CCR

SASOL LIMITED

CLIMATE CHANGE REPORT

for the year ended 30 June 2023

Progressing a sustainable Future Sasol

CONTENTS

INTRODUCTION

Sasol at a glance	2
Highlights of the year	3
Sasol's climate change management approach	4
Year in review	6
Progressing efforts to achieve our targets	7
Message from the Chairperson of the SSEC	9
Message from the President and Chief Executive Officer	10
Message from the Chairperson of the Climate Change Advisory Panel	11
Our commitment to climate action	12
Improving our emissions reporting	14
The links between FT, green hydrogen and decarbonisation	15
Risks and opportunities	16

TRANSFORMING FOR RESILIENCE

Resilience of our portfolio	19
The Future Sasol strategy	25
Implementing the Future Sasol strategy	27
Allocating capital	28
Energy Business	30
Chemicals Business	36
Sasol ecoFT	40
Scope 3	41
Sustainability certification	43
Offsets	44
Adaptation	46
Just transition	52

GOVERNANCE

Governance	57
Executive remuneration	61

CLIMATE ADVOCACY AND POLICY

Climate policy advocacy	63
Regulatory developments	64
Sasol's Climate Advocacy Declaration	67

DATA AND ASSURANCE

Performance data	69
TCFD index	70
Assurance statement	71
CA 100+ net zero benchmark assessment and Sasol's response	72
Forward-looking statement	74
Appendix: Sasol's scope 3 emissions categories	75

Our suite of reports is informed by the following standards and initiatives.

We have sought alignment with key reporting expectations and compliance with all relevant legal requirements.

The International Integrated Reporting <IR> Framework	IR		
South African Companies Act 71 of 2008, as amended	IR	AFS	
Johannesburg Stock Exchange (JSE) Listings Requirements	IR	AFS	
King IV™ Report on Corporate Governance for South Africa, 2016	IR	AFS	
International Financial Reporting Standards (IFRS)	IR *	AFS	20-F
Global Reporting Initiative (GRI) Sustainability Reporting Standards	SR	CCR	
Task Force on Climate-related Financial Disclosures (TCFD)	IR	SR	CCR
United Nations Advanced Reporting Criteria and Sustainable Development Goals (SDGs)	SR	CCR	
United States Securities and Exchange Commission rules and regulations	20-F		
Sarbanes-Oxley Act of 2002	20-F		
JSE Sustainability and Climate Disclosures Guidelines	IR	SR	CCR
Global tax regulations and principles	TR		

* Financial data extracted from AFS and complies with IFRS

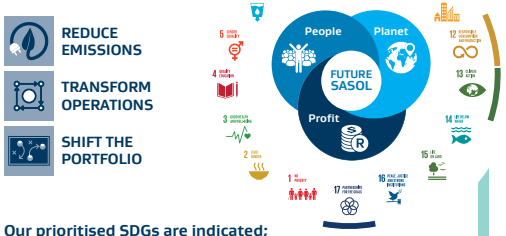
Directors' approval

The Safety, Social and Ethics Committee (SSEC) of the Sasol Limited Board (the Board) is responsible for ensuring the integrity of our sustainability and climate change reporting. We confirm that the 2023 Climate Change Report addresses all material matters relating to climate change from a double materiality perspective and fairly represents the Group's climate change performance. The SSEC, authorised by the Board, approved this report on 30 August 2023 for publication.

Signed on behalf of the SSEC:

Muriel Dube // Chairperson of the SSEC

OUR THREE-PILLAR EMISSION-REDUCTION FRAMEWORK



Our prioritised SDGs are indicated; this report primarily focuses on SDG 13 and 17.

Reporting frequency

This annual report is focused on our climate change risks, response and work in the financial year, 1 July 2022 to 30 June 2023. Unless otherwise stated, '2023' refers to the above-mentioned 12-month period. This report is published annually and should be read in conjunction with our suite of annual reports, including our 2023 Climate Advocacy and Policy Supplement (CAPS).

We incorporate the ten Principles of the United Nations (UN) Global Compact in our business activities to uphold our purpose and values.

HUMAN RIGHTS	LABOUR	ENVIRONMENT	ANTI-CORRUPTION
Principles 1 and 2	Principles 3, 4, 5 and 6	Principles 7, 8 and 9	Principle 10

Our suite of reports

IR — Integrated Report
Concise communication on Sasol's strategy, governance, performance and outlook, and how these lead to the preservation and creation of value over the short, medium and long term.

SR — Sustainability Report
Communication on Sasol's sustainability journey reflective of our environmental, social and governance (ESG) performance.

CCR — Climate Change Report
Information on Sasol's climate change risk management process, response and summary of work underway to address our climate change risks and opportunities.

CAPS — Climate Advocacy and Policy Supplement
Information on Sasol's advocacy efforts and participation in policy advocacy bodies.

AFS — Annual Financial Statements
A complete analysis of the Group's financial results, with detailed financial statements including the Report of the Audit Committee.

TR — Tax Report
Our approach to tax reporting including defining our tax principles and fulfilling our compliance and disclosure obligations globally in accordance with all relevant legislation.

20-F — Form 20-F
Our annual report filed with the United States Securities and Exchange Commission (SEC), pursuant to our New York Stock Exchange listing.

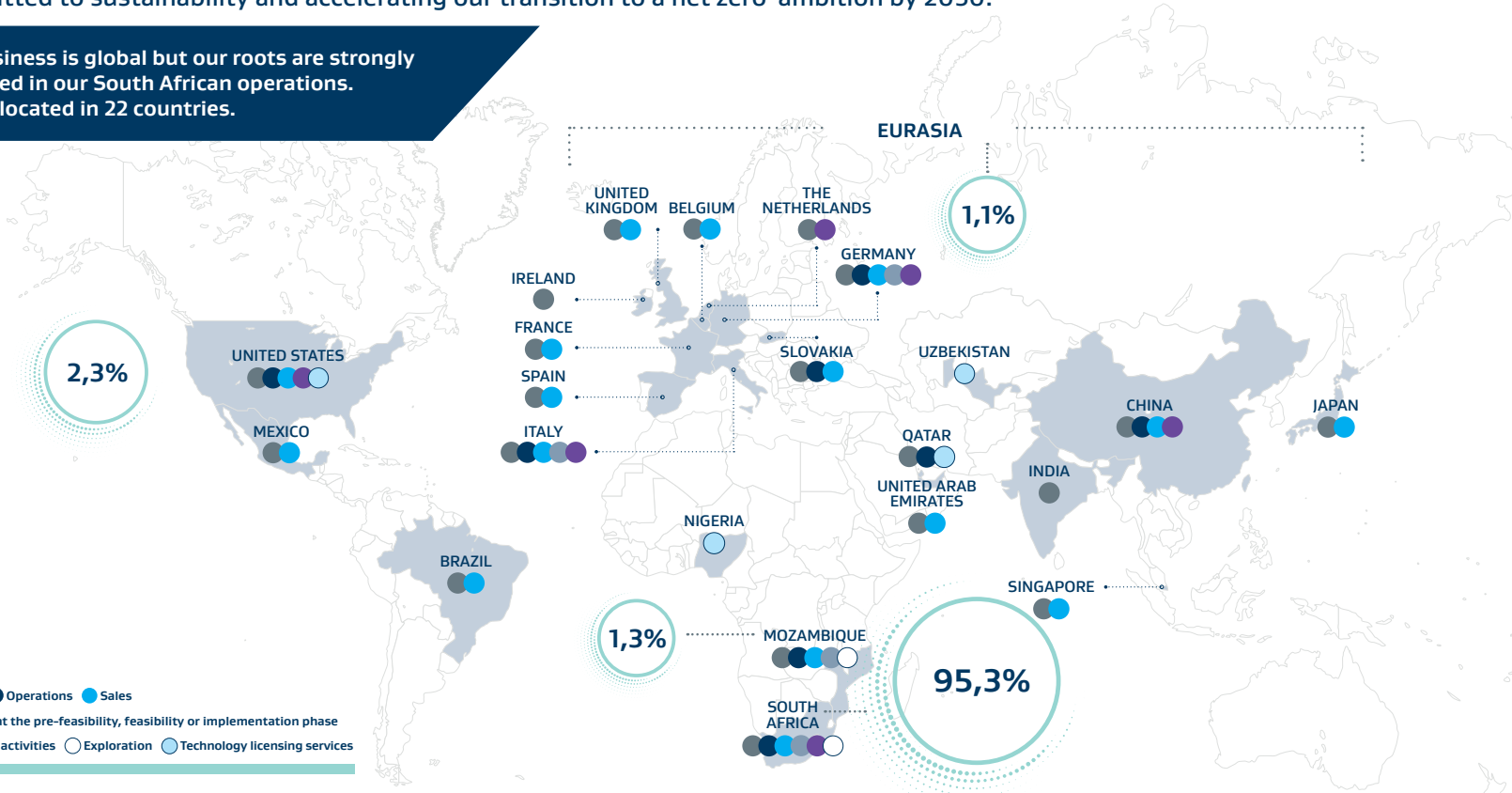
Our 2023 suite of annual reports reflects the clear actions taken to deliver progress as well as plans and prospects ahead.

WWW These reports are available on our website, www.sasol.com or on request from Investor Relations. Additional content related to stakeholders' burning issues and our responses can also be sourced on our website. Contact details are on page 74 of this report.

SASOL AT A GLANCE

We have more than 70 years' experience in the production and marketing of fuels and chemicals. We are committed to sustainability and accelerating our transition to a net zero[1] ambition by 2050.

Our business is global but our roots are strongly grounded in our South African operations. We are located in 22 countries.



Sasol is a global **chemicals and energy company**. We are **purpose-driven** and **resolute** in our **transition** to being a **sustainable entity** while **creating shared value for our stakeholders.**

Total Group greenhouse gas (GHG) emissions split for 2023

SCOPE 1 AND 2	SCOPE 3
64%	36%

Total Group GHG emissions split for 2023 (scope 1 and 2)

ENERGY

SOUTH AFRICA

Secunda	Sasolburg	Mining	Natref[2]
83,7%	8,4%	1,2%	1,9%

Other strategic business units and Functions[2, 3] 0,1%

95,3%

CHEMICALS

MOZAMBIQUE[2]	EURASIA	NORTH AMERICA
1,3%	1,1%	2,3%

1. Net zero for Sasol is to reduce emissions to the point where only hard-to-abate emissions remain or are zero. Any residual hard-to-abate emissions will be neutralised using carbon dioxide removals (CDRs).
2. Mozambique, Natref and some Other strategic business units and Functions are excluded from our scope 1 and 2 GHG target for 2030. However, Natref's products are included in our scope 3 target.
3. Includes emissions from pipeline operations.

PEOPLE
Pursue Zero Harm and improve our culture

PLANET
Advance sustainability

PROFIT
Deliver and maximise value

HIGHLIGHTS OF THE YEAR

OUR COMMITMENT

TARGETS AND AMBITION

Reduce absolute scope 1 and 2 emissions by **30%** by 2030[1]

Reduce absolute scope 3 emissions by **20%** by 2030[2]

Net zero ambition for absolute scope 1, 2 and 3 emissions by **2050**[1,2]

NET ZERO 2050

5% reduction milestone by 2026 for Sasol Energy[3]

20% reduction milestone by 2026 for Sasol Chemicals[3]

PERFORMANCE

~5% GHG reduction[4] from 2017 baseline

20% - 25% pay weighting linked to ESG targets

A- score for CDP climate disclosure

REDUCE & RESET

Signed a **69MW PPA**[5,6] for the Sasolburg green hydrogen pilot project

Integrated **~3MW** renewable electricity at Sasolburg[7]

Committed **R15 – 25 billion** (real 2023 terms) cumulative capital expenditure to 2030 for the emission-reduction roadmap

Named **energy-efficiency industrial corporate company of the year** by the SAEEC[8]

Signed **>600MW** PPAs towards Sasol Energy's emission-reduction roadmap[9]

Signed **~24MW PPAs** towards Sasol Chemicals' emission-reduction roadmap[10]

Developed a **just transition roadmap** to support our decarbonisation roadmap and responsibly tackle socio-economic impacts

Received **~500MWh** renewable electricity at Sasol Augusta, Italy[11]

TRANSFORM & TRANSITION

Extended **Mozambique gas plateau** from 2026 to 2028 and discovered additional **gas at PT5-C**[12]

Achieved **ISCC**[13] **PLUS recertification** of sustainable feedstocks for our Eurasian operations

Completed **CCUS**[14] **studies** for the Lake Charles Chemicals Complex

Research laboratory, Sasolburg, South Africa

SHIFT & REINVENT

Announced **50/50 JV**[15] **agreement** with Topsoe to advance SAF[16] production[17]

Produced **first volumes of green hydrogen** from Sasolburg Operations[18]

Demonstrated **10% higher SAF yields**[19] with Sasol's proprietary G4[20] catalyst through the CARE-O-SENE research programme

Established **Sasol Ventures** corporate venture capital fund to advance our decarbonisation ambition

Signed **carbon offsets MoU with Vertree**[21] to support delivery of our carbon offsets strategy

1. For the Sasol Energy and Chemicals businesses (excluding Natref and Mozambique).
2. For Category 11; applicable to Sasol Energy.
3. Reduction milestones have been developed for the context within which we operate and based on ability to reduce emissions. Sasol Energy has limited opportunities for reduction by 2026, as compared to Sasol Chemicals.
4. For combined Sasol Energy and Chemicals baseline and due to production variances and mitigation.
5. Power purchase agreement.
6. Msenge Emoyeni project (20-year PPA), in addition to the committed 1 200MW procurement.
7. Sasolburg Midlands solar photovoltaic (PV) project to kick-start green hydrogen production.
8. South African Energy Efficiency Confederation.
9. Initial 600MW procured jointly with Air Liquide, of which 200MW is Sasol's portion.
10. For our Eurasian and North American sites.
11. Resulting in 230 tCO_2e reduction to date.
12. Reducing feedstock costs and allowing Sasol to re-evaluate timing of potential liquefied natural gas (LNG) intake, PT5-C is a Mozambique gas exploration-licence area where we hold a 70% interest.
13. International Sustainability and Carbon Certification.
14. Carbon capture utilisation and storage.
15. Joint venture.
16. Sustainable aviation fuel.
17. To exploit the competitive advantages of our FT and Topsoe's reforming technologies.
18. Initially using energy from the Midlands solar PV project – to potentially be scaled via Msenge Emoyeni.
19. Relative to our reference commercial catalyst.
20. Fourth generation.
21. Memorandum of understanding.

SASOL'S CLIMATE CHANGE MANAGEMENT APPROACH

NET ZERO 2050

OUR THREE-PILLAR EMISSION-REDUCTION FRAMEWORK

REDUCE EMISSIONS

- Short- to medium-term reductions, including switching to lower- and low-carbon energy sources and additional process and energy-efficiency improvements.
- Integrate and scale renewable energy into operations.

TRANSFORM OPERATIONS

- Integrating cleaner alternative feedstocks such as gas and green hydrogen.
- Employing optimised processes and sustainable carbon feedstocks to reduce our emissions profile, where viable.
- Collaboratively finding opportunities to beneficiate our concentrated carbon dioxide sources.

SHIFT PORTFOLIO

- Creating sustainable products for new value pools using our FT technology.
- Actively reviewing equity in assets not aligned with our long-term strategy.
- Enabling the creation of a new green hydrogen production and market footprint.

CCR Our framework is elaborated in more detail on page 7.

2030 AND 2050 SCOPE 1 AND 2 GHG EMISSION-REDUCTION ROADMAPS

Assess and define interventions to reduce emissions in the short (up to 2025) to medium term (2026 to 2035) and transform our operations in the medium to long term (2036 to 2050).

SASOL ENERGY

2017 // Scope 1 and 2 ~63 $MtCO_2e$[1]

2021 // Process and energy efficiency (scope 1 and 2 reductions)

2025 – 2026 // 600MW renewable energy[2] (scope 2 reductions)

2026 // -5% Scope 1 and 2 ~60 $MtCO_2e$

- 600MW[3] renewable energy in a phased approach, and energy efficiency (scope 1 and 2 reductions)
- Transition gas[4]; partial boiler turndown and asset optimisation (scope 1 and 2 reductions)

2030 // -30%[5] Scope 1 and 2 ~44 $MtCO_2e$; -20%[6] Scope 3 ~28 $MtCO_2e$

- Decarbonising and creating new value pools (feedstock transformation – gas, green hydrogen, more renewable energy and biogenic carbon. Green hydrogen derivatives such as SAF and green methanol) (scope 1, 2 and 3 reductions)

2050[8] // NET ZERO[9]

SASOL CHEMICALS

North America

2017 // Scope 1 and 2 ~1,1 $MtCO_2e$

0,6 $MtCO_2e$ Lake Charles growth

- Renewable electricity (scope 2 reductions)
- Process and energy efficiency (scope 1 and 2 reductions)
- CCUS and asset closures[7] (scope 1 and2 reductions)

2026 // -20% Scope 1 and 2 ~1,4 $MtCO_2e$

- Advanced technologies and asset closures[7] (scope 1 and 2 reductions)

2030 // -30%[5] Scope 1 and 2 ~1,2 $MtCO_2e$

- Further reduction of our carbon footprint (enhancement of current reduction levers, extension of lower-emission processes and advanced technologies) (scope 1 and 2 reductions)

2050[8] // NET ZERO[9]

Eurasia

2017 // Scope 1 and 2 ~1,1 $MtCO_2e$

- Renewable electricity (scope 2 reductions)
- Low-carbon feedstocks and utilities (biomass, hydrogen and natural gas) (scope 1 and 2 reductions)
- Process and energy efficiency (scope 1 and 2 reductions)

2026 // -20% Scope 1 and 2 ~0,9 $MtCO_2e$

- Process electrification (scope 1 reductions)

2030 // -30%[5] Scope 1 and 2 ~0,8 $MtCO_2e$

- Further reduction of our carbon footprint (enhancement of current reduction levers, extension of lower-emission processes and advanced technologies) (scope 1 and 2 reductions)

2050[8] // NET ZERO[9]

BASELINE | MILESTONES AND ACTIONS | TARGET | ACTIONS | AMBITION

ADAPTATION AND JUST TRANSITION RESPONSE

Resilience to physical weather impacts[10]

- Proactively responding to the physical risks associated with climate change, including extreme weather events.
- Continuing to take steps to respond to current and projected future weather and climate risk for our people, surrounding communities, business and infrastructure

Enabling initiatives and partnerships

- Using quality carbon offsets as a last resort measure to complement our three-pillar emission-reduction framework.
- Developed a just transition roadmap with prioritised interventions focusing on affected workers and communities.
- Developing a global network of research, partnership and community initiatives to accelerate change.
- Communicating with our stakeholders through transparent climate change disclosures.

