre-industrial levels, while pursuing means to limit the increase to 1,5°C, in order to strengthen the global response to the threat of climate change.</p>	<p>Aligned – Supports carbon pricing. LCA supports a market-based, national-level emissions reduction strategy, with transparent and predictable price signals that will facilitate lower GHG emissions.</p> <p>Market-based carbon pricing should be an economically efficient policy instrument to transition to lower-carbon choices.</p>	<p>Aligned – Committed to low- and lower-carbon energy choices as part of the solution to reduce GHG emissions without impairing competitiveness.</p> <p>Low- and lower-carbon energy solutions can be achieved through energy efficiency, transitioning to natural gas, use of renewable energy, utilisation of CCUS and by embracing new and developing technologies.</p>	<p>Partially aligned – position being drafted in support of transparency and disclosure. Consultation on-going with members. Sasol will continue to engage for TCFD and greater transparency.</p>	<p>Louisiana climate change policy principles.</p> <p>Policy positions submitted to members for comment.</p> <p><a href="http://lca.org/aw/LCA/pt/sd/news_article/356482/_PARENT/LCA_layout_details/false">http://lca.org/aw/LCA/pt/sd/news_article/356482/_PARENT/LCA_layout_details/false</a></p>	<p>2021: ● 2020: Not assessed</p>	<p>Regional Board member</p>	<p>Based on percentage headcount ~US\$ 0,071 million</p>

1. The purpose of the table is to communicate information related to Sasol's review and self assessment of relevant industry associations' climate change positions against our responsible climate-related advocacy principles. The industry specific information contained herein are extract summaries from more comprehensive reference/source documents that are publicly available/accessibile including reports, website information, public statements and/or information received through associated member engagements. We therefore direct the reader to the cited sources for a comprehensive overview and do not warrant the completeness or correctness of such source information. Sasol assumes no liability and responsibility for any errors or omissions in the source information.

2. Fees are for 2021 and exclude South African Value Added Tax (VAT).

# Engaging on climate policy: positions and industry associations

## Implications of national climate change policies

2050



South Africa

Sasol monitors and consults on emerging and current climate change legislation, using a risk-based lens. Non-compliance against future legislation could result in fines, penalties or even the loss of our operating licences for our businesses.

Our climate change advocacy is centred on supporting the objectives of the Paris Agreement and ensuring a conducive policy environment for a just transition to a low-carbon economy.

We are participating in the update of South Africa's NDC ahead of COP 26. This update will potentially impact allocated emission budgets and could also have carbon tax implications for Sasol. We supported an increase in South Africa's emission-reduction ambition from that which was proposed in the first draft by government. Our support was prefaced on access to requisite international support for the ambition to enable reductions at a pace and scale for a just transition.

In South Africa a key piece of legislation is the draft Climate Change Bill, which is the first holistic legal framework for the country's mitigation and adaptation response. Sasol is supportive of a climate change management framework against which to accelerate action, cognisant of our national priorities. We are an active participant in the commenting process and will be participating in the second voluntary carbon budget process until the policy is enacted.

The Climate Change Bill proposes an aligned carbon budget and tax mechanism as the preferred tool for reducing GHG emissions post 2022. To date government has advanced a budget design, whereby large emitters will be penalised by a higher tax for emissions that exceed the budget cap. In addition, a low level carbon tax will also apply to all emissions as is currently implemented through the Carbon Tax Act. In South Africa, carbon tax price certainty is known until 2022, thereafter, government is integrating the carbon budget and tax into one mechanism, which is in the process of being designed. A key design principle adopted by government is to implement the carbon tax gradually, complemented by effective and efficient revenue recycling to contribute to emission reductions, allowing companies to recognise the policy signal and progressively prepare for the medium to long term change. We expect government to increase the carbon tax rate consistent with reductions needed to meet the updated NDC for the country. In this regard, we remain of the view that a fair and equitable approach will be followed to set the new carbon tax rate. Government consultations with stakeholders are on-going.

For the period 2016 - 2020, Sasol has been operating under a GHG emissions budget cap, issued by the regulator in South Africa. Sasol emitted a total of 282,8 Mt CO<sub>2</sub>e over this five year period, 8% below our allocated 301,7 Mt CO<sub>2</sub>e budget.

Sasol's Energy Business in South Africa is also in compliance with the requirement to submit a Pollution Prevention Plan (PPP) to the regulator. We submitted a plan to reduce 3,16 Mt CO<sub>2</sub>e by 2020 from 2016, and exceeded this by achieving 3,22 Mt CO<sub>2</sub>e.

We also paid our first carbon tax liability in 2020 of R320 million for the first seven-month period since the gazetting of the Carbon Tax Act. In 2021, we paid R579 million after offsets and electricity levies. The tax is applicable to an entity's scope 1 emissions for each calendar year.

**Our strategic approach to reduce our carbon tax exposure for the Energy Business entails:**

- An accurate and audited scope 1 emissions baseline aligned with international best practices;
- Implementing mitigation projects to meaningfully reduce our scope 1 GHG emissions and increase our energy efficiency;
- Remaining abreast of future carbon budget and tax policy developments by actively engaging with our stakeholders;
- Advocating for an economically efficient carbon pricing mechanism supported by other policy enablers for accelerated deployment of climate solutions; and
- Accessing flexibility mechanisms, such as carbon offsets, within a carbon mitigation hierarchy.



Europe and North America

Recent announcements in Europe on the "Green Deal" for climate neutrality are also being closely tracked. In the United States changes relating to the Biden Administration are expected in the short to medium term. Our International Chemicals Business roadmaps position us to meet more stringent compliance requirements over time.

The impending European Union Carbon Border Tax Adjustment Mechanism could have impacts for our products from South Africa, if extended beyond the current prioritised sectors. Future Sasol and our focus on producing sustainable fuels and chemicals is well-suited to harness the opportunities created by an environment not in favour of fossil-fuel products.