



POSITIONING FOR RESILIENCE IN A LOWER-CARBON FUTURE

Communications pack

28 October 2019

Overview

Key messages



Sustainability is a **strategic imperative** for Sasol, committed to driving for excellence on ESG matters



Our **sustainability statement** and related **strategic focus areas** guide our sustainability efforts and the **four UN SDGs** which we prioritised



We are aware that we have a **climate change challenge** to address to ensure our **long-term resilience**, while remaining a **significant socio-economic contributor**



We support the Paris agreement, which will require a **profound global energy transition and presents a distinct challenge to our operations in South Africa**



We address **climate change as an immediate priority**, and **committed to reduce by 2030 the absolute greenhouse gas (GHG) emissions from our South African operations by at least 10%, off our 2017 baseline** using our three-pillar framework adopted in our strategy

Overview

Our sustainability statement guides our sustainability efforts

Sustainability statement

“ Advancing chemical and energy solutions that contribute to a thriving planet, society and enterprise ”

What sustainability means at Sasol?



Providing chemicals and energy in a responsible way



Respecting people, their safety and the environment



Contributing to the socio-economic development of the countries in which we operate

Overview

Our sustainability journey encompasses multiple dimensions

ESG is encompassed in our strategy

Environment

- Committed to reducing our GHG emissions
- On track to meet our energy efficiency improvement of 30% by 2030, off a 2005 baseline
- Founding member of Alliance to End Plastic Waste with a joint commitment of >US\$1 billion
- Multi-billion rand, multi-year air quality roadmaps being executed
- Sasol operates its facilities according to strict water use authorisations

Social

- Proactive promotion of diversity, transformation and social upliftment
- Support broad-based black economic empowerment initiatives, reached level 4 B-BBEE¹ status in RSA. Expenditure with black-owned suppliers increased to R19,2bn
- Implemented fenceline community supplier strategy to accelerate achievement of small business enterprises and preferential procurement targets
- Provider of employment to 31 700 employees across 32 countries. In addition, we create indirect jobs for service providers and for people in communities in which we operate
- Global spend of R1,1bn towards skills and socio-economic development

Governance

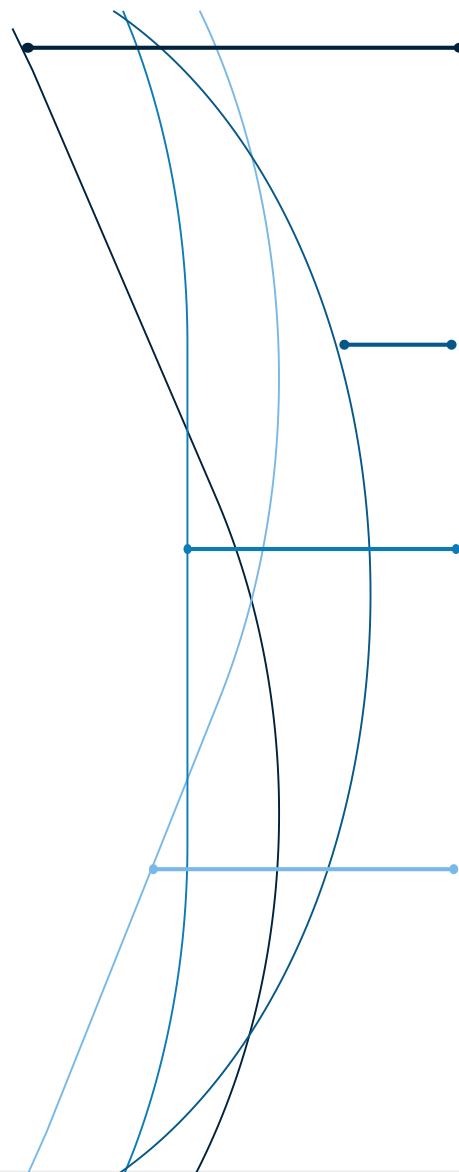
- Sasol has been recognised for its effective corporate governance, however we are cognisant that more work is required in major capital project management and will fortify our efforts in these areas
- We are committed to enhancing our governance in the environmental arena



1. Broad-Based Black Economic Empowerment

Overview

Our four sustainability strategic focus areas



Resilience in a lower-carbon future

- Reduce our GHG emissions in support of global climate change agreements
- Transform and shift our business and strategy to ensure resilience in a lower-carbon future



Safe and enduring operations

- Ensure safety for our employees and the communities in which we operate through responsible operations



Minimise our environmental footprint

- Reduce and mitigate the environmental impact of our operational activities beyond compliance
- Co-develop solutions to reduce impact of plastic and other consumer waste generated through the use of our products



Growing shared value

- Create value for our shareholders and society at large
- Continue to play a role in the socio-economic development in countries in which we operate