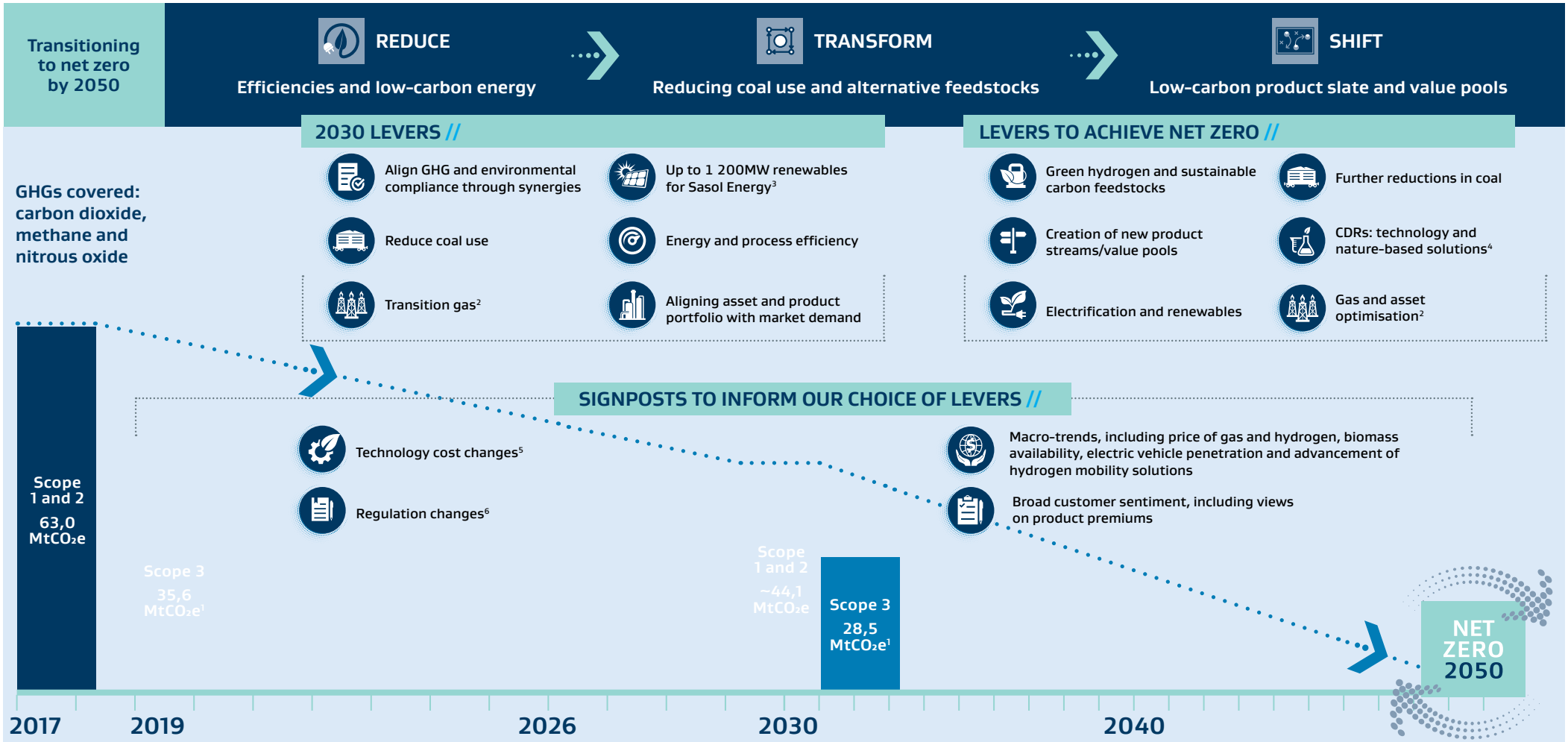
1. Re-baselined our 2017 target base year, removing divestments and including methodological changes; also includes the South African Chemicals value chain.
2. 200MW is Sasol's portion of the initial jointly procured 600MW in partnership with Air Liquide.
3. Having sold part of the Air Separation Units (ASUs) to Air Liquide, 800MW represents Sasol's consumption of the total 1 200MW target for Sasol.
4. Incremental transition gas, if economically viable.
5. Targets include carbon dioxide, methane and nitrous oxide, representing 95% of total emissions.
6. Baseline 2019, Category 11 emissions, sales from Sasol and Natref's products included, representing >80% of total scope 3 emissions.
7. Non-value-adding or redundant assets.
8. Net zero ambition follows a strict mitigation hierarchy prioritising on-site reduction before offsets.
9. In the best case scenario the fossil-fuel-free vision materialises, with no need for CDRs, while the worst-case net zero scenario leaves ~<35% hard-to-abate residual scope 1, 2 and 3 (Category 11) emissions, which will require CDRs to neutralise.
10. See pages 46 – 51 for our adaptation approach.

SASOL'S CLIMATE CHANGE MANAGEMENT APPROACH CONTINUED

Sasol Energy's 2050 roadmap

Globally, Sasol and other entities are pursuing decarbonisation in the face of a future underpinned by uncertainties. Achieving our 2050 ambition is dependent on a number of variables – technological, cost and market related. Consequently, we are following an agile approach to 2050, offering optionality and flexibility in the long term.

In 2021, we defined our fossil-fuel-free vision, which is predicated on affordable green hydrogen, sustainable carbon and large quantities of renewable energy becoming available for us to achieve close to zero scope 1 and 2 emissions at our Secunda facility (see our 2021 CCR). However, achieving the net zero ambition by 2050 does not require this scenario to eventuate, as we can pursue a number of pathways. By deliberately not locking ourselves into a single 2050 pathway, we can optimise costs, avoid large-scale infrastructure lock-in and minimise the likelihood of stranded assets and 'regret' capital. The incremental introduction of certain technologies and feedstocks in the short to medium term offers optionality. Should particular technologies prove to be more cost-effective, we would be in a position to potentially integrate them into our operations. This agile approach is supported by conclusions reached by the IEA in its 2021 Net Zero 2050 report, and others.



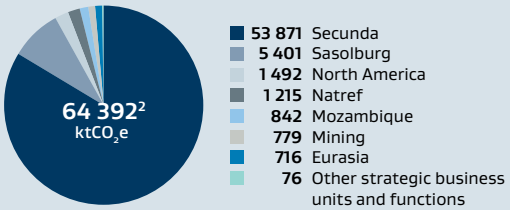
1. 2019 baseline, Energy Business scope 3 (Category 11) emissions.
2. Subject to economic viability.
3. Applies to Southern Africa operations including Mining. Renewable energy for Secunda site includes Air Liquide's portion (400MW), with 800MW being Sasol's.
4. Biological carbon sequestration, eg forestry projects, geological carbon capture and storage (CCS) and direct air capture and storage (DACS).
5. Including support to others, own research and development of key technologies.
6. An enabling policy environment.

The worst-case net zero scenario leaves ~< 35% hard-to-abate residual scope 1, 2 and 3 (Category 11) emissions, which will require CDRs to neutralise and in a best-case scenario the fossil-fuel-free vision materialises.

YEAR IN REVIEW

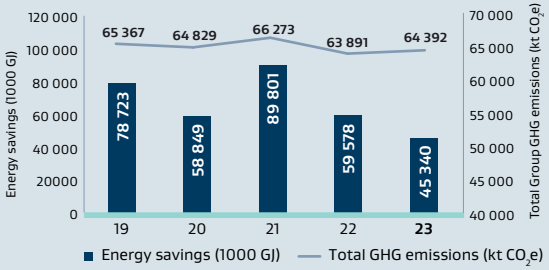
Group GHG performance for 2023

Group scope 1 and 2 emissions[1]



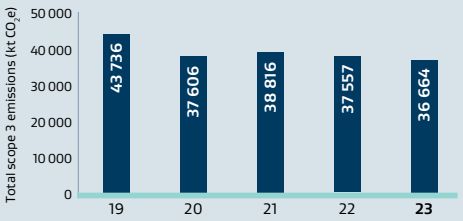
1. GHG emissions have been calculated and reported in accordance with the GHG Protocol (www.ghgprotocol.org) and the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines, data breakdown provided on page 69 – 70.
2. Group scope 1 and 2 emissions do not equal our scope 1 and 2 targets.

Group energy savings[6]



6. Overall decrease in energy savings for 2023 due to operational challenges.

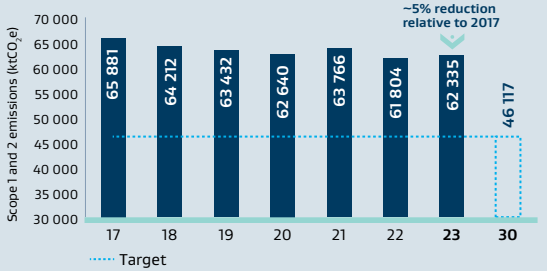
Total Group scope 3 emissions[9]



9. See page 41 for detail on our calculated scope 3 categories.

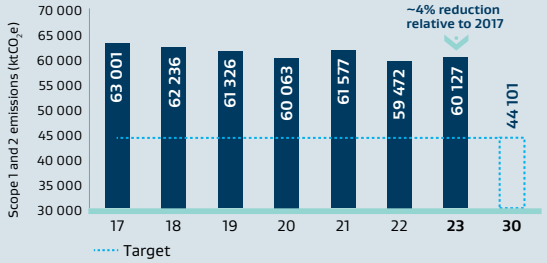
Performance against our 2030 targets

Sasol Energy and Chemicals combined target tracking[3, 4, 5]



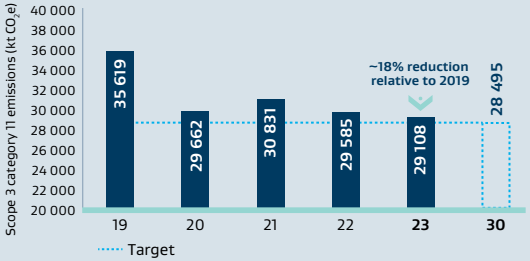
3. Represents 95% of total Group emissions, includes Mining, excludes Mozambique, Natref and some strategic business units.
4. Represents a combined Sasol Energy and Chemicals restated 2017 baseline due to divestments and methodology improvements (see our 2022 CCR).
5. GHG reduction due to production variances and mitigation (see alongside).

Sasol Energy scope 1 and 2 target tracking, excluding Natref[7, 8]



7. Includes Mining. Natref, Mozambique and some strategic business units are excluded from Sasol Energy's 2030 GHG target. Target setting for Natref will be undertaken in consultation with our JV partner.
8. GHG reduction due to production variances and mitigation (see alongside).

Sasol Energy scope 3 Category 11 emissions[10, 11]



10. Includes sales of Natref's products.
11. GHG reduction due to production variances (see alongside).

2023 EMISSION REDUCTIONS

In 2023, we achieved an approximate 5% reduction off the combined Sasol Energy and Chemicals 2017 scope 1 and 2 baseline through ongoing mitigation interventions, equating to an approximate 3,5 $MtCO_2e$ reduction.

Higher production rates, as well as process inefficiencies, external power interruptions and shortage of natural gas contributed to marginally higher year-on-year emissions, eroding emission reductions relative to 2022. Product volumes were however lower relative to 2017.

Maintained energy-efficiency projects and introduced additional measures. The nitrous oxide abatement project delivered some reductions, albeit not to full potential.

Achieved an approximate 13,4% energy-efficiency saving from 2005, which was lower than expected, as a result of external power disruptions, poor coal quality and a shortage of natural gas.

Ramping up of Lake Charles contributed higher GHG emissions. However, we are beginning to reap the benefits of a shift to renewable energy at our Eurasian operations.

Significant decreases in scope 3 Category 11 emissions, mostly due to lower production of liquid fuels.

Production levels are expected to increase in 2024 due to enhanced focus on our foundation business, which will likely result in a higher emissions profile for Secunda.

Overall, we continue to progress our emission-reduction roadmaps towards achieving a 30% GHG reduction by 2030 despite a challenging economic environment.

PROGRESSING EFFORTS TO ACHIEVE OUR TARGETS

13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS ENVIRONMENT

NET ZERO 2050

// 2030 TARGET AND NET ZERO AMBITION BY 2050

Low impact Medium impact High impact

PROGRESS TOWARDS 2030 TARGET

On track with milestones

Sasol Energy and Chemicals' 2017 combined scope 1 and 2 baseline of

65,9 $MtCO_2e$[1]

2023 performance

~5% reductions from 2017[2]

As a reminder, Sasol's GHG targets are:

1. Reduce by 30% absolute scope 1 and 2 GHG emissions by 2030 for the Sasol Energy and Chemicals businesses
2. Reduce by 20% absolute scope 3 emissions by 2030 for Category 11: use of our sold energy products
3. Reduce absolute scope 1, 2 and 3 (Category 11) GHG emissions to achieve a net zero emissions ambition by 2050 for the Sasol Energy and Chemicals businesses

1. Re-baselined our 2017 target base year, removing divestments and including methodological changes.
2. For combined Sasol Energy and Chemicals baseline and largely due to production variances and mitigation.
3. Residual risk remains as National Treasury has yet to issue its document detailing future allowance design options.

WHY TARGETS WERE SET

Sasol unequivocally supports the Paris Agreement. We are committed to playing our part in the global effort to meet the Agreement's goals and have used a science-based approach to set our targets.

In South Africa, Sasol is a significant scope 1 and 2 GHG emitter. Although we had achieved reductions in emissions since 2004, in 2019 we set initial targets, which were increased for greater ambition in 2021. We did so in response to the need to do much more to meet the Agreement's goals.

Sasol's scope 3 emissions accounted for ~37% of our total GHG emissions over the period 2019 – 2023. Our most significant scope 3 emissions arise from Category 11, which is the reason behind setting a target for this category.

Targets have been set to enable the achievement of a Future Sasol that is sustainable in a low-carbon future.

HOW TARGETS WILL BE MET

Our 2030 medium-term target is a foundation to support achievement of our 2050 net zero ambition.

We are implementing a three-pillar emission-reduction framework (Reduce, Transform and Shift) housed within the Reset, Transition and Reinvent phases of the Future Sasol strategy. In reducing emissions (Reduce/Reset phase), we are using existing assets and applying energy and process efficiencies and integrating larger amounts of renewable energy. Thereafter, we will Transform/Transition our business by reconfiguring assets to use low- and lower-carbon feedstocks, such as green hydrogen and sustainable carbon, where viable. Lastly, we will Shift/Reinvent our business and operating model to produce sustainable fuels and chemicals through the integration of large quantities of lower- and low-carbon feedstocks.

We are unable to achieve our ambitions on our own. For this reason, we prioritise collaboration with like-minded technology and other partners (see page 35). Over the past year, we partnered with ArcelorMittal South Africa, ITOCHU, Vertree and others to advance our decarbonisation and growth ambitions towards Future Sasol.