Overview

We contribute to a wide range of UN SDGs and specifically prioritise four that are linked to our sustainability focus areas

Prioritising four UN SDGs



Sustained, inclusive economic growth

- Enterprise development, economic productivity and full employment
- Transformation, diversity, gender equality and special needs

Sustainable consumption and production patterns

- Resource efficiency, limit waste, product stewardship, inclusive procurement and innovation

Urgent action to combat climate change impacts

- Mitigation, adaptation, energy efficiency and renewable energy integration

Global partnership

- Transfer of environmentally sound technologies
- Capacity building by promoting international cooperation and support

Note: UN SDGs: United Nations Sustainable Development Goals

UN SDGs are also aligned with the national priorities of the countries in which we operate

Our climate change challenge



Climate action (SDG13) is of critical importance



Committed to supporting a climate change transition

Support Paris Agreement, committed to addressing climate change across our global operations

Accept scientific basis of human-induced climate change and urgency to transition

As a significant GHG emitter in South Africa, our transition is a journey



Climate change as a group top risk

Scenario analysis indicates our coal-based¹ South African operations (without mitigation) are not resilient

Required to reduce emissions, transform operations through lower carbon feedstocks and shift our portfolio to reduced and lower-carbon-intensive businesses



South African operations a distinct challenge

Secunda configuration requires both known and new innovative solutions

Multiple levers including feedstock changes, renewable energy; and process and energy efficiency required

Balance socio-economic contributions



Playing a leadership role using our capabilities

Prominent role in supporting South Africa's climate change transition

Collaborating with business peers and stakeholders

Turning challenges into opportunities

Climate change is a risk to our long-term resilience

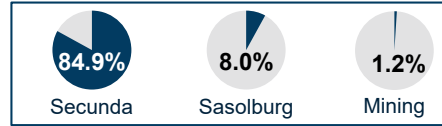
Supporting detail can be found in our Climate Change Report

Note: GHG: Greenhouse gas;
1. Includes Coal-to-liquids operations

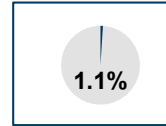
Understanding our global emissions profile

% of total scope 1 and 2 greenhouse gas emissions

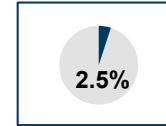
South African operations:



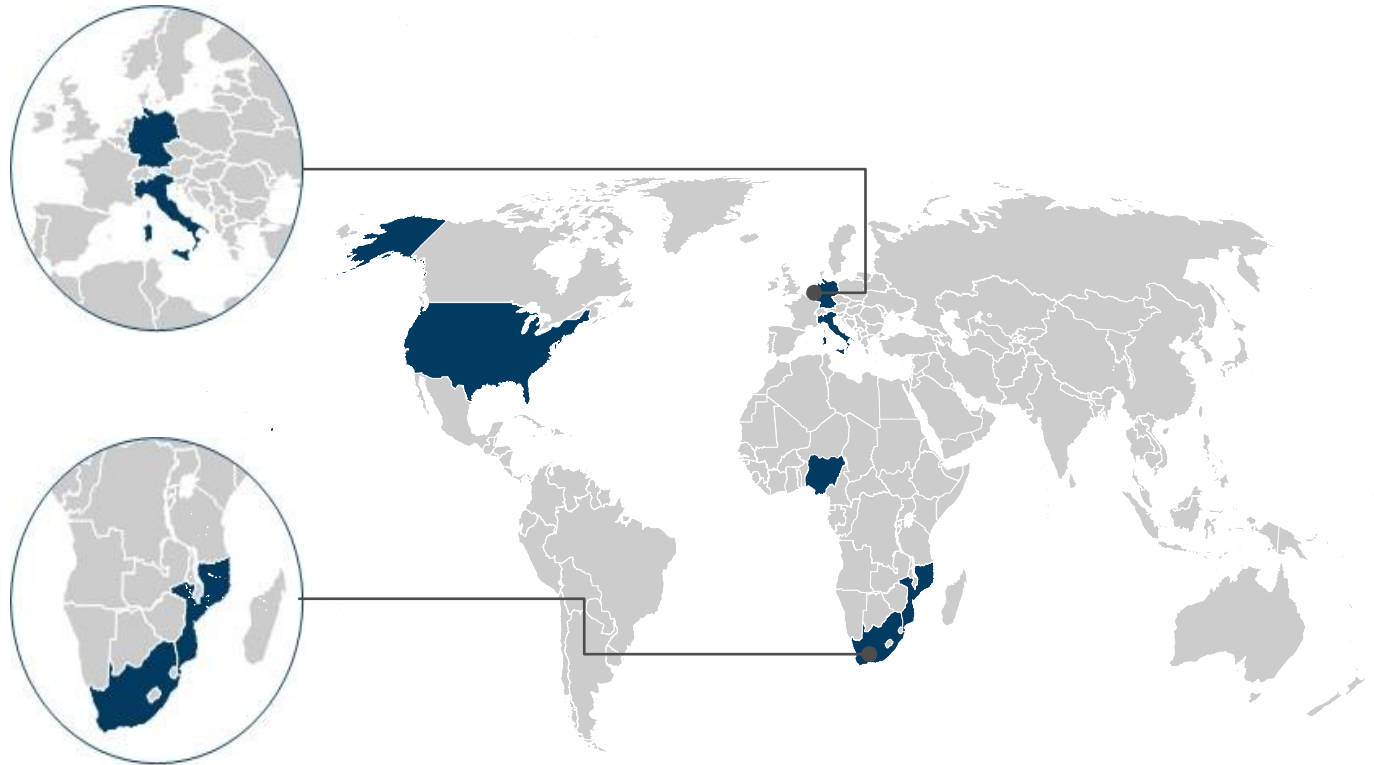
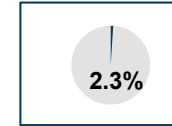
Eurasian operations:



North American operations¹:



Other operations:



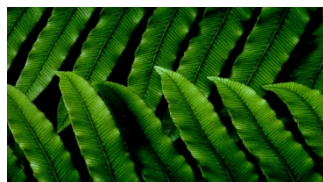
Operations outside South Africa have a lower-carbon footprint

Our climate change challenge is concentrated in our South African operations

1. Total CO₂e of North America prior to LCCP reaching beneficial operation

Our response

Taking action to reduce our emissions globally

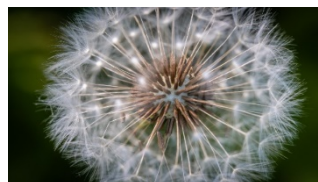


Developed an emission-reduction framework

Aligning our response to the Paris agreement

Developed an emission-reduction roadmap based on detailed scenario analysis

Conducted preliminary robustness testing of our strategy through to 2030



Building a resilient portfolio and strategy for a lower-carbon future

Ensuring resilience in a future carbon-constrained world, including investigating alternate feedstocks and renewable energy options

Reviewing our business processes to further integrate sustainability dimensions, e.g., impact of the cost of carbon



Prioritising our response in South Africa

Ensuring a balanced approach considering our socio-economic contributions

Contributing to South Africa's national commitments



Driving proactive stakeholder engagement

Working with relevant stakeholders to sustain our social and economic contributions in all geographies in which we operate

Ensuring transparency in our reporting on progress and initiatives of our sustainability journey, including progress against our prioritised UN SDGs

Reduce by 2030 the absolute GHG emissions from our South African operations by at least 10%, off our 2017 baseline

Our mitigation framework consists of three pillars

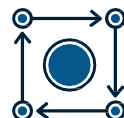


REDUCE

our emissions through efficiency & cleaner energy sources

Driving further energy and process efficiency

Switching to less carbon-intensive energy sources



TRANSFORM

our coal-based operations

Integrating cleaner alternative feedstock

Investigating new processes to modify our emissions profile

Collaboratively finding opportunities to benefit our concentrated CO₂ sources for unlocking broader societal value



SHIFT

our portfolio towards less carbon-intensive businesses

Driving revenue growth in reduced and lower-carbon-intensive businesses

Actively reviewing equity in assets not aligned with our long-term strategy

This framework is complemented by our adaptation strategy with enabling partnerships and initiatives



REDUCE

our emissions through
efficiency & cleaner
energy sources

Ambition

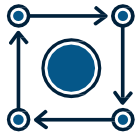
- Driving further energy and process efficiency
- Switching to less carbon-intensive energy sources

What we have done so far...

- Energy efficiency for the Group shows a 2019 improvement of 19.5%, off the 2005 baseline
- Since 2005 our cumulative South African energy efficiency improved by 21.7% for our South African operations
- Construction underway and the power purchase agreement in place for first 20 MW of renewables power generation by 2021

... and what we are planning to do

- Further progress energy efficiency to reach a 30% improvement by 2030 (EP 100 initiative), off a 2005 baseline
- Assess the feasibility to scale-up renewables integration into our operations
- Continue process improvements in our operations



TRANSFORM

our coal-based
operations

Ambition

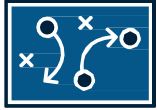
- Integrating cleaner alternative feedstock
- Investigating new processes to modify our emissions profile
- Collaboratively finding opportunities to benefitiate our concentrated CO₂ sources for unlocking broader societal value

What we have done so far...