OUR CURRENT DECARBONISATION CHALLENGES AND HOW WE ARE ACTIVELY RESPONDING

SHORT- TO MEDIUM-TERM CHALLENGES	UNMITIGATED IMPACT	MITIGATION	RESIDUAL IMPACT
Affordability and lack of incentives for sustainable products in emerging markets	High	• Advocating for incentives in the South African economy. The Presidential Climate Commission's (PCC) recommendations to the Presidency support incentives for green hydrogen.	Medium
Unreliable electricity supply and transmission grid in South Africa	High	• Integrating large-scale renewable energy into our operations, relieving demand-side pressure on the grid. • Developing on-site renewable energy to obviate reliance on grid transmission. • Generating additional power, when possible, to supplement national electricity supply. • Advocating for government introduction of grid queuing rules for advanced renewable energy projects. • Actively working with business associations and industry bodies to support project development and funding for additional electricity and grid upgrade projects.	Medium
Lack of enabling GHG accounting methodologies in international sustainable-fuels policies for the co-processing of sustainable and fossil feedstocks – to incrementally transition FT processes	High	• Advocating for a flexible attribution accounting methodology in applicable policies (see pages 43 and 65). • Developing business cases with market optionality.	Medium
Uncertainty over the possible future redesign of South African carbon tax allowances	Medium	• Confirmation from South Africa's National Treasury that carbon tax allowances do not have a 'sunset clause'[3]. • Advocating for the retention of most allowances to enable a just transition.	Medium
Affordability and acceptability of transition gas	Medium	• Extending the gas plateau from 2026 to 2028 and exploring opportunities to extend the plateau further, reducing capital and operational expenditure. • Deferred decisions on LNG and placed on hold additional gas reforming capacity due to cost. • Implementing a responsible transition-gas sourcing strategy and advocating for the use of transition gas.	Medium

PROGRESSING EFFORTS TO ACHIEVE OUR TARGETS CONTINUED

13 CLIMATE ACTION 17 PARTNERSHIPS FOR THE GOALS ENVIRONMENT

NET ZERO 2050

// 2030 TARGET AND NET ZERO AMBITION BY 2050

Low impact Medium impact High impact

SHORT- TO MEDIUM-TERM CHALLENGES	UNMITIGATED IMPACT	MITIGATION	RESIDUAL IMPACT
Identification of suitable interventions to address methane leaks at Pande-4 in Mozambique	Medium impact	• Determining an accurate methane baseline. • Undertaking satellite monitoring to improve accuracy of emissions data. • Appointed specialist companies and academics to develop a geological and flow model for the area to determine suitable interventions.	Medium impact
Securing skills and capabilities to support our transition	High impact	• Partnering with universities and technical and vocational education training colleges to create a pipeline of skilled labour. • Providing sponsorships and bursaries to students aligned with the Future Sasol strategy. • Jointly funding, with the National Research Foundation (NRF), four university research chairs into clean and sustainable energy. • Supporting on-the-job training for engineers and scientists. • Implementing job shadowing opportunities for high school students. • Sasol Foundation encourages science, technology, engineering and mathematics fields of study. • Exploring further opportunities in skills development and defining capabilities needed to align with transformation requirements for Future Sasol.	High impact
Delays and price increases in United States virtual PPAs (VPPAs) due to global supply chain challenges	High impact	• Pursuing alternative scope 2 reduction options such as renewable energy certificates (RECs) and offsetting. • Accelerating other mitigation solutions such as CCUS. • Prioritising projects eligible for Inflation Reduction Act (IRA) incentives.	Medium impact

LONG-TERM CHALLENGES	UNMITIGATED IMPACT	MITIGATION	RESIDUAL IMPACT
Uncertainty over future technology developments and costs including DAC, electrolysers and large-scale renewable energy deployment	High impact	• Undertaking proof-of-concept projects. • Leveraging partnerships, creating JVs and increased R&D collaborations, funding and resourcing to mature and de-risk technologies. • Established a venture capital fund to incubate low-carbon start-ups.	High impact
Incentives not being in place to assist with the transition or rapidly falling away before technology costs come down	Medium impact	• Advocating for the retention of incentives and key enablers that facilitate the energy transition and technology development.	Low impact
Access to affordable and sufficient sustainable carbon feedstocks	High impact	• Developing the opportunity to use industrial carbon streams, including carbon dioxide-rich streams from our own operations. • Collaborating with suppliers and technology developers to unlock and create feedstock supplies. • Collaborating on nature-based solutions with the triple benefits of generating offsets, social impacts and sustainable feedstocks.	Medium impact

ACHIEVEMENTS //

SASOL ENERGY

Jointly, with Air Liquide, signed PPAs for >600MW of renewable energy

Signed a 69MW 20-year wind energy PPA with the Msenge Emoyeni project (currently under construction) for the Sasolburg green hydrogen pilot project

Advanced the pre-feasibility study for the Boegoebaai green hydrogen export hub project

Signed an MoU with ITOCHU Corporation to jointly study and develop the green ammonia market

Demonstrated our G4 catalyst's ability to achieve SAF yields 10% higher than our reference commercial catalyst, through the CARE-O-SENE programme

Entered into a partnership with ArcelorMittal South Africa to study green steel production in Saldanha and CCUS development in Vanderbijlpark

Commissioned the ~3MW Sasolburg Midlands solar PV project, to produce our first volumes of green hydrogen from the Sasolburg green hydrogen pilot project

Extended the Mozambique gas plateau from 2026 to 2028 and discovered additional gas at PT5-C

SASOL CHEMICALS

Received the first solar energy at our Augusta, Italy site from a VPPA

Signed several renewable electricity PPAs for Sasol Italy

Completed CCUS studies for Lake Charles to produce solvents using carbon dioxide process vent gas

SASOL ecoFT

Announced a 50/50 JV agreement with Topsoe[1] for the production of SAF to exploit our advantaged FT technology and Topsoe's reforming and related technologies

Advanced the SkyFuelH2 project with Uniper for demonstration-scale production of biomass-based SAF

SASOL

Established Sasol Ventures, a corporate venture capital fund, to advance our decarbonisation ambition

1. Subject to approval by the relevant authorities.

MESSAGE FROM THE CHAIRPERSON OF THE SSEC

// Our work is challenging but it is important and urgent. I am encouraged by Sasol's commitment to continue decarbonising its operations. //

Muriel Dube //
Chairperson of the SSEC

Dear stakeholders

In supporting the drivers shoring up our long-term value-creation proposition, we reflect on a year of dedicated advances to decarbonise Sasol and deliver a just transition. Achievements include:

- further progress on procuring more than 600MW of renewable energy;
- production of Sasol's first green hydrogen from Sasolburg;
- an approximate 5% reduction in GHG emissions, albeit due to lower production, with ongoing mitigation efforts; and
- announcing a 50/50 JV agreement with Topsoe, subject to approval by the relevant authorities, to produce SAF.

Energy and process efficiency improvements continue across the Group and enjoy due recognition in the company's remuneration structures and policies.

We continue to make measurable progress on multiple fronts, for instance, improving scope 3 emissions reporting, embedding sustainability certification and advancing Sasol's just transition plans.

With commitment to its climate change principles and the principles contained within the UN Global Compact, Sasol has remained resolute at a time of heightened pressure on companies to demonstrate increased agility during unprecedented volatility.

Globally, there is uncertainty around decarbonisation pathways relating to technology options, regulation and legislation and the availability of resources, notably capital. In addressing affordability, disciplined capital-allocation principles form the basis of Sasol's approach, which will see capital allocated in a phased manner from 2025.

In 2023, the Intergovernmental Panel on Climate Change (IPCC) and the UN Expert Group on Net-Zero Emissions Commitments released their latest reports, urging action on climate change by state and non-state actors. Meaningful, honest and transparent disclosure is one of Sasol's core principles; since 2018 the company has endorsed the TCFD recommendations and discloses progress towards Future Sasol. Further, in the interest of disclosure with integrity, we particularly welcome the publication, in this report (see page 67), of Sasol's formalised Climate Advocacy Declaration, which requires the company to meet the standards and processes that support Future Sasol. With multiple, often diverse stakeholders, the company's recently improved performance on the S&P Dow Jones Sustainability Index and other indices further supports the trajectory and substance of Sasol's approach.

The company has the potential to not only substantially mitigate its own GHG emissions but also contribute towards the global decarbonisation effort by creating new value pools for a low-carbon future, and supporting delivery of the SDGs. This provides Sasol with considerable leadership responsibility. For this reason, Sasol is sharing its knowledge, resources and processes with multiple new partners while continuing to increase investment in its R&D capability. This is consistent with Principle 9 of the UN Global Compact, which encourages the development and diffusion of environmentally friendly technologies.

"Sasol can substantially mitigate its own GHG emissions and help the world to decarbonise"

This report responds to calls from stakeholders for granularity on Sasol's decarbonisation ambitions – four years since its first external annual climate change communication. Unfolding global sustainability reporting developments are a further reminder of the need for ongoing disclosure on Sasol's plans to meet stakeholder expectations.

Muriel Dube
Chairperson of the SSEC
30 August 2023

Chemicals plant, Brunsbüttel, Germany

MESSAGE FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

"In the last year, we have worked with great purpose on our decarbonisation roadmaps. We are determined to stay the course."

Fleetwood Grobler
President and Chief Executive Officer

Dear stakeholders

In many ways, on many fronts, Sasol's decarbonisation journey has become considerably more fraught over the past 12 months. This is true for most corporations globally, particularly those in the energy sector. Regardless, we remain committed to reducing our GHG emissions.

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

We remain as energised about decarbonising as we have been at any stage in the recent past. In 2023, the balance of evidence was that the decarbonisation commitment of other energy majors has become somewhat clouded by the energy security imperative. This has become an overriding concern of companies and governments, particularly in the global North. But national energy security has also become a more common theme in the decarbonisation discourse being advanced by developing nations and regions such as India, China and South America, where net zero ambitions are being pushed out to beyond 2050.

Presently, in South Africa there is little overt discourse along these lines but we anticipate that here too the national government is becoming increasingly sensitised to concerns around the reality of energy security and availability. This growing issue is having important implications for Sasol.

Against this backdrop, in the year since I last communicated with you, we have worked with great purpose on our decarbonisation roadmap. We have signed PPAs for over 600MW of renewable energy, procured with Air Liquide. As promised, we also produced our first volumes of green hydrogen in Sasolburg. This report details some of the many advances made in the past year.

Sasol's decarbonisation journey is not taking place in a vacuum; it is intricately connected to an operating context with multiple stakeholders, various levers and countless linkages. But good intent, and solid progress, can be unexpectedly undermined by shifting priorities and the performance of those multiple stakeholders. In South Africa, the performance of state-owned enterprises has implications for the achievement of private sector and national decarbonisation objectives.

We are proud of the extent to which Sasol's roadmap supports – even buttresses – the country's Nationally Determined Contribution (NDC), but factors over which we have minimal or no control threaten to hinder the delivery we are aiming to achieve by 2030.

We have very limited control over factors such as exchange rates, oil prices and market demand for our products. Added to these is the fact that South Africa's grid emission factor is likely to remain higher, for longer, than more sanguine projections would have had us believe.

I must stress – once again – how important incentives are to the decarbonisation journeys we and others are on. In South Africa, of course, there is at present a paucity of such incentives, unlike much of the global North.

"Multiple variables impact the affordability of our roadmap, which to be achievable, has to be affordable."

Recent global gas price increases led Sasol to re-evaluate the need for the proposed 40 – 60 PJ LNG intake. As such, we have implemented mechanisms to extend our Mozambique gas plateau from 2026 to 2028, and potentially further, while continuing to investigate alternative gas sources. In 2023, we discovered additional gas at Bonito-1 located in the PT5-C licence area in Mozambique, which shows promise and is now being evaluated through an appraisal programme.

In June 2023, we announced a JV (subject to approval by the relevant authorities) between Sasol ecoFT and Danish technology provider, Topsoe, to develop, build, own and operate SAF plants, and market SAF derived primarily from non-fossil fuel feedstock, utilising green hydrogen and sustainable sources of carbon.

Regrettably, in 2023 we also witnessed the growing adoption of legislative and regulatory measures hindering participation of developing countries, such as South Africa, in the emerging low-carbon sectors of more advanced economies.

A further complicating factor is access to the national electricity grid. We can and will sign up viable renewable-electricity supplies but receiving those supplies at our facilities in the quantities anticipated is by no means certain.

All these variables impact the affordability of our roadmap, which, to be achievable, has to be affordable.

These are some of the vagaries and variables with which our Group Executive Committee (GEC), Board, management and subject-matter experts are grappling. We are alive to the many competitive opportunities that our technology and expertise present. We shall not deviate from the Reset, Transition and Reinvent pillars of our Future Sasol strategy but we have to be responsive to emerging trends and hurdles. For this reason, we have consistently communicated the reality that, given these dynamics and the uncertainty over the availability, maturity and timing of technology and feedstocks, our transformation to a Future Sasol is most unlikely to follow a linear path. Events in the past year only served to underscore this conviction.

Despite multiple headwinds, Team Sasol remains determined to stay the course on our transition journey, buoyed by the advances you will read about on these pages.

Fleetwood Grobler
President and Chief Executive Officer
30 August 2023

MESSAGE FROM THE CHAIRPERSON OF THE CLIMATE CHANGE ADVISORY PANEL

"The Panel exists to support the GEC navigate a dynamic and complex path."

Jason Schenker //
Chairperson
Sasol Climate Change Advisory Panel

Dear stakeholders

You are likely reading this because you take a keen interest in Sasol and its climate change journey and, perhaps, the journey's impact on a particular section of society.

You are one of many stakeholders all with different – often widely divergent – views on how Sasol should respond to climate science, the pace and scale of its transition, the use of gas and the urgency of the company's decarbonisation approach.

The Sasol Climate Change Advisory Panel was announced at the company's 2022 Annual General Meeting (AGM) to do precisely that – to provide expertise and external perspectives on the business's decarbonisation.

The newly constituted Panel (which I have the honour of chairing) is tasked with ensuring that the 'fullest breadth of information' is taken into account when executives consider substantive Future Sasol decarbonisation decisions.

All of the panellists, Gunnar Groebler, Hervé Touati, Geralda Wildschutt and I, appreciate the unique context in which Future Sasol is being pursued. Not only must the Group deliver on its decarbonisation targets, it must do so in a just manner while delivering sustainable returns for its shareholders; all in a global operating environment that is dynamic and full of challenges. The Panel exists to help the GEC navigate a dynamic and complex path, one that will inevitably be littered with uncertainties and difficult trade-offs. The genesis of the Panel, I believe, reflects the commitment of Sasol's leadership to maintaining the company on a sustainable path.

In this space, I wish to briefly sketch how the Panel is working and what is expected of it.

My fellow panellists and I focus on mitigation and adaptation, just transition, technology, finance and business transformation. We have been directed to strategically support the GEC with our specific focus areas including:

- Sasol's emission-reduction roadmaps and the robustness of the Future Sasol strategy;
- Sasol's scenario analysis and the assumption process;
- risks and opportunities;
- progress towards achieving the company's current and future GHG targets;
- links between executive remuneration and the decarbonisation approach; and
- relevant mitigation and adaptation options.

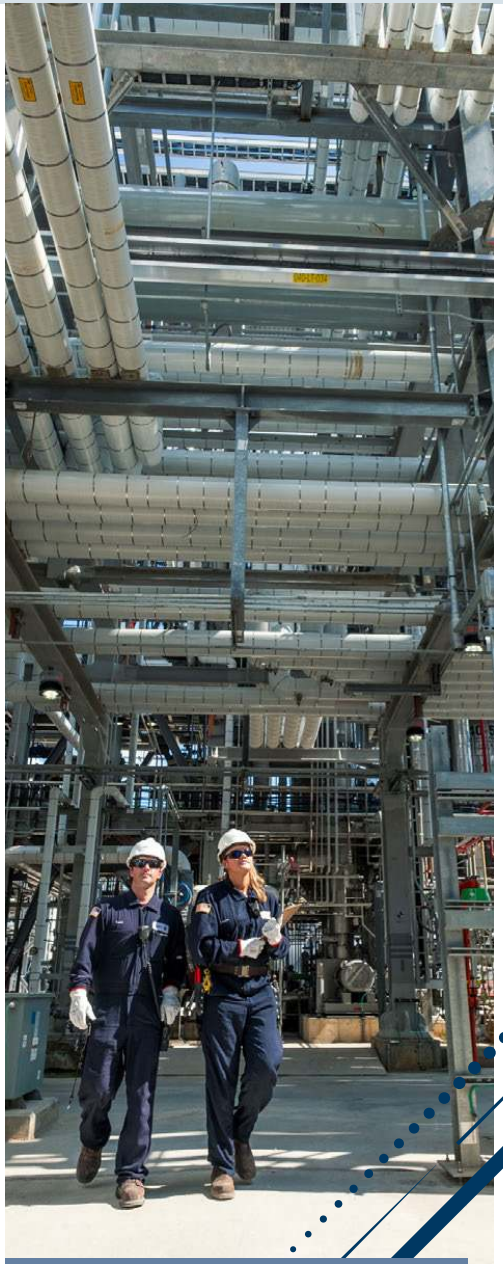
"It is our mission to support the GEC by helping Committee members identify opportunities in Sasol's climate-management approach."

We remain independent of the GEC and Sasol management, and have already begun engaging openly and frankly with GEC members to:

- provide an independent sounding board, initiating debate with an outside-in view to enhance decision-making before approvals are sought by the GEC from the Board;
- leverage external expertise and knowledge that offers alternative perspectives to address challenges and opportunities or to confirm solutions or approaches being taken; and
- identify risk-mitigation options given Sasol's specific circumstances and operating context.

Sasol has embarked on an important and challenging transition trajectory but it is proceeding with determination, the commitment of its highly skilled leaders and the support of our Panel. My panellists and I look forward to supporting the GEC on this journey.

Jason Schenker
Chairman // Sasol Climate Change Advisory Panel
30 August 2023



Lake Charles Chemicals Complex, Louisiana, United States

OUR COMMITMENT TO CLIMATE ACTION

Our climate change position is that we:

- support the Paris Agreement and contribute to SDG 13;
- accept the mainstream climate science assessed by the IPCC for net zero carbon dioxide emissions to be reached by 2050;
- acknowledge that business has a role to play in managing the risks of climate change, as well as realising opportunities in the transition to unlock societal value;
- recognise the importance of enabling a just and equitable transition that is appropriately paced and timed for the context within which we operate; and
- recognise the importance of adaptation and resilience in a changing climate.

In line with this position, we are on a path to progressively reduce our emissions and improve performance towards a net zero ambition by 2050[1].

Applying a science-based approach

The Science Based Targets initiative (SBTi)[2] has become a widely accepted standard against which corporate GHG targets are assessed. However, our relatively unique business does not fall within the methodologies currently available in the SBTi 'toolkit'.

For the Oil and Gas and Chemicals sectors, methodologies have yet to be finalised and previous Oil and Gas sector assessments have been paused[3]. The nature of Sasol's business model, built on the FT process and not a conventional oil refinery, adds a further layer of complexity to using SBTi methodologies. As is the case for certain other companies for which a sectoral SBTi approach is not available, an SBTi-based independent assessment of our alignment with the Paris Agreement is not currently possible. Should appropriate SBTi sector methodologies become available, Sasol would be in a position to assess their applicability.

In the absence of sector-specific methodologies, the SBTi has recommended, in its latest Net Zero standard, the use of the absolute contraction methodology from the IEA for certain sectors, which Sasol has applied. We took into account several factors in setting our target, including climate science, mitigation availability and timing, cost, just transition imperatives and other environmental benefits.

Top-down modelling was used to determine ambition levels for input into bottom-up techno-economic analyses. For the top-down analysis, we considered the absolute contraction method using the IEA's flat rate of 2,5% reduction per year for 2°C alignment, supported by an evaluation of our reduction contribution for South Africa to meet its NDC.

The bottom-up analysis focused on mitigation potential – plotted as marginal abatement cost curves (MACCs). The collective interventions resulted in an approximate 25% reduction potential that was stretched to 30% to build in the need for greater ambition.

Through these analyses, we confirmed our 2030 30% reduction target to be a well-below 2°C-aligned target. Sasol continues to seek external independent verification of our target alignment. As such, we have been engaging with SBTi and the Transition Pathways Initiative (TPI), and more recently we began exploring the opportunity of utilising the British Standards Institution PAS2060 standard[4], as a mechanism to validate our pathway to a net zero ambition by 2050.

For Sasol to be fully 1,5°C-aligned, an approximate 43% reduction would be required by 2030; however, this could only be achieved by turning down significant parts of our operations as mitigation is not available, too costly or not sufficiently mature for our business. Such a reduction would not be possible without severe consequences for the business, economy, communities and employment.

Sasol contributes ~5% to South Africa's total gross domestic product (GDP)[5] with multiple value-chain linkages across the economy – including enabling employment of more than 450 000 jobs (direct, indirect and induced). Consequently, a responsible well-below 2°C-aligned 30% GHG reduction target was adopted as the only feasible and mutually beneficial pathway that is still science based.

We also considered South Africa's latest NDC expectations. The NDC aims for national GHG emissions to be in a range of 420 – 350 $MtCO_2e$ by 2030, with the lower end of 350 $MtCO_2e$ being close to 1,5°C-aligned[6]. Given the significance of our operations, contributing ~12% to the national GHG inventory, a reduction of ~27% would be required for us to support the country's efforts to meet the lower end of the range. This approach affirmed that our target remains well below 2°C-aligned and more ambitious than the requirement.

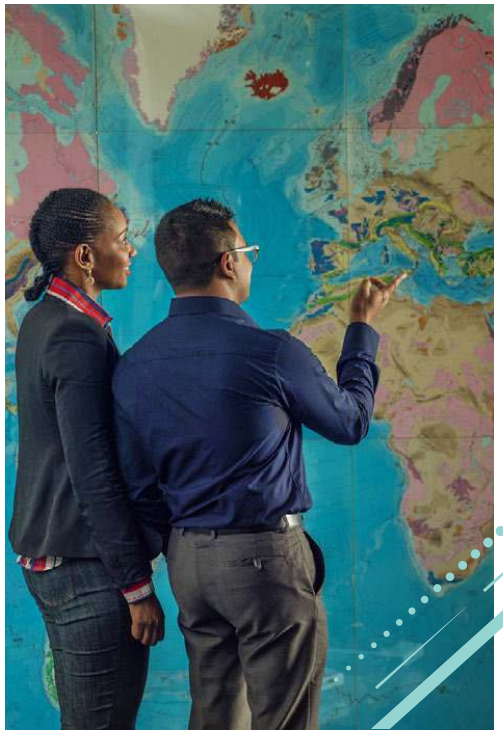
Principles of the Paris Agreement and our climate-change management approach

The Paris Agreement acknowledges that different sectors and actors will need to move at different speeds because of their unique constraints and opportunities.

The Agreement further recognises that actors in developing countries may require greater flexibility in their journeys towards net zero, balancing the need to increase access to energy with the imperative of reducing emissions. The Race to Zero[7] campaign recognises regional and sectoral disparities and expects non-state actors to responsibly account for such factors. In the context of developing countries that are undergoing a just transition, this is an absolute imperative.

Our 2050 net zero ambition supports the 1,5°C temperature goal and the latest climate science, with our 2030 targets being well below 2°C-aligned. To 2030, Sasol has clearly defined emission-reduction roadmaps, including explicit mitigation levers to reduce emissions in a stepwise fashion (see our emission-reduction roadmaps, pages 4 – 5). We are not in a position to follow a smooth year-on-year emission-reduction trajectory as is done with most climate models because our operations are highly integrated with long lead times needed to integrate capital-intensive emission-reduction projects.

Like all other countries and corporates, at this juncture, Sasol is unable to chart with a high degree of confidence a defined, narrow-bound, emission-reduction roadmap to 2050. We have identified critical technologies that we believe today hold significant potential to reduce emissions for our operations, but we are unable to provide plausible timelines and quantums of emission reductions beyond 2030.



1. Our net zero ambition incorporates the latest available science and findings from the IPCC 1,5°C Special Report.
2. The SBTi is a partnership between CDP, the UN Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi's call to action is one of the We Mean Business Coalition commitments. https://sciencebasedtargets.org/about-us
3. https://sciencebasedtargets.org/sectors/oil-and-gas#company-commitments-removed-from-the-sb-ti-website-under-the-policy-update
4. https://www.bsigroup.com/en-GB/pas-2060-carbon-neutrality/
5. Based on 2021 data.
6. https://climateactiontracker.org/blog/south-africas-presidential-climate-commission-recommends-stronger-mitigation-target-range-for-updated-ndc-close-to-15c-compatible/
7. https://racetozero.unfccc.int/wp-content/uploads/2021/04/Race-to-Zero-EPRG-Criteria-Interpretation-Guide.pdf

IMPROVING OUR EMISSIONS REPORTING

SASOL ENERGY

Managing methane emissions from our Mozambique Operations

In 2022, we reported how, since COP26, we had undertaken a review of our methane emissions, focusing on Mozambique (see our 2022 CCR). The scope of this review included mapping potential sources and the development of a baseline measurement approach for additional emitting activities.

We categorised our Mozambique Operations' two main methane sources as follows:

- In-country operations (including our operating wells, pipelines to the Central Processing Facility (CPF) in Temane and the CPF itself); and
- Pande-4, a non-operational well we inherited from a previous operator, which suffered a catastrophic blow-out almost six decades ago.

For a detailed breakdown of Mozambique's emissions, refer to pages 69 – 70 in this report.

Emissions from our Mozambique Operations represent ~1% of total Group GHG emissions. In 2023, these operations emitted ~842 ktCO_2e, of which methane represented 17 kt (equivalent to ~391 ktCO_2e) – excluding the Pande-4 well.

Management at the CPF is actively investigating ways to manage, measure and reduce the facility's emissions. Its approach entails collaborating with the Oil & Gas Methane Partnership 2.0 (OGMP 2.0), a multi-stakeholder initiative launched by the United Nations Environment Programme and the Climate and Clean Air Coalition. The OGMP 2.0 is the only comprehensive measurement-based reporting framework for the oil and gas industry to ensure the accuracy and transparency of methane-emissions reporting.

Our Mozambique team is extending the company's GHG tracking and management system to record and report emissions from all five sources – venting, flaring, fugitive emissions, combustion and 'other smaller' sources.

Various process and technology interventions are being implemented or are under consideration to obtain direct, real-time measurements or estimations of emissions. This will enable operational staff to deploy resources effectively to capture methane and other hydrocarbons, as well as apply inherent emission-reducing design principles into current and new facilities.

We expect that these initiatives will contribute to Mozambique Operations reducing emissions over time.

PANDE-4 UPDATE //

The Pande-4 area continues to be monitored and managed. This work includes security, community liaison and extensive data gathering. Evaluations and assessments have been carried out to establish an accurate emissions baseline and evaluate possible interventions to mitigate the release of emissions. Recent data indicates that Pande-4 remains in a stable condition, albeit with small volumes of continuous releases.

As part of ongoing monitoring, 27 satellite surveys had been acquired through the GHGSat satellite up to April 2023, at a frequency of two surveys per month. These surveys indicate the ongoing release of ~37 tpd of methane. This is equivalent to ~310 ktpa CO_2e, closer to the top end of the range that was disclosed in 2022. To improve the accuracy of the satellite methane emission estimations, a local weather station is being installed in Pande. The weather station will allow better calibration and interpretation of the satellite data.

Additionally, interferometric synthetic aperture radar satellite (InSAR) monitoring of surface deformation was completed over producing fields. Further incorporation of this data into the subsurface models is ongoing.

Biannual hydrocarbon and environmental sampling also continues to be carried out. This includes localised air, soil vapour and water sampling. The results at Pande-4 indicated variable results as before, with no clear trends or obvious emission points.

We continue to engage with specialist companies and academics to develop a better understanding of the Pande-4 emission source and the underlying mechanics. Progress has been made on constructing a geological and flow model for the Pande-4 area, which will provide a framework for interpreting the data and to investigate potential mitigation options. Pande-4 is a unique, complex problem and further work (as is currently being undertaken) is required to fully understand the gas migration pathways to the surface and determine the feasibility of stopping the emissions. Further assessments will be carried out in 2024 after the current data gathering and modelling phase is completed, to determine if effective and efficient interventions to mitigate the emissions are feasible.

Pande-4 area, Inhambane, Mozambique

SASOL CHEMICALS

Eurasian operations baseline

The emissions baseline for our Eurasian Operations increased by ~27 ktpa CO_2e, attributed to improved GHG accounting methodologies, which added ~87 ktpa CO_2e to the baseline. The majority of this was offset by the sale of the Hamburg Wax facility in 2022 (~60 ktpa CO_2e). The net increase in emissions is being mitigated by the identification of reduction projects over and above those committed to in the emission-reduction roadmap. These levers could include expanding existing mitigation projects, or selecting new projects based on mitigation potential and cost.

SASOL'S GHG WORKING GROUP

Transparency, continuous improvement and mandatory reporting

Data integrity and ensuring we are sufficiently ready for international mandatory climate-related reporting are of utmost importance to Sasol. To this end, in 2023, we established a multi-disciplinary GHG Working Group.

The group, which includes representatives from the Risk, Climate Change and other functions, as well as Sasol Energy, Mining and Chemicals, meets six times a year to identify GHG data, governance and reporting issues to help our businesses resolve these issues. Outputs include data definitions, defined methodologies, procedures and Group-wide policies. Outcomes are also fed into Sasol's Non-financial Data Working Group and the Climate Change Working Group.

This year, Sasol has been focusing on the development of an internal recalculation policy to ensure comparability of current GHG emissions inventories with the base year and historical emissions.

THE LINKS BETWEEN FT, GREEN HYDROGEN AND DECARBONISATION

The importance of green hydrogen for South Africa

Green hydrogen is critical to the decarbonisation of hard-to-abate sectors, with additional benefits including the reduction of criteria pollutants such as sulphur dioxide, particulate matter and nitrogen oxides.

South Africa is one of only half a dozen geographies that could develop competitively priced green hydrogen and become a major clean energy supplier to global markets. In the process of developing a viable green hydrogen sector, South Africa can increase renewables availability, particularly in areas where the grid is constrained.

Several independent studies have projected that South Africa could supply ~3 to 5 million tons annually of green hydrogen and its derivatives for the global market.

South Africa's Green Hydrogen Commercialisation Strategy (GHCS) and the Just Energy Transition Investment Plan (JET-IP) form the backbone of the country's green hydrogen ambitions. The JET-IP references Sasol's 2030 GHG reduction target and associated roadmap among the opportunities for the country to achieve its NDC. Our future green hydrogen potential is also recognised.

Unlocking investments into green hydrogen-related projects requires supporting infrastructure development. The South African government, through the Infrastructure Development Act, has included several hydrogen opportunities in the list of Strategic Integrated Projects (SIPs).

KEY SIPs IN WHICH SASOL IS INVOLVED:

- Sasolburg Green Hydrogen Programme
- Sasol HyShiFT (Secunda)
- Boegoebaai Green Hydrogen Development Programme

The importance of green hydrogen for Sasol

Hydrogen is more than a decarbonisation tool for Sasol. It can be used as a feedstock, energy source or low-carbon fuel to significantly reduce GHG emissions, in the form of SAF, green ammonia or in mobility solutions.

Affordable green hydrogen, enabled by global regulatory support, will allow for the large-scale production of SAF including through our recently announced JV with Topsoe (subject to approval by the relevant authorities) to decarbonise the hard-to-abate aviation sector.

Sasol's Secunda Operations is a captive user of ~2,5 Mtpa of grey hydrogen, the production of which is responsible for the bulk of our process GHG emissions. Through the introduction of green hydrogen, we can reduce these emissions and simultaneously accelerate action to advance the production of green hydrogen and its derivatives.

We are working with various partners to enable South Africa's green hydrogen ecosystem through studies and the establishment of a pipeline of projects across the value chain. These include both new studies and repurposing of our existing assets.

South Africa's potential to become a leading global player in the green hydrogen economy derives from the country's abundant sources of renewable energy – solar and wind – and mineral resources as well as Sasol's proprietary FT technology.

Our FT technology is agnostic to the sources of carbon and hydrogen, which will allow our Secunda facility to pivot away from coal in the long term. This means that our biggest decarbonisation opportunity emanates from the FT process's ability to switch from grey to green hydrogen and create economic activity and jobs by marketing sustainable products.

Being able to readily repurpose our existing assets is key to understanding Sasol's compelling green-hydrogen opportunity. We are one of only a few companies globally in this fortunate position. Our analysis shows that scaled production using our assets gives us a 30% cost advantage over greenfields facilities – ones that have to be built from scratch. South Africa's renewable resources can add a further 20% cost benefit relative to, in particular, markets in the Northern Hemisphere. It is precisely because of the technology and assets we own, combined with our people's expertise, that we believe Sasol has a key role to play in developing South Africa's green hydrogen economy.

Currently, we have the capability to produce up to 8 000 barrels per day (bbl/d) of fossil jet fuel, which, if feasible, could be converted to produce the same quantity of SAF. If we are able to reconfigure our refinery processing units, it would be possible to grow SAF production to ~20 000 bbl/d. We could progressively ratchet up the production of SAF by introducing green hydrogen and sustainable carbon feedstocks where viable – in our case, primarily industrial carbon sources.

Green hydrogen as an enabler of a just transition

Green hydrogen can be used to build an inclusive economy, particularly for vulnerable groups that are impacted by the energy transition. This position is echoed by South Africa's Just Transition Framework, published in 2022 by the PCC, which incorporates socio-economic imperatives such as access to energy and transformation of the energy system.

S&P Global has estimated that over 370 000 net jobs could be created in South Africa by 2050[1] through investments in hydrogen, thereby fostering new technological and industrial development, creating many skilled jobs.

Several benefits can be triggered through green hydrogen, including:

- Massive green power pools that can be deliberately sized to provide renewables to the grid and deployed for peak demand requirements.
- Improved access to water resources and a commercial case for desalination investments for domestic, agricultural and industrial uses.
- Employment opportunities during construction of facilities and infrastructure, and in the long term, once plants become operational.

Infrastructure needs and cost

Green hydrogen remains prohibitively expensive because of the high cost of:

- equipment, eg electrolysers;
- renewable energy;
- storage; and
- distribution.

Infrastructure development is critical for large-scale adoption of green hydrogen – currently most ports lack the infrastructure necessary to ship hydrogen or derivatives or receive it, limiting trade and adoption.

MAKING GREEN HYDROGEN A REALITY REQUIRES:

- the cost of green hydrogen to fall below $2/kg;
- enabling policies and incentives for renewable energy and green hydrogen;
- product premiums to be available for sustainable fuels and chemicals;
- affordable green financing; and
- flexible accounting rules for emerging-economy players to co-process feedstocks (fossil fuels and sustainable inputs).

In 2022, Sasol began collaborating with the Port of Rotterdam to establish a corridor into the European Union market.

The April 2023 announcement of the European Union's RED II Delegated Acts (see pages 43 and 65) has presented additional challenges for the SAF HyShiFT project but engagements continue to overcome these hurdles.

1. IHS Markit (now part of S&P Global), Super H2igh Road Scenario for South Africa Report, 2021.

RISKS AND OPPORTUNITIES

Sasol's climate change risk management

Climate change risk is considered a key priority at Sasol and is managed as a Group Top Risk (GTR) following a standardised risk management process anchored in the One Sasol Enterprise Risk Management (ERM) framework and approach.

The Sasol process follows a systematic 'Plan, Do, Review, Improve' approach, which entails identifying and understanding risks, executing mitigation measures, monitoring and governing the risk management process, ensuring assurance, and reporting on the outcomes (for more detail on Sasol's risk management, see page 31 of our 2023 IR).

Group materiality lens applied

Sasol places significant emphasis on addressing climate change risk by prioritising the risk through the application of a Group materiality lens. The potential significant impacts associated with climate change risk are assessed applying our risk matrix, where a range of potential financial and non-financial impacts are defined. In combination, these provide thresholds at the Group level to assess materiality. Our materiality lens reflects high impact evaluation criteria, both quantitative and qualitative, and assists in filtering the most significant risks to provide the basis for escalation to the Board as top risks.

This means that aspects relating to climate change risk are prioritised and managed in alignment with the company's strategic imperatives. As part of the GTRs, climate change risk is continuously monitored, reviewed and updated annually and approved by the GEC and the Board accordingly.

ALL SASOL GTRs ARE ANCHORED WITHIN THE FOLLOWING FOUR ASPECTS:

- short-term business resilience and viability;
- medium-to long-term business viability and sustainability;
- employee value proposition; and
- stakeholder impact.