- Introduced gas feedstock in Sasolburg and Secunda, including gas-to-power, thereby enabling the gas value chain in South Africa

... and what we are planning to do

- Exploring emerging, innovative technologies, such as renewables-based energy sources and hydrogen
- Bringing additional natural gas into South Africa and assess feasibility of incorporating additional gas in our operations
- Conducting assessments of alternative feedstocks and process flow schemes
- Investigating opportunities to benefitiate our concentrated CO₂ sources through participation in forums and peer collaborations



SHIFT

our portfolio towards
less carbon-intensive
businesses

Ambition

- Driving revenue growth via reduced or lower carbon-intensive businesses
- Actively optimising our business portfolio to achieve our long-term business strategy

What we have done so far...

- Invested in Lake Charles Chemicals Project
- Growth strategy built on reduced and lower carbon-intensive businesses
- Re-assessed assets to evaluate strategy fit
- Divested from Lake De Smet (US) coal reserves
- Committed to no further investment in greenfield coal-to-liquids, gas-to-liquids and no new refining capacity
- Implemented internal South African carbon prices for evaluating business decisions

... and what we are planning to do

- Actively reviewing equity in assets not aligned with our long-term strategy
- Driving value growth through reduced and lower carbon business opportunities
- Investigating new technologies and driving innovation to identify lower-carbon opportunities in our operations
- Incorporating sustainability dimensions in future capital investment criteria

Our commitments to 2050

Sasol is committed to progressing our climate change journey

Our achievements

- Energy Efficiency for the Group shows a 2019 improvement of 19.5%, off our 2005 baseline
- Since 2005 our cumulative South African energy efficiency improved by 21.7%
- Introduced **gas feedstock** in both Secunda and Sasolburg operations
- Construction underway and **power purchase agreement for first 20 MW** of renewables power generation by 2021
- Invested in **reduced carbon** intensity US Chemicals Project
- **Divested** from US Lake De Smet coal reserves
- Implemented internal South African **carbon prices** for evaluating business decisions

Our strategic choices

- **Actively optimise our business portfolio** to achieve our long-term business strategy
- Incorporate sustainability dimensions in **future capital investment criteria**
- **Growth strategy** built on reduced and lower-carbon-intensive initiatives
- **No further investment** in greenfield coal-to-liquids, gas-to-liquids and no new refining capacity

Our commitments



Further improve energy efficiency to 30% by 2030 off a 2005 baseline



Assess feasibility to scale-up renewables integration into our operations



Emission reduction roadmap by Nov 2020 and committed to reduce by 2030 the absolute GHG emissions from our South African operations by at least 10%, off our 2017 baseline



Explore lower-carbon business opportunities



Innovate and explore emerging technologies

We are committed to active and transparent engagement with our stakeholders



Pre-2012	2012-2014	2015-2017	2018-2019	2020
Signed UN Global Compact (UNGC)	Aligned integrated reporting with IIRC and King III standards ⁴	Introduced sustainability maturity framework	Adopted TCFD ⁶ recommendations	Implementation and progressing on TCFD disclosures
Endorsed UNGC CEO Water Mandate		Enhanced sustainability data management system	Prioritised UN SDGs	Enhancement of sustainability disclosures
Adopted GRI ¹ reporting, and annual sustainability reporting	Adopted six capitals approach for reporting on value creation	Enhanced environmental compliance disclosure	Released first climate change report, including results of preliminary robustness testing of Sasol's South African business	Improvement of sustainability framework
Started voluntary emissions reporting in accordance with GHG ² protocol and IPCC ³	Participated in task teams for development of GRI standards	Transitioned to GRI G4 reporting		Reporting on contribution to prioritised UN SDGs, with an initial 2030 GHG emission reduction target included
Committed to CDP	Included NGO ⁵ contribution in sustainability report	Conducted media round-tables		Enhancement of stakeholder engagement strategy



Ongoing engagement with our stakeholders

In summary

Our high-level emission-reduction roadmap for communication by November 2020

Until today

- ✓ **Sustainability as a top strategic priority**
- ✓ Sasol's **sustainability statement** and **prioritised UN SDGs**
- ✓ Senior **Sustainability and Risk Function in place**
- ✓ **Equity asset reviews, including lower carbon footprint considerations**
- ✓ **Emission reduction framework** in place and committed to reduce by 2030 the absolute GHG emissions from our South African operations by at least 10%, off our 2017 baseline
- ✓ **Climate change report** with qualitative assessment of robustness of the strategy
- ✓ More **proactive memberships and engagements**

To November 2020

- Measurable outcomes of further **robustness testing** on our business
- **Updated strategy** for resilience in a lower-carbon future
- **Emission-reduction roadmap**
- **Progress** all efficiency levers to prefeasibility
- **Full potential of renewable energy** integration defined
- Preliminary viability assessment of **introducing alternative feedstocks**
- Continuous screening of **new green technology opportunities**



Our actions to define emission reduction ambitions