These aspects are defined as business imperatives, the outcomes of which may materially impact our ability to achieve our strategy. We identify climate change-related risks as being directly related to 'long-term business viability' although, as will be readily appreciated, climate change risk has obvious linkages with the other three aspects as well.

Governing and providing assurance

We govern all our GTRs in accordance with the Sasol Risk Policy and ERM framework directives. The Sasol Board provides governance oversight over the GTRs, including climate change, in terms of the Board committees' terms of reference, which also guide how the GEC reports into these committees. We follow a collaborative process to provide risk assurance at the GEC and Board levels, and for the GEC to report to the Board accordingly. Through a combined assurance model approach, regular assurance on climate change risks is provided by different assurance providers. The Board is the ultimate custodian of our risk management process and plays a pivotal role in ensuring that our climate-change risk responses are appropriate.

Managing climate change risk

We focus efforts on prioritised risks and opportunities with the potential to have the greatest impact on delivering our short and long-term business objectives. We identify risks applicable to the business scenarios and their ranking and focus, using the Sasol risk matrix. We consistently evaluate and consider the trend towards increasing and more intense extreme weather events. We then assess the potential impacts of these events on our business and operations, with a specific focus on vulnerable areas that may be more susceptible to climate-related risks.

To supplement this understanding, we continue to disclose our climate change risks in line with the TCFD recommendations. The TCFD approach provides a structured way for us to explore, analyse and identify appropriate key risks and responses. In using the TCFD recommendations, we have identified three sub-risk events (see alongside), which essentially are the key drivers of the climate change GTR. To effectively respond to the risk, Sasol has robust internal controls in place. These controls include policies, procedures, processes, and personnel dedicated to effectively manage and address climate change risks within the organisation. Specific controls are noted in the table to demonstrate how we are responding to the risk of climate change.

In addition, we have identified other high-level transition risks (see following page), with our responses.

In reporting our climate change risk information, we ensure that detailed external communications and filings are aligned with our environmental, social and governance strategy and imperatives and that the reported information is reliable, accurate and complete.

CLIMATE CHANGE RISKS //

SUB-RISK EVENT	HOW WE ARE RESPONDING
Sasol's inability to develop and implement an appropriate climate change mitigation response	• Benchmarking against peers and relevant institutions • Implementing our emission-reduction roadmap, framed by our three-pillar emission-reduction framework • Assessments to understand emissions; monitoring the landscape to understand policy developments, setting of targets • Tracking technology, market and policy signposts • Monitoring global best-practice development • Enhancing transparency and disclosure • Participating in international think tanks and platforms on net zero pathways
Sasol's inability to implement appropriate adaptation responses to ensure long-term resilience of business operations	• Enhancing and implementing our adaptation response strategy in a phased manner, focusing on at-risk operational sites • Integrated modelling (people, planet, profit metrics) to understand strategic drivers and choices as we decarbonise • Annual robustness scenario analysis, including qualitative and quantitative analysis • Long-term net zero ambition by 2050, with optionality on the decarbonisation pathway • Interim targets set for 2030
Increasing societal pressure impacting market access and product competitiveness	• Setting and disclosure of emission-reduction targets and roadmaps • Proactive stakeholder engagement • Achievement of progressive emission reductions • Responsible and transparent advocacy • Tracking of the climate-change landscape • Progressing a just transition • Non-binding shareholder advisory vote on climate-change management approach • Executive remuneration linked to achieving GHG targets

RISKS AND OPPORTUNITIES CONTINUED

OTHER HIGH-LEVEL TRANSITION RISKS //

RISK EVENT	HOW WE ARE RESPONDING
Not delivering on decarbonisation plans	• Concerted, planned and deliberate actions towards achievement of the 2030 targets and laying the groundwork for longer-term actions (see pages 4 – 5) • Pursuing decarbonisation initiatives while preserving value from existing assets
Policy and associated regulatory frameworks imposing more onerous compliance requirements, impacting our ability to decarbonise and grow	• Refer to initiatives covered alongside under Policy and Regulatory challenges creating risks and opportunities
Feedstock switching from coal to gas resulting in value erosion	• Exploring alternative feedstocks, if economically viable, and optimising options to minimise value erosion from the current business while driving initiatives to meet sustainability transformation requirements • Assessing market positioning against emerging trends, setting targets, transforming the product portfolio, maintaining product supply, meeting customer needs and focusing/delivering on our base business targets • Minimising costs, including a reassessment of the timing of LNG as a gas feedstock option • Extending Mozambique gas supplies by pushing out the gas plateau to 2028 • Maintaining a healthy funnel of opportunities • Coal briquetting and external coal purchase programme to sustain our current business
Inability to secure sufficient volumes of gas timeously	• Maximising Mozambique gas supplies by extending plateau production • Developing a prioritised regional approach
Inability to develop new sustainable business opportunities and revenue streams	• Actively pursuing opportunities through proof-of-concept projects and maximising on available global incentives • Actively pursuing public and private partnerships across the sustainable-opportunities value chain • Securing funding options, including grants • Corporate venture capital fund (see pages 3 and 28) • Topsoe JV (see page 40) • Future-focused R&D (see page 35)
Not being seen as a credible stakeholder	• Entering into partnerships with key stakeholders to achieve greater decarbonisation at pace, increased resilience, unlocking of costly technology options and accessing finance. • Engaging with key stakeholders and third parties to improve service delivery and support affected municipalities • Constantly balancing economic and social considerations with climate objectives to meet the interests of all stakeholders

Policy and regulatory challenges creating risks and opportunities

Climate change policies and regulations are evolving rapidly, presenting numerous risks and opportunities for Sasol. We are committed to maintaining compliance with all regulations in the regions where we operate.

To this end, we assess how policy and regulatory aspects may impact the Future Sasol strategy. Governments worldwide are implementing policies and regulations to address climate change, impacting decarbonisation efforts. Compliance must be ensured, together with proactive adaptation of operations and market offerings, to align with changing policy landscapes. It is necessary to leverage the policy environment to grow low-carbon business opportunities. However, proposed, newly implemented and changing regulations can make it more challenging to decarbonise and ensure a just transition. Such challenges include:

Carbon tax and carbon budget

In South Africa, Sasol is proactively addressing the implications of a carbon tax and a carbon budget by integrating climate risk management and sustainable practices into our business strategy. This includes scenario analyses (see pages 20 – 24) and risk assessments to understand the potential financial and operational impacts of carbon pricing, with appropriate strategies for mitigation. For these mitigation strategies to be effective, coordination and alignment between policies is essential.

Carbon border taxes

Carbon border tax regulations are being implemented by developed countries and are emerging as a new risk. Sasol is navigating the evolving landscape of carbon border taxes such as the recently published Carbon Border Adjustment Mechanism (CBAM) in the European Union. This work includes understanding the requirements of different trading partners, phase-out of free allowances under the Emissions Trading System and addressing competitiveness in key markets. We are investigating opportunities to expand our existing reporting systems to demonstrate and verify the embedded emissions of our exported goods.

Regulatory challenges for exports

While affordability in South Africa is challenged, developed markets such as the United States, the European Union and United Kingdom offer key sustainable product-placement opportunities for our premium sustainable products. It is therefore essential that cross-border enabling policies be implemented to stimulate green industries in developing countries to create an enabling export environment, particularly given the Paris Agreement's imperative to support countries on their decarbonisation journeys. Developed markets are critical for the growth of the green-hydrogen sector in developing markets. Specifically for Sasol, an enabling regulatory environment is needed to accelerate the development of our low-carbon initiatives using existing assets. A viable export market in which sustainable product premiums can be accessed, avoiding restrictive regulatory burdens for 'third countries' while channelling the benefits to South Africa (in which a just transition is being pursued) is of the utmost importance.

Weather-related events creating adaptation risks and opportunities

As hard as we work to mitigate our GHG emissions, we are cognisant of the need to adapt our operations and value chains to adverse, extreme weather conditions (see page 49).

Our operating environments have dramatically changed over our facilities' lifetimes, shifting operating envelopes and design specifications. This is the reality in which we operate our plants on a day-to-day basis. We face several adaptation risks with implications for our operations, supply chains and overall business resilience.

MITIGATING PHYSICAL RISKS TO ENSURE BUSINESS CONTINUITY FOR OWN OPERATIONS AND OUR SUPPLY CHAINS INVOLVES:

- conducting climate vulnerability assessments;
- enhancing infrastructure resilience;
- ensuring appropriate emergency preparedness for weather-related impacts; and
- reviewing, refining and updating adaptation measures such as seasonal forecasting, lightning protection, flooding prevention and wind rating of equipment.

RISKS AND OPPORTUNITIES CONTINUED

Asset vulnerability

Extreme weather events have already had damaging impacts on Sasol's people, fenceline communities and infrastructure including pipelines and storage facilities, one example being the 2022 KwaZulu-Natal floods. Enhanced monitoring and early warning systems for extreme weather events are in place on our operational sites. Sasol also collaborates with industry peers to share best practices to foster collective approaches where possible with a view to building and enhancing resilience. One example of this is the 'buddy system' implemented by our operations at the Lake Charles site where we share emergency resources with other local businesses.

Supply-chain vulnerability

Climate change can undermine our ability to receive inputs and feedstock, deliver products and execute mitigation projects such as the delivery of solar panels needed for renewable projects. On an ongoing basis, we assess the vulnerability of our supply chains with contingency plans to manage potential disruptions, to the extent possible.

Water availability

Water scarcity and changes in water availability patterns are exacerbated by the impacts of climate change. Sasol is dependent on water for its operations and practises water sustainability. Reduced water availability or poor water quality can seriously disrupt or halt operations, increase costs and impact production. To adapt, Sasol has already implemented closed loop recycling at our Secunda plant and has expert in-house teams to help implement water conservation measures and advise on, and implement, water management strategies in our operations and host municipalities' catchment areas.

Health and safety risks

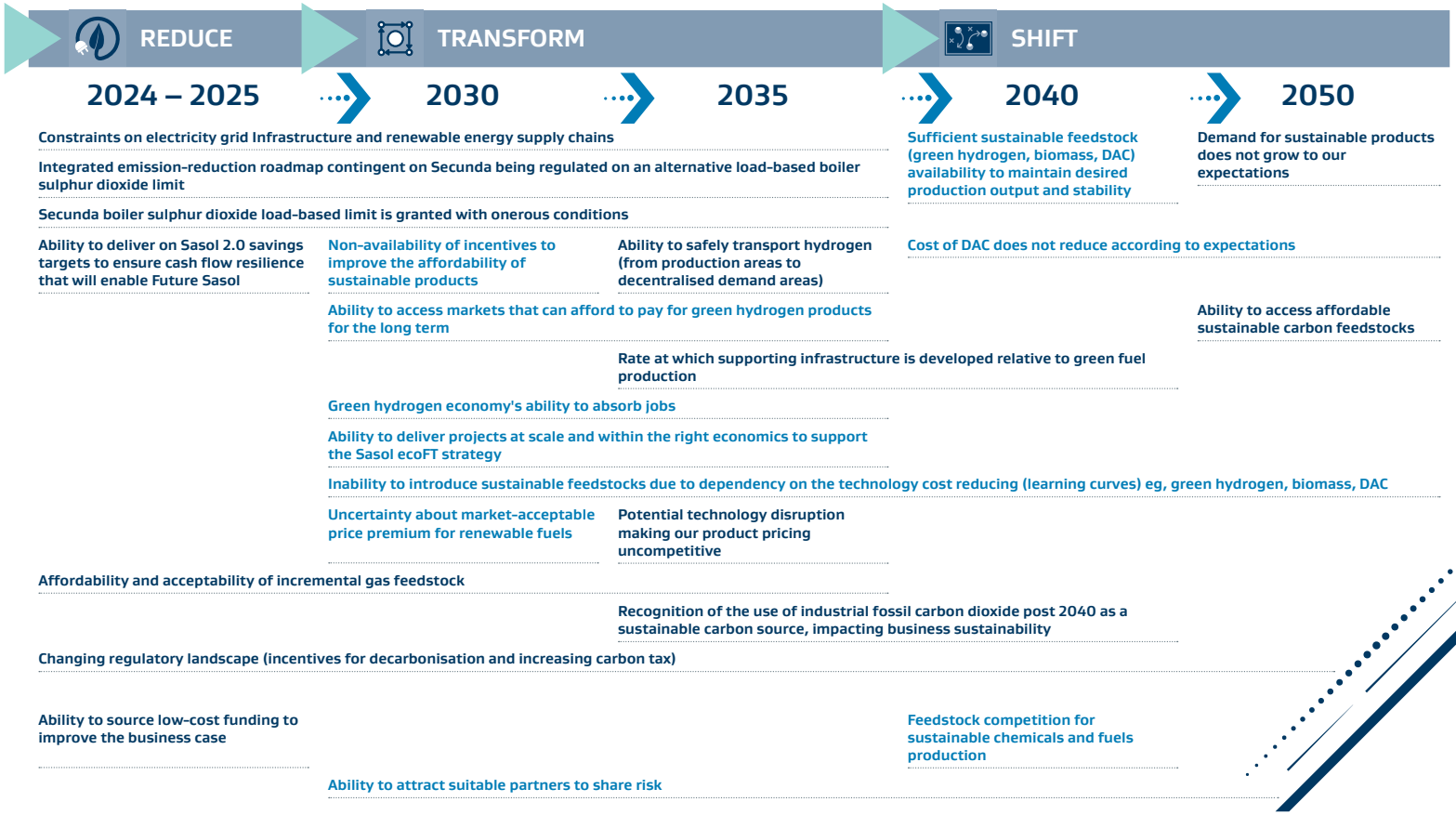
Climate change is affecting the health and safety of our employees, service providers and communities. Extreme heat, floods and even changing disease patterns pose risks to human health. Sasol, through its Occupational Health and Safety and other teams, assesses and manages these risks by implementing appropriate health and safety measures, providing training and education, and adapting work practices to ensure the well-being of the workforce. We also support surrounding communities as we did in Mozambique and KwaZulu-Natal during the recent extreme weather.

PROGRESSING OUR RISK MANAGEMENT EFFORTS

Climate change mitigation and adaptation pressures present both risks and opportunities for our business. Although net zero and the need to achieve this goal are achieving momentum, considerable uncertainty remains regarding the availability and maturity of technology and feedstocks to reduce emissions, as well as the sequencing and timing of their implementation. This is the reality that we are dealing with, particularly for the post-2030 period.

Given these uncertainties, it is unlikely that our decarbonisation and transformation to a Future Sasol will follow a linear path. Managing complex short-term risks will continuously be balanced with our assessment of long-term risks. The Future Sasol strategy creates three interrelated, but distinct phases linked to the three-pillar emission-reduction framework (as shown below). These three phases have risks that we know of today that are all being considered.

RISKS ASSOCIATED WITH OUR POTENTIAL TRANSITION PATHWAY TO A FOSSIL-FUEL-FREE VISION



TRANSFORMING FOR RESILIENCE

Progressing a sustainable **Future Sasol**

Purpose

Innovating for a better world

FUTURE SASOL — We are resetting, transitioning and reinventing Sasol to achieve our Net Zero greenhouse gas emissions ambition by 2050

OUR AMBITION — Grow shared value while accelerating our transition to Net Zero

OUR SUSTAINABILITY STATEMENT — Advancing chemical and energy solutions that contribute to a thriving planet, society and enterprise

We analyse, on an ongoing basis, how resilient the Sasol portfolio will be under various dynamic and evolving scenarios. These scenarios inform the development of our climate change management approach and implementation.

We assess the robustness of our portfolio and that of each business and include our greenhouse gas (GHG) targets and ambition, the physical impacts of a changing climate on our business, as well as opportunities in a low-carbon future.

Our risks and opportunities are analysed in the contexts derived from four scenarios:

- Current Pathway;
- Fragmented World;
- Cooperative World; and
- Net Zero World.

RESILIENCE OF OUR PORTFOLIO

Our global and South African scenarios are updated annually to inform internal strategy processes and decision-making.

We leverage national and international scenario databases to create and review a balanced but challenging set of scenarios[1]. Monitoring of the global landscape is a key input into building our scenario storylines, as are the global and local contexts. This section gives an overview of the key issues that shaped updated scenarios.

Global trade tensions and geopolitical risk increased recently (see alongside). Examples include Brexit, United States-China trade tensions and the Russia-Ukraine war. These, combined with an ageing population in key economies, the longer-term negative impacts of COVID-19 on education, weak investment growth, little improvement in productivity growth and short-term cyclical shocks, such as recession concerns, are contributing to cracks in global integration and potentially slower global economic growth at least until the end of the decade.

In addition, potential challenges to the global energy transition have emerged in the form of insufficient skills availability, constrained supply chains, an uncertain and frequently changing policy and regulatory environment and uneven technology development and deployment.

Globally, the energy transition landscape has witnessed a number of fundamental changes. The importance attached to the elements of the 'energy trilemma' (energy affordability and accessibility, energy security and reliability, and clean and sustainable energy), has shifted for different regions of the world.

Europe, for example, has seen an increased emphasis on energy security whereas developing countries are focusing more on energy affordability. The world is also experiencing a sharpening divide between developed and developing economies on the prioritisation and speed of the transition. Policy, investment and collaboration are needed to facilitate the substantial investment required to reach global net zero.

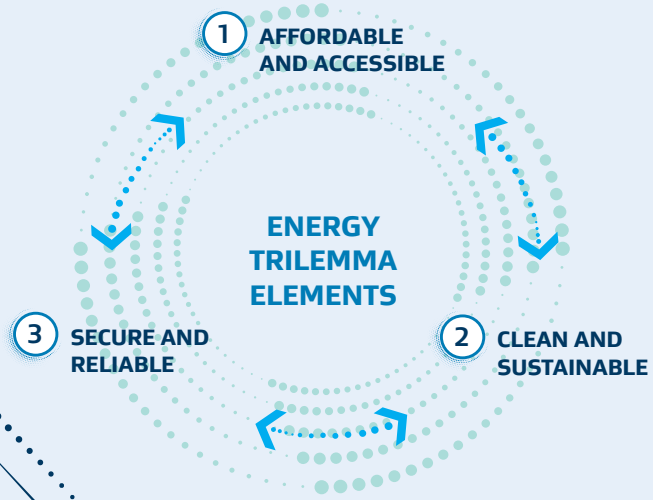
These challenges set the backdrop for the starting point of our scenarios. It is on this basis that Sasol updates its scenarios.

1. Including the International Energy Agency (IEA), South African Petroleum Industry Association (SAPIA), Shell, bp, Oxford Economics, World Energy Council, S&P Global, Wood Mackenzie, Rystad, International Air Transport Association (IATA), the International Council for Clean Transport (ICCT), BloombergNEF, World Economic Forum (WEF), International Monetary Fund (IMF), World Wide Fund for Nature (WWF), the World Bank and Statistics South Africa (StatsSA).

COVID-19 and war in Ukraine deepened cracks in globalisation

Reference: IMF; https://www.imf.org/en/Blogs/Articles/2022/10/27/asia-and-the-world-face-growing-risks-from-economic-fragmentation; Geoeconomic Fragmentation and the Future of Multilateralism, prepared by IMF.

All three energy trilemma elements required for an orderly transition – which will be difficult to meet



Lake Charles Chemicals Complex, Louisiana, United States

RESILIENCE OF OUR PORTFOLIO CONTINUED

Scenario updates

Updates to our scenarios focused on revisions to the short to medium term globally and locally.

Compared to the period 2000-2010, global economic growth, including all three drivers of labour, investment and productivity, have weakened in the past decade. According to the World Bank, overall global economic growth could potentially weaken even further in the coming decade in the absence of tough policy and focused implementation.

Ethylene plant, Sasolburg, South Africa

Our global economic outlook has been updated to reflect this view. This included short- to medium-term volatility owing to the COVID-19 pandemic and uncertainties over the Russia-Ukraine war and population, investment and productivity dynamics. According to this view, shrinking working-age populations and rising dependency ratios are offset to some extent by global productivity gains. Some nations struggle with high debt burdens, trade frictions and monetary policy normalisation, resulting in uneven gross domestic product (GDP) growth across different regions.

Our approach, however, is to use a single global GDP forecast across all key scenarios, which is similar to the approaches of the IEA and bp. Global oil and refined-products demand, along with price, have been updated, taking into account geopolitical tensions, risk premiums and changes in product flows. Although more work is required, an in-depth review of the structure of the global refining industry has been initiated, with a view to understand how this industry would transform to accommodate increased demand for naphtha versus reducing demand for gasoline.

Future views also look at developments such as new crude-to-chemical refineries and the role these would play in expanding chemical production to cater for growing population and middle-class needs.

In general, chemical feedstock supply from new non-fossil-derived sources is required, particularly in the Cooperative and Net Zero worlds (see following page), to supplement declining global supply of oil and liquids. Here, some form of policy and regulatory support will be required to assist the transition and reduce price impacts on consumers as developing technologies shape new products and markets.

A deep dive was also performed into new developments in the aviation fuel sector to understand policy and regulatory support for industry transformation. These results informed our robustness testing and impacted our outlook for Sasol ecoFT and Energy.

The global gas industry review considered the role of gas under each scenario, as well as supporting policy and regulation to enable gas's role as a transition fuel. This review feeds into updates in the United States ethane and natural gas liquids outlooks.

South African economic circumstances in each scenario set the scene for the energy transition. The local mobility landscape was dissected in detail to expand on the drivers of change. A key component in commuter transportation is affordability. Other elements include new-technology vehicle availability, infrastructure roll-out, supportive policy and regulation as well as consumer willingness to transform. Transforming freight transport is strongly reliant on new transport technologies but also the availability of rail. Each scenario describes the role of particular modes of transport and how they will shape the way forward.

Electricity affordability, access and availability are key to local economic progress and, hence, also the energy transition. Overall electricity demand in each of our scenarios was projected using economic growth, price and population growth. The respective scenario storylines drive the composition of the electricity generation mix, industry structure and grid expansion considerations.

It should be noted that scenarios are not predictions or forecasts, but rather tools to assist in managing Sasol's responses to future uncertainty. Scenarios are hypotheses of the future, informed by data from various sources, constructed using models, and contain insights from experts in relevant fields. All scenarios should preferably be read together as representing a complete picture of the future, told along different storylines. It is unlikely that a single scenario will materialise on its own.

The Sasol scenarios consist of two different approaches: 'explorative' (Current Pathway, Cooperative World and Fragmented World) and 'normative' scenarios (Net Zero World). The Net Zero World is therefore developed taking an end-point target of 2050 and built backwards.

Sasol-derived data points for robustness testing[1]		2022	Current Pathway 2050	Fragmented World 2050	Cooperative World 2050	Net Zero World 2050
MACROECONOMIC	Global GDP growth (% pa)[2]	3,4%	2,8%	2,8%	2,8%	2,8%
	Global population growth (% pa)[3]	1%	0,8%	0,8%	0,8%	0,8%
	SA GDP growth (% pa)	1,9%	1,4%	1,1%	2,6%	3,5%
	SA GDP/cap (000 ZAR)	77	92	82	116	142
OIL	Global oil demand (MMbpd)[2]	101	96	105	59	29
JET FUEL	Global jet fuel demand (000 bpd)	6 740	6 372	8 132	3 992	1 544
SAF[4]	Global SAF demand (000 bpd)	8	1 555	492	2 344	2 867
NATURAL GAS	Global natural gas demand (bcm)[2]	4 042	3 968	4 285	3 383	1 549
SOUTH AFRICAN POWER MARKET	Power demand growth (average % pa 2021-2022; average % pa 2023-2050)[2]	-2,8%	0,6%	0,3%	1,1%	1,9%
	Renewables share of electricity generation capacity (%)[2]	7%	71%	30%	81%	91%
	Coal share of electricity generation capacity (%)[2]	86%	25%	51%	0%	0%
SOUTH AFRICA MOBILITY	% electric vehicles (EVs)[2]	~1%	40%	53%	80%	100%

1. Leveraging external data sources eg IEA NZ, S&P Global, World Bank, etc.
2. Internal Sasol calculations.
3. Population: United Nations (UN) population data.
4. Sustainable aviation fuel.

RESILIENCE OF OUR PORTFOLIO CONTINUED

NET ZERO WORLD

- The Net Zero World is a normative scenario that is built backwards from a target outcome of reaching the global temperature of ~1,5°C.
- This scenario assumes that appropriate technologies will be in place, policy and regulation will be aligned and constructive, financial investments will be available at favourable rates to develop new technologies, supply chains will expand at the required rates and all consumer behaviour will be aligned and focused on the end goal. It also assumes that all countries will be completely aligned on and working towards the net zero ambition. Moreover, this scenario assumes that the required skills and re-skilling actions are available and sufficient employment opportunities will be in place.
- Strong penalties, legislation and policy are in place to direct the desired behaviour and consumption-pattern changes.
- There are large investments in the energy transition, with developed countries supporting developing countries financially, technologically and with capacity building.
- There is a significant reduction in fossil-fuel demand and a commensurate growth in green electricity through the roll-out of solar and wind energy as well as storage capabilities. Cost curves of renewable energy and green hydrogen have dropped significantly on the back of technology advancements, regulatory transformation and sourcing expansion.
- Global liquids demand for transport peaks in the 2020s, further entrenched by a high penetration of electric, hybrid and fuel-cell vehicles with the associated roll-out of charging infrastructure globally. Fossil jet fuel demand is reduced by consumption and operational efficiency improvements, behaviour change and modal transport shifts, supported by strong penetration of SAF, including Power-to-Liquids (PtL).
- Global natural gas demand peaks in the early 2020s with major reductions in gas demand in the power sector. Despite this, industry remains reliant on gas due to substitution difficulties.
- Demand for petrochemicals is dampened by strong recycling and circular-economy options. Alternative feedstocks need to be implemented to simultaneously fill the gap left by the lack of fossil-based feedstocks and to not influence costs for the consumer. New refineries, especially crude-to-chemical facilities, replace older technologies to enable the better use of new refining liquids balances.
- All countries invest extensively in mitigation efforts, resulting in fewer climate change adaptation requirements.

COOPERATIVE WORLD

- Strong cooperation allows for more global climate change mitigation. Activities are, however, not sufficient, with temperature increase in a range of 1,5°C to 2°C.
- There are rapid technology advances in solar, wind and batteries, as well as technology transfer to developing nations. This allows costs to fall over time, resulting in on-going implementation.
- Energy efficiency gains, lifestyle changes, legislation, policy and political commitments result in reduced energy consumption.
- Increased reliance on electricity networks for energy distribution is accompanied by significant investment in grid infrastructure and interconnectivity between countries. Electricity transmission networks and energy distribution costs have reduced significantly as global cooperation is accelerated.
- Many countries cooperate on technology development, commercialisation, availability and accessibility. Funding is also forthcoming to assist in reducing dependence on fossil-based energy and advancing the energy transition.
- Global coal consumption comes under increased pressure.
- Global liquids demand for transport peaks in the mid to late-2020s, driven by increased penetration of new technology vehicles, charging infrastructure, engine efficiency, modal shifts and behaviour changes, where affordability is spurred by technology sharing and subsidies. Oil-derived jet fuel demand growth is flatter and starts to decline in the mid-2030s due to changing behaviour, consumption efficiency, operational improvements and penetration of SAF.
- Global natural gas demand peaks and plateaus in the mid-2030s and is largely used as a peaking fuel in the power sector, with efficiency improvements lowering demand.
- Demand increases for petrochemicals are dampened by behaviour and lifestyle changes, recycling and circular-economy developments. Strong cooperation among nations is required to close the gap left by lower fossil-based feedstocks due to declines in oil and liquids availability. New feedstocks are required to meet demand and also restructuring and renewal of the global refining industry, while keeping prices under control.
- Many countries are investing extensively in mitigation efforts; however some climate change adaptation efforts are required, especially in developing countries.

Physical risk modelling

Two greenhouse gas (GHG) emission scenarios were modelled to understand physical impacts on our operations: the Intergovernmental Panel on Climate Change (IPCC's) high emission scenarios (referred to as 'Representative Concentration Pathway (RCP)' 8,5) and an intermediate emission scenario (RCP 4,5). RCP 4,5 and 8,5 were chosen based on the wide range of changes in GHG emissions. These pathways informed the development of downscaled climate models developed by the Council for Scientific and Industrial Research (CSIR), providing an 8km spatial resolution for Southern Africa and 50km for the United States. Our prioritised sites for understanding physical weather impacts were the CPF (Mozambique), Secunda and Sasolburg (South Africa) and Lake Charles (United States).

We supplemented and bias-corrected the modelling with site-specific historical weather data. Our modelling simulations spanned 1960 to 2099, which encompasses the time-frame for Future Sasol's strategy. In general, the modelling indicated that surface temperatures could increase by 1 – 4°C by 2050, with an increasing number of extreme hot days. Projected rainfall patterns differ between the sites. For Sasol Energy in Mozambique, rainfall is projected to increase while for sites in South Africa, no change in average rainfall is projected but rather an increase in the intensity and frequency of extreme rainfall events. For Sasol Chemicals in the United States, a similar rainfall trend to South Africa is likely to be experienced. In Mozambique and the United States, cyclones and hurricanes are expected to become more intense.

These results have informed the development of proactive climate change responses. In addition, the downscaled modelling results have been incorporated into our scenarios:

Net Zero

The weather-related impacts on Sasol's people, communities and assets are reduced, with fewer production losses and lower costs for adaptation measures.

Cooperative World

Sasol's people, communities and assets are exposed to some physical impacts of climate change, requiring more investment into adaptation measures.

Current Pathway

To build the resilience of our people, communities and assets, Sasol's investment costs in adaptation are higher than in the Cooperative World. Hurricanes in the United States and flooding and heavy rainfall in South Africa lead to some production downtime; however this is somewhat cushioned by adaptation measures.

Fragmented World

Sasol's adaptation investment needs to be significantly higher to build the resilience of our people, communities and assets. Weather-related impacts result in more production downtime.

Sasol Energy incorporates adaptation response measures such as emergency preparedness, updating design specifications and tailored maintenance schedules. These measures are more costly than those required for our United States assets because of the age of Sasol Energy's assets. These assets were built without taking a rapidly changing climate into account.

RESILIENCE OF OUR PORTFOLIO CONTINUED

CURRENT PATHWAY

- Challenging uneven global economic recovery post the COVID-19 pandemic, increased geopolitical risks and the changing country priorities versus climate change ambitions, mean that the world is on track to overshoot the 1,5°C temperature goal, reaching 2 – 3°C.
- Climate change mitigation continues to progress in more developed markets such as Europe and the United States. Many other countries lag and make intermittent progress, favouring economic growth and job creation over climate change goals. The Russia-Ukraine war has exacerbated component supply, supply chain logistics and energy security issues, some of which started before or during the COVID-19 pandemic. These have become key concerns, with some countries developing new relationships based on the supply and demand of energy, other commodities and components. Many developing countries are also facing food shortages, which need to be addressed in the short term.
- Technology development continues to progress and assist in the energy transition in certain regions. Some countries are progressing with electric vehicle roll-out and related infrastructure. Affordability continues to hamper progress in other economically challenged regions, including South Africa. Here, adoption of electric vehicles lags the more developed regions.
- Favourable financing and funding opportunities are available to some countries and regions for energy transition activities.
- Petrochemical demand increases due to a rising population and growing middle class, softened to some extent by recycling and reuse.
- Global transport fuel demand peaks only in the early 2030s. Oil-derived jet fuel recovers slightly relative to pre-COVID-19 levels. By the mid-2030s; however, oil-derived jet fuel demand starts to peak and plateau due to efficiency improvements and new aviation fuel options like SAF.
- Natural gas begins to replace coal demand in the power sector in developing countries. Renewables generally show improved price competitiveness over gas and are more widely adopted in developed economies. Affordability and access to infrastructure remain key with global gas demand peaking in the late 2030s. Grid expansion to accommodate the increased sources of new power generation proves challenging in all parts of the world. South Africa is particularly challenged by grid expansion requirements and the required regulatory changes.
- The supply chain capacity of key minerals and metals required to facilitate the energy transition comes under strain and concentrated ownership of large portions of the mining and refining portions of the supply chain complicate access to key components.
- Greater investments are required in adaptation efforts, which are projected to increase over time.

FRAGMENTED WORLD

- Reaching the 1,5°C temperature goal remains aspirational with amplified geopolitical divisions and economic challenges preventing requisite technology transfer and funding availability. The temperature increase is therefore greater than 3°C.
- Many countries are concerned with energy security and ensuring that supply chains are robust. Self-sufficiency becomes a priority.
- New geographic trade partnerships increase security of supply for energy and other commodities and components. This increases the cost of minerals and metals that are key to the energy transition, which further increases affordability challenges for some countries. Trade partnerships disadvantage progress in some states.
- Many countries focus on local economic challenges at the expense of emission-reduction goals, which delays progress towards climate change targets. Technology cost increases also create barriers to progress. Local and regional tensions further contribute to slowing climate action.
- Global liquids demand peaks and plateaus in the 2030s, with jet fuel showing some growth to 2040 before it starts to decline.
- Electricity demand increases and transitions to greener generation options are sluggish in some regions. There are, however, challenges in accessing technology improvements at the required price, as well as the metals and minerals necessary to manufacture key components. Nuclear power generation becomes a clear option (including in South Africa).
- Natural gas replaces coal in power generation in some countries. Challenges exist in the availability and cost of materials required for renewables, further increasing gas demand.
- Petrochemical demand continues to rise with some recycling and reuse. Technology development is, however, slower and developing regions still struggle with implementing systems to reduce demand.
- Some financing is available for transition activities but access is challenged by changing requirements and geopolitical alliances.
- Adaptation requirements and costs are significant, related to more frequent and severe extreme weather events for both developed and developing countries.

Describing our qualitative and quantitative robustness testing approaches

QUALITATIVE ROBUSTNESS TESTING

- We use a grading system to evaluate different elements of the Future Sasol strategy up to 2030.
- A multi-disciplinary team is convened from different parts of the company to evaluate the robustness of the strategy along different themes. These themes include:
  - Stakeholder views: tests how shareholders, non-governmental organisations and government could respond to proposed updates to the strategy to 2030, including the speed of the transition, emission reductions and impact on the share price and profits.
  - Dependency of strategy implementation on policy and regulatory changes.
  - Fluctuations in demand for liquid fuels and chemicals.
  - Market and competitive changes for liquid fuels and chemicals to 2030.
  - The executability of the strategy in terms of the operating model, proposed partnerships, capabilities and skills availability within the organisation and the financial framework in the period to 2030.
- Once the evaluation is complete, the robustness level is tested at executive level and signed off.

QUANTITATIVE ROBUSTNESS TESTING

- For each product and feedstock in each scenario, a future price assumption view is developed. For example, future price assumptions for oil, refined products, natural gas, chemicals, carbon, exchange rates and US ethane.
- These price assumptions are signed off by the Sasol Group Assumptions Committee.
- Through Group Finance, a detailed financial modelling exercise is undertaken to test the financial robustness to 2030. Using outputs such as earnings before interest, taxes, depreciation and amortisation (EBITDA), cash flow impacts on the organisation are distilled and shared with the executive team for decision-making.

RESILIENCE OF OUR PORTFOLIO CONTINUED

Synthetic alcohol plant, Secunda, South Africa

Quantitative robustness testing to 2030

Our quantitative stress test aims to provide steer on the robustness of each business area and our overall portfolio. Our GHG targets, the physical impacts of a changing climate on our business and opportunities in a low-carbon future are included in this assessment.

The results of our robustness testing are reflected in the graphic alongside and indicate the following, which directly shaped the Future Sasol strategy:

- The increasing unacceptability of coal as a feedstock when moving from the Current Pathway to the Net Zero World is evident. As a result, we will gradually reduce our coal exposure, which reduces our GHG emissions profile over time. We are also driving towards a diversified feedstock mix that incorporates incremental gas and other low-carbon feedstocks, when affordable.
- Local market demand for liquid fuels is more challenged in the Net Zero World, compared to the Current Pathway, due to the increased penetration of alternative mobility technologies. However, demand is relatively robust until at least 2030. From a relevancy perspective, Sasol strives to remain a partner of choice for mobility and commercial customers to preserve returns. We are taking market positions in advanced mobility, aligned to our strengths.
- We are exploring new value chains in renewable power, mobility, green hydrogen, sustainable carbon and other growth positions away from a fossil-fuel profit base, especially those that have positive EBIT prior to 2030. These new value chains support local job creation as part of the energy transition.
- SAF currently relies on regional and country-level legislated blending mandates and grant funding. Although this regulatory landscape is still under development, there are many initiatives progressing internationally that are shaping the transition in the aviation sector. Sasol ecoFT is actively monitoring the landscape and is in discussion with potential partners to progress activities, develop pilot and proof-of-concept projects as green hydrogen technology and sustainable carbon initiatives progress down the cost curve.
- Continued growth in the chemicals value chain globally is beneficial. Products in the Sasol portfolio enable lightweighting and energy-efficiency improvements, as well as improved food packaging, personal care and hygiene. Sasol is undertaking further assessments to understand the potential impact of the introduction of carbon border taxes on our South African product portfolio.
- The potential physical impacts of climate change in all scenarios are closely monitored. These impacts include loss of production, damage to infrastructure and supply-chain interruptions. Our newer facilities are better designed to deal with potential climate change impacts; internationally, local support structures and cooperation to assist in times of need are stronger, providing more robustness. There are potentially fewer impacts in the Net Zero World compared to the Current Pathway. As a result, required sustenance capital expenditure declines. Sasol continues, however, to invest to reduce emissions and build resilience to changing weather patterns through updating design specifications, maintenance programmes and emergency preparedness plans.

We undertook a quantitative evaluation to assess the financial impact of the various outcomes on our businesses. The dotted line in the graphic below indicates the 2022 indexed values for profitability and oil price, which can be compared to the index values for each scenario in 2030. Quantitative robustness of Sasol's 2030 earnings relative to 2022 (with mitigation) was assessed.

In the Current Pathway, profitability in 2030 is greater compared to 2022. The lower profitability in the Cooperative and Net Zero worlds are largely driven by lower oil-price outlooks, which also drive lower refined product and chemical prices. Several areas were highlighted; these are being tracked and monitored to reduce vulnerabilities in our strategy.

These areas or signposts include:

- pace of technology development, commercialisation and implementation, access to new technologies and an enabling environment including the cost of electrolysis and renewable power generation;
- regulatory and policy changes impacting products and market demand as well as SAF, green hydrogen, and others in various regions;
- partnering and relationship trends and requirements;
- carbon border taxes in different regions;
- carbon tax design, especially in the South African context;
- stakeholder expectations in the different regions of our operations;
- financing and funding trends and requirements;
- sustainability obligations and associated costs or investments required; and
- macroeconomic drivers such as oil, rand/dollar exchange rate, inflation, economic growth, product prices and feedstock prices.

Quantitative robustness testing of Sasol's 2030 earnings relative to 2022 (with mitigation)

RESILIENCE OF OUR PORTFOLIO CONTINUED

// 2030

Qualitative robustness testing to 2030 (with mitigation)

	Net Zero	Cooperative World	Current Pathway	Fragmented World	
SASOL ENERGY: FUELS AND CHEMICALS (SOUTH AFRICA)	Explore alternative options	Explore alternative options	Maintain with investment to transition	Focus for investment and development	Coal and gas are not favoured in the Net Zero World and both are speedily phased out. Coal is not a growth area in the Current Pathway and the Cooperative World, with limited to no new investments. Due to the divided nature of global geopolitics in the Fragmented World, coal experiences a slower rate of decline, which allows more mining jobs to be retained for longer. In the Current Pathway, Fragmented World and Cooperative World, there are some growth opportunities in gas as a transition fuel, with the emphasis on balancing renewables flexibility in power generation. In the Net Zero World, the cost of renewable energy with energy storage out-competes other forms of power generation, reducing support for gas and other sources of generation capacity. The demand for gasoline and diesel remains robust in South Africa in the Fragmented World, Current Pathway and Cooperative World. Demand is, however, reduced due to higher penetration rates of electric vehicles, other forms of transport and changes in consumer behaviour in the Net Zero World. Carbon border taxes are likely to affect South Africa's chemical exports to certain markets. This could result in the need to re-route certain exports, possibly impacting competitiveness and reducing margins. Implementing the just energy transition will be challenging in all scenarios for South Africa due to the country's social and economic challenges. South Africa may, however, experience additional issues in the greener scenarios as a result of not having sufficient time to build up local supply chains. The physical risks of climate change are increasing across all scenarios (although to a lesser extent in Net Zero), which would result in higher operating costs.
SASOL ENERGY: SOUTH AFRICAN VALUE CHAIN	Focus for investment and development	Focus for investment and development	Focus for investment and development	Focus for investment and development	Sasol's proprietary Fischer-Tropsch (FT) technology and integrated value chains are well placed to convert a variety of feedstocks into diverse product pools that can be leveraged under a wide range of emergent directives such as the European Union renewable energy directive (RED). These value chains lead to more positive sentiment, with international partners available to invest. In the Fragmented World, additional effort will, however, be required to find supportive partnerships for new value chains to overcome the disjointed nature of global relationships. Overall, these new value chains may take longer to demonstrate real returns in the short to medium term but show promise post-2030. Supportive policy and regulation is required in a number of areas, especially to help shape markets in the short to medium term. The Cooperative and Net Zero worlds may experience greater competition for skills and hardware. Sasol continues to explore alternative markets.
SASOL CHEMICALS (INTERNATIONAL)	Maintain with investment to transition	Maintain with investment to transition	Focus for investment and development	Focus for investment and development	Driven by a growing population and middle class, chemical product demand continues to grow in all scenarios. In the Net Zero and Cooperative worlds, there is a greater need for recycling, re-use, material efficiency, circular economy and greener feedstocks. The differentiated and specialty chemical aspects of Sasol's portfolio, which includes products that improve efficiency, reduce waste, conserve resources and support new technologies, help to facilitate the energy transition. Other products assist in reducing consumption through lightweighting and energy efficiency, especially in food packaging, personal care and hygiene. There is on-going pressure and action across the value chain to improve climate change impacts. In the Net Zero and Cooperative worlds, the need for alternative chemical feedstocks is even higher as fossil-derived feedstock volumes need to be substantially reduced. More work is required in this area to better understand the impacts and expand Sasol's ability to pivot internationally. Especially in the developed world, the existing preparedness and greater local industry support to reduce emissions mean that the physical risks of climate change are lower than those in South Africa.
SASOL ecoFT	Focus for investment and development	Focus for investment and development	Focus for investment and development	Maintain with investment to transition	Sasol's differentiated technology provides a strategic advantage and delivers value in FT technology licensing through establishing partnerships internationally. The Sasol ecoFT Business is structured to take advantage of international business opportunities, supportive partnerships and funding while remaining robust in different scenarios. It will take time to develop established markets as production costs for sustainable fuels and chemicals decrease. Sasol ecoFT relies on legislated blending mandates and grant funding from governments; however country-specific GHG commitments and regulatory frameworks are driving demand for both green fuels and chemicals at premium prices. There may be some execution risks, which are normal for new business ventures. In the Net Zero and Cooperative worlds, global relationships provide the support mechanisms to progress Sasol ecoFT's sustainable fuels and chemicals product ambition. In the Current Pathway, focused engagement will be required to pursue partnership opportunities. The disjointed nature of global relationships in the Fragmented World implies that Sasol will need to more actively pursue partnerships. The announced 50/50 joint venture (JV) with Topsoe will increase the competitiveness of the ecoFT offering in all pathways.
APPROXIMATE TEMPERATURE TARGET (°C)	~1,5	1,5 – 2	2 – 3	>3	

Overall attractiveness for investment

- Focus for investment and development
- Maintain with investment to transition
- Explore alternative options

Using carbon pricing in business and project analysis

Sasol's high GHG emissions profile in South Africa attracts a high carbon tax liability as compared to our other international operations. As such, the following carbon pricing assumptions apply:

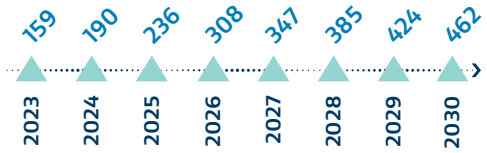
- Carbon tax rates are as per National Treasury's October 2022 announcement (see below).
- 95% of available carbon tax allowances apply as per National Treasury's October 2022 announcement indicating there is no 'sunset clause' for the allowances in the period to 2030.
- Carbon budget penalty rates will apply only for emissions that exceed the mandatory carbon budget from ~2025/2026 at a rate of R640/tCO_2e, at which point the carbon budget allowance will fall away, when the Climate Change Bill is promulgated.

Although the carbon tax rate is set to 2030, external circumstances change and it cannot be assumed that the rate will remain unchanged.

For the period 2030 to 2050, no regulated carbon price rate has been set. With global and local circumstances changing, the requirements for a carbon tax could change. Similarly, allowances should also be assumed to change.

A CARBON PRICE TRAJECTORY IS DEVELOPED AND USED IN TESTING INDIVIDUAL PROJECT ROBUSTNESS THROUGH OUR GROUP ECONOMIC MODEL.

Treasury announced South African carbon tax rate (ZAR/tCO_2e) before allowances applied in nominal terms



THE FUTURE SASOL STRATEGY

Ammonia plant, Sasolburg, South Africa

RESET

Step change performance (Sasol 2.0, Lake Charles Chemicals Complex ramp-up, stabilising Secunda Operations, improving mining productivity and coal quality)

Strengthen balance sheet

TRANSITION

Continue to decarbonise assets (options across gas, green hydrogen)

Shift portfolio towards more sustainable solutions (customer-led innovation, portfolio reshaping)

Shift to gas as transition feedstock

Procure renewables

Continue to drive energy efficiency

REINVENT

Bring sustainable Energy and Chemical businesses to maturity

Incubate and scale new sustainable Energy and Chemical businesses

Lay foundations for future sustainable businesses

Our strategy established a clear path along three horizons. We have to **RESET** our business enabling us to **TRANSITION** and to ultimately **REINVENT** ourselves into a more sustainable company.

Resetting the business will enhance cash flow generation and strengthen our balance sheet, creating financial headroom to manage our transition and enable continuous decarbonisation.

During the year we faced several headwinds and we now have to redouble our efforts to deliver on the **RESET** phase to ensure we are able to fund our **TRANSITION** and **REINVENTION.**

Our focus on the activities and initiatives during the **RESET** is immediate and as this will not be an easy path, we will have to:

BE REALISTIC about our challenges and opportunities

FOCUS on what will take us forward

DELIVER against targets and market promises

Focusing attention on the **Reset** phase to build a resilient company

1. SAFETY AND OPERATIONAL DISCIPLINE
2. CONTINUED SASOL 2.0 DELIVERY
3. CUSTOMER CENTRICITY AND PROFITABILITY UPLIFTMENT
4. MINING PRODUCTIVITY AND COAL QUALITY
5. SECUNDA OPERATIONS OUTPUT
6. LAKE CHARLES RAMP-UP OF SPECIALITY CHEMICAL UNITS

Our focus is on building a resilient company with a strong foundation business that can propel us into the future.

THE FUTURE SASOL STRATEGY CONTINUED

Our evolving operating context is impacting our strategy.

Recent events are showing cracks in global integration, by and large the result of the Russia-Ukraine war, increased cross-border trade restrictions and challenges in global supply chains slowing access to key components required in the energy transition.

Geopolitical conflict has resulted in higher than expected commodity energy prices while chemical prices have seen a downturn. These developments impacted Sasol's ability to realise its projected revenue and profit targets for 2023.

Internally, Sasol is grappling with changes in coal quality and challenges in its South African supply chains, which have resulted in lower-than-planned production. This is translating into an emerging performance gap relative to our targets. As a result, we are redoubling efforts in the Reset phase to manage this gap and ensure delivery, focus and realism, returning the company to a sustainable path.

Managing the gap

Sasol applies the externally developed Living Strategy approach, which we implemented and reported on in 2022 (see our 2022 CCR). Using this approach, the executive management team was able to define key priorities in response to a rapidly changing operating environment. Relevant data were consistently gathered and evaluated for frequent decision-making given the volatility we dealt with over the past year.

In an effort to ensure agility, we adjusted our emphasis across the Reset, Transition and Reinvent phases of the Future Sasol strategy. It was agreed that the business needed to refocus on the Reset phase as a means to return to sustainable performance. We identified a series of initiatives to improve value creation and set a foundation for the Transition and Reinvent phases.

As we implement interventions to Reset the business, we will continue assessing our robustness using scenario modelling and identifying strategic moves to achieve our set ambitions.

Our strategy remains unchanged; however our efforts are focused on improving our ability to deliver competitive returns and manage the pace of our transition and growth.

PERFORMANCE AMBITION, VALUE CREATION LEVERS AND MULTI-YEAR OUTLOOK

Delivery agenda

- **Initiatives ready for execution**
- **Focused dashboards with a few critical key performance indicators**
- **Collaborative delivery dialogues to track progress and accelerate delivery/ remove roadblocks**

'LIVING STRATEGY' APPROACH

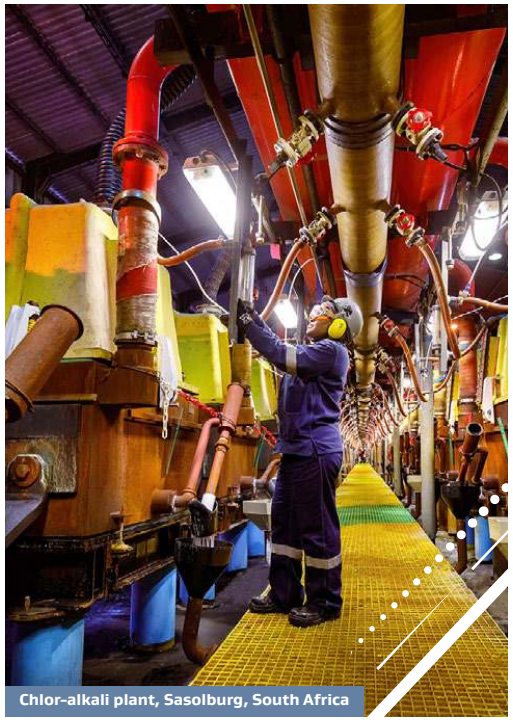
Develop agenda

- **Monitoring of signposts**
- **Frequent updating and assessment of unresolved strategic issues**
- **Dynamically adapt the strategy to keep pace with our operating reality**

DYNAMIC RESOURCE ALLOCATION

Metric	Business	Point of departure	2026 Milestone	2030 Target	2050 Ambition
SUSTAINABILITY CAPEX[1]	Energy and Chemicals	–	–	10 – 15%[2]	Majority
SCOPE 1 AND 2 EMISSIONS	Energy[3]	63,0 $MtCO_2e$ (2017)[4]	-5%	-30%	Net zero
	Chemicals	1,1 $MtCO_2e$ (2017 Eurasia) 1,7 $MtCO_2e$ (2017 United States)[5]	-20%	-30%	Net zero
SCOPE 3 EMISSIONS	Energy[6]	35,6 $MtCO_2e$ (2019)	–	-20%	Net zero
	Chemicals	To be confirmed	To be confirmed		
% RENEWABLE ELECTRICITY[7]	Energy	–		80%[9]	100%
	Chemicals[8]	–	100%		

1. Sustainability capital expenditure refers to capital associated with sustaining production through lower-carbon feedstocks, transforming the existing portfolio and investments in new sustainable businesses.
2. Approximately R9 billion in capital expended to date on lower-carbon feedstocks.
3. Excludes Natref, which will be addressed together with our JV partner.
4. Re-baselined our 2017 target base year, removing divestments and including methodological changes.
5. 1,1 $MtCO_2e$ baseline + 0,6 $MtCO_2e$ for Lake Charles growth.
6. Scope 3 emissions relate to sold energy products only (Category 11), including Natref's products.
7. Targets for Sasol Energy and Chemicals cover >70% of total electricity demand for the Sasol Group.
8. Renewable electricity relates to purchased external power and excludes our operations in Nanjing and self-generation.
9. Excluding load factor and relates to the 1 200MW in the Energy roadmap, of which 800MW is Sasol's portion and 400MW Air Liquide's.



Chlor-alkali plant, Sasolburg, South Africa

IMPLEMENTING THE FUTURE SASOL STRATEGY

SASOL CHEMICALS
Growing with our unique chemistry

As commercial ramp-up of Lake Charles continues, Sasol Chemicals aims to transform itself into a full-service global solutions provider. This is intended to build its competitive advantage, differentiated chemistry and market leadership positions with a distinct and growing focus on sustainability, circularity and specialties.

The Chemicals Business remains committed to reducing emissions and introducing products with low-carbon intensity but the higher costs associated with such pathways are a significant challenge as companies already struggle with short-term profitability and reduced consumer spending power.

Renewable energy is key to Sasol Chemicals achieving its GHG targets and, as such, the Business has progressed or concluded numerous power purchase agreements (PPAs) for its European sites, while options for the North American sites are still under evaluation.

Partnerships play a key role in Sasol Chemicals' commitment to innovate and provide more sustainable alternatives. The recent partnership with Holiferm and the production of low-carbon-intensity biosurfactants are examples of this commitment.

SASOL ENERGY
Leading the energy transition in Southern Africa

Sasol Energy strives to be a leader in the energy transition in Southern Africa. In line with this purpose, the Business is resetting, transitioning and reinventing itself. Sasol Energy is decarbonising and preserving current operations while pursuing growth opportunities to meet customers' evolving energy needs.

Through its proprietary FT technology, integrated value chains and highly skilled teams, Sasol Energy is uniquely positioned to convert a wide range of feedstocks into diverse product pools.

Combined with South Africa's world-leading endowment of renewable resources, our technology and value chain enable Sasol Energy to offer a vision of a just transition and a low-carbon, more sustainable energy future. Sasol Energy is putting the country on a competitive footing as it aims to take its rightful place in the global energy transition.

SASOL ecoFT
Developing SAF ventures globally

Sasol ecoFT spearheads this company's vision to globally produce low-carbon fuels and chemicals, with the objective of building new sustainable businesses by leveraging our advantaged FT technology. The Business's key focus is to develop, build and operate assets that produce SAF and market the products globally.

Sasol ecoFT is strengthening its strategic advantage through its proven differentiated technology, a continued drive to maximise catalyst yields, ability to operate these complex and integrated facilities, its strong value chain partnerships, and delivering value through FT technology licensing.

The announced 50/50 JV with Topsoe, once approved by the relevant authorities, will increase the competitiveness of Sasol ecoFT's PtL SAF offering.

ALLOCATING CAPITAL

We are committed to transforming our business while protecting and growing shared value for stakeholders, including shareholders. In 2023, faced with a number of significant production and macroeconomic challenges, we continued to allocate capital in a disciplined manner. This was in line with our capital allocation framework, to further deleverage our balance sheet while pursuing our decarbonisation objectives. Maximising shareholder value remains a strategic imperative.

In 2021, we shared with stakeholders our amended capital allocation priorities in support of our emission-reduction roadmaps. At the time of setting those priorities, we did our utmost to ensure that the impacts of our decarbonisation journey did not detract from our ability to deliver sustainable shared value. In light of the volatile global and local operating context, we subsequently reviewed our capital allocation framework and principles and re-affirmed that these remain valid as we weather challenging circumstances. We do see emerging affordability and timeline challenges and potential impacts on our ability to deleverage the balance sheet. However, we have proactively implemented interventions in the Reset phase of our Future Sasol strategy to address these potential challenges (see page 25).

In line with our capital allocation principles, our first priority remains ensuring safe and reliable operations and protecting our licences to operate. To optimally sustain our assets, we have been resolute in consistently allocating Maintain capital[1], with increases in such expenditure being the result of compliance and feedstock replacement requirements, as well as a response to the current extraordinary inflation cycle.

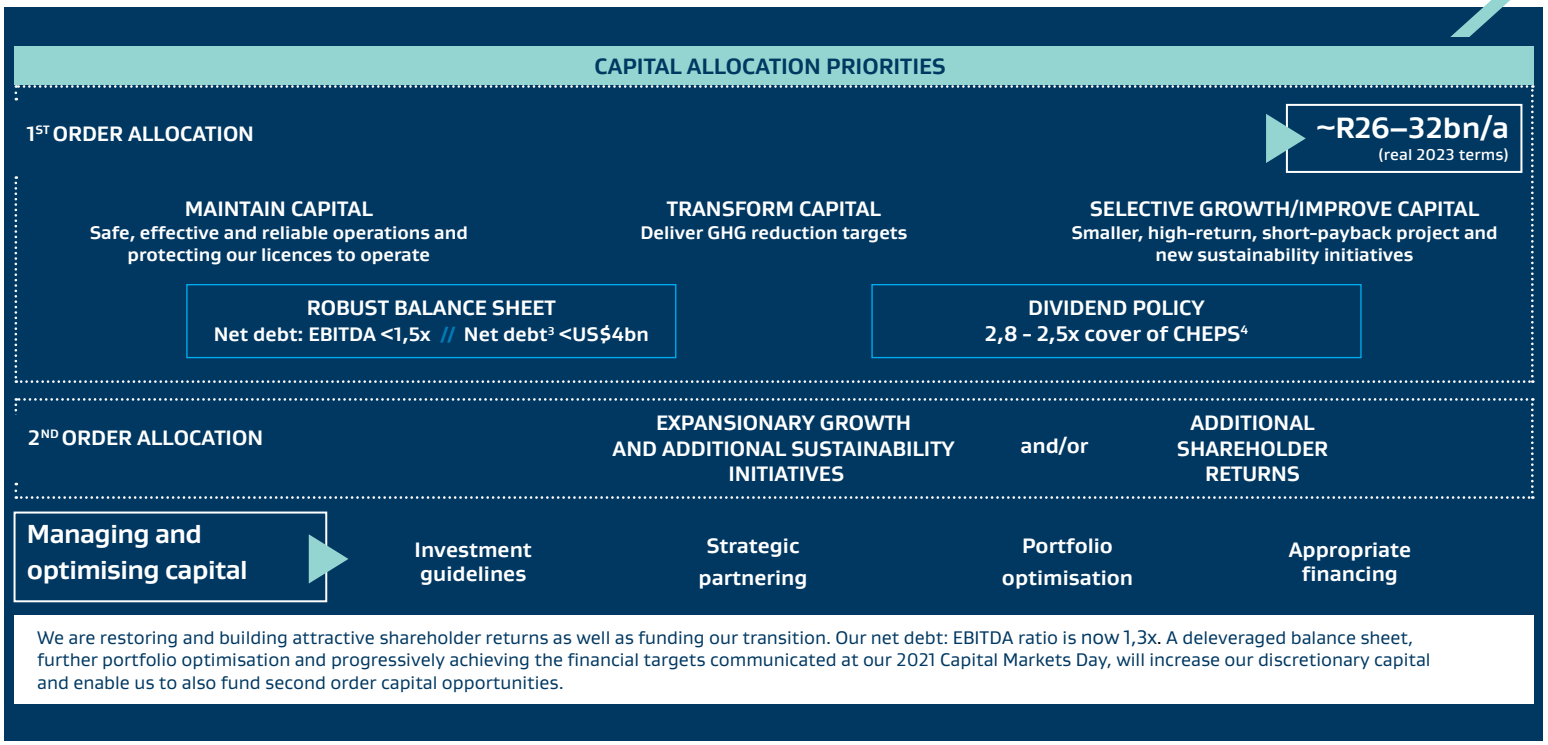
As a next priority, our allocated R15 – 25 billion (in real 2023 terms) cumulative Transform capital expenditure remains valid. We intend sequencing this expenditure over time while remaining within the Sasol 2.0 transformation programme's Maintain and Transform capital expenditure target of R26 –32 billion/a (in real 2023 terms) for 2024 and 2025. Total sustainability capital expenditure is projected at 10-15% of total capital up to 2030, with ~R9 billion in capital expended to date on lower-carbon feedstocks. Over the past year, we extended our Mozambique gas plateau from 2026 to 2028.

We also continue to leverage inherent synergies between Maintain and Transform, both part of first order capital allocation, which should lead to cost reductions. Higher inflationary pressures are, however, impacting our capital spend profile.

Sasol's strategy focuses on driving investments in new value pools to maintain a diversified portfolio (and grow that diversity) while strengthening our competitiveness in areas where we have a market leadership position, subject to affordability. We allocated capital for expansionary growth studies and new sustainable businesses for the future, as well as a corporate venture capital fund and parts of second order allocation, on a competitive basis. Should these growth initiatives be unable to meet our return expectations of above-WACC[2] returns with near-term payback, available funds will be returned to shareholders. To reduce our own capital outlays and balance risk exposure, we continue entering partnerships with like-minded organisations to establish new sustainability businesses (see pages 33 – 35).

We also continue to focus on deleveraging our balance sheet, positioning the business to restore and build attractive shareholder returns as well as fund our transition. Our net debt: EBITDA ratio is now 1,3x. A deleveraged balance sheet, further portfolio optimisation, optimal management of Maintain and Transform capital expenditure, addressing operational concerns and progressively achieving the financial targets set in 2021, will increase our discretionary capital in the short to medium term. This would enable us to fund additional attractive second-order capital opportunities.

Our first priority, however, remains concluding the imperative to reset our business with a focus on first order capital allocation, including further deleveraging our balance sheet. Concurrently, we will maintain our existing asset integrity and utilise capital as required to meet our GHG reduction targets by 2030, while respecting our dividend commitments and limiting our discretionary growth capital exposure to R1 billion in 2024. For further information on our capital allocation framework see IR 2021.



1. To ensure safe and reliable operations and protect our licence to operate.
2. Weighted Average Cost of Capital.
3. Net debt excluding lease liabilities.
4. Core headline earnings per share.

ALLOCATING CAPITAL CONTINUED

Coal exposure

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

Secunda Operations is directly linked to coal and limited to products within the affected value chains. This translates to ~90% of liquid fuels and chemicals produced in Secunda and all export coal. Note that some chemicals produced in South Africa are from natural-gas feedstock. No chemicals or fuels produced outside of South Africa are coal derived.

Stranded assets

In 2022, we provided a perspective on the key variables that could lead to certain of our assets becoming stranded. These variables have since remained unchanged and include:

- the regulatory environment (specifically climate-related policies);
- technology breakthroughs;
- changes in consumer preferences; and
- physical climate change impacts.

We are able to repurpose existing at-risk assets for use in a low-carbon future. We continue to advance our green hydrogen aspirations for the production of sustainable fuels and chemicals, using our FT technology through small-scale demonstration projects in both Secunda and Sasolburg.

Gas remains a transition feedstock and we have worked to secure additional reserves, extending the Mozambique gas plateau by an additional two years.

The ability to extract additional gas from our gas fields will provide greater flexibility to avoid regret infrastructure capital spend on liquefied natural gas (LNG).

Our Mining Business has experienced operational challenges and a deterioration in the quality of coal, which have led to a reduction in productivity. Uneconomic productivity levels could hasten the closure of some mines. Despite this, we remain committed to no investments in new coal reserves, avoiding a scenario in which these new assets could become stranded.

In addition, each of our existing mining operations has active social and labour plans in place which, when combined with our just transition roadmap, will assist in supporting efforts for a just transition (see pages 52 – 55).

We continue to monitor and track the probability of physical risks materialising in the regions where our operations are located. Because of adaptation and emergency preparedness which we continue to implement, we do not anticipate our existing assets becoming stranded as a result of physical risks materialising.

GRANT FUNDING

In 2022, our Sasolburg green hydrogen pilot project achieved final investment decision (FID) and was awarded conditional grant funding from the Industrial Development Corporation (IDC) amounting to ~R23 million. This project demonstrates our green hydrogen capabilities for both Sasol and the country.

Chemicals plant, Secunda, South Africa

ENERGY BUSINESS

PROGRESSING OUR GHG EMISSION-REDUCTION ROADMAP

Scope 1 and 2 ~63 $MtCO_2e$[1] — 2017 Baseline

Process and energy efficiency — 2021

~600MW Renewable energy[2] — 2025

-5% Scope 1 and 2 ~60 $MtCO_2e$ — 2026 Milestone

The key elements of the Sasol Energy GHG emission-reduction roadmap

SECUNDA OPERATIONS

Contributing around 26-27% to emission reductions

Reduction programme centres on:

- Boiler turndown to address both GHG reduction and sulphur dioxide load-based compliance
- Boiler turndown results in around 3 000 t/h reduced steam
- A fine coal solution is required as an enabler for boiler turndown
- Save steam through:
  - Basket of energy-efficiency projects
  - Reduced own electricity generation and interdependencies
  - Gasifier turndown
  - Air separation units steam to electric drives
- Making steam with Synthol heat integration
- Renewable energy integration (~1 200MW)
- Other enablers
  - Utility
  - Condensate enablers

SASOLBURG AND EKANDUSTRIA OPERATIONS

Contributing around 3-4% to emission reductions

Reduction programme centres on:

- Steam to electric drives
- Renewable energy integration (~150MW)
- Natref self-supplied on steam
- Basket of energy-efficiency projects
- Asset optimisation

Since 2022, Sasol Energy has progressed work on various levers towards achieving our 30% target. The annual review of the scope 1 and 2 emission-reduction roadmap, with specific focus on timing of the interventions and capital allocation needed to deliver, was completed. The scope 3 (Category 11) roadmap is under development amidst a very dynamic business environment with several material reduction levers being investigated.

1. Re-baselined our 2017 target base year, removing divestments and including methodological changes; also includes the South African Chemicals value chain.
2. 200MW is Sasol's portion of the initial procured 600MW in partnership with Air Liquide.

Sasol Energy is exploiting synergies between our GHG and air quality roadmaps. It continues to refine these roadmaps while closely tracking signposts, which have a direct impact on our trajectory. Current roadmap options focus on boiler turndown plus restoring production volumes to varying levels using natural gas.

For Sasol Energy, the optimal pathway is being measured against several criteria, including sulphur dioxide load-based compliance, GHG reduction potential, technology and execution risk, schedule, capital and operational expenses, and business value.

This year, Sasol Energy further optimised its roadmap, including capital estimates. The Business saw a marked increase in technology costs and a sharp rise in the estimated cost of introducing 40 – 60PJ/a of transition gas. The supply of re-gasified LNG had been considered possible to top up further gas requirements and to use this as a substitute for coal. However, LNG has become unaffordable at prevailing levels. Substantial investment in additional gas reforming capacity was also included in our roadmap to further recover production through gas. Given the increase in capital cost and affordability of LNG, Sasol Energy decided to place on hold expenditure on additional gas reforming capacity. Other options for the partial recovery of production using existing capacity are being explored to create flexibility at lower cost while recovering production to levels similar to those of 2023, and still achieve a 30% GHG reduction. We will provide further updates in the next reporting cycle.

GHG reduction levers also include reducing coal to gasification, implementing energy-efficiency projects at Secunda and in total turning down the equivalent of up to six boilers, to allow the Business to meet minimum sulphur dioxide emission standards on a load basis and achieve GHG reductions. To enable the integrated roadmap, sulphur dioxide from Secunda's steam plant will need an alternative load-based regulatory limit, permitted through clause 12A of South Africa's Air Quality Act: Minimum Emission Standards, as opposed to the prescribed concentration-based limit. For more on the status of this application, see page 44 SR).

Boilers produce steam and electricity from fine coal, a by-product of mining coarse coal for gasification. As a result, if the boilers are turned down, alternative steam and electricity solutions, and alternative uses of fine coal, will need to be found.

Fine coal

Several excess fine coal solutions have been evaluated for technical feasibility to enable the Business to utilise fine coal as a feedstock for Secunda's gasification process. Technical feasibility studies were undertaken focusing on understanding the ability to address the full extent of the excess fine coal challenge, cost implications and execution schedules. Accordingly, fine coal briquetting was selected as the preferred solution. Coal briquetting is a process in which fine coal is moulded into briquettes for effective consumption in the gasifiers, in this way optimising feedstock usage.

To mitigate potential schedule delays, smaller-scale solutions will be pursued for the period between turndown of the first boiler (targeted for 1 April 2025) and availability of the briquetting solution. We remain on track to deliver key milestones for the approval of basic engineering development for this solution.

ENERGY BUSINESS CONTINUED

Steam solutions (energy efficiency)

We are developing a suite of options to make and save steam in our plants. The major focus is on energy efficiency; additional steam production solutions are key considerations in the development of our roadmap. Novel options are being tested by our Research and Technology (R&T) function and options such as biomass boilers or process electrification using renewable energy, as low carbon steam solutions, are being investigated. The complementary option of low-carbon steam generation is a key enabler to transition our feedstock mix and produce higher-value green products in the long term. Heat integration is also being explored. Although heat integration is a known technology, we have not as yet been able to implement this solution in our Synthol plants because of technical integration challenges. We aim to implement a demonstration unit before we roll out at full scale. Sasol Energy is planning to pilot this technology and is close to concluding the basic engineering design for the heat integration demonstration project at Secunda. For emission reduction at our Sasolburg and Ekandustria Operations, options are being evaluated to convert steam-driven equipment to electric drives.

Electricity

We have negotiated over 600MW of renewable energy PPAs, putting Sasol Energy on track to reach its 2025 committed milestone. For further progress on renewable energy procurement, see next page.

The role of gas

As mentioned, the implementation of increased gas reforming capacity has been put on hold. However the potential to introduce natural gas volumes as a substitute for coal in the process continues to be evaluated. Gas can play a critical role in further decarbonising Secunda. While it is a fossil fuel, it has a substantially lower carbon footprint than coal. However, affordable gas remains a key supply factor.

Our natural gas from Pande/Temane is approaching end of life and will start declining in 2026. We have identified opportunities to extend the plateau to 2028. A fundamental part of our gas sourcing strategy is exploration, both near-field (close to our current fields) as well as in the region. We have announced our recent success with PT5-C in Mozambique. Although the supply of re-gasified LNG is currently not economically viable; we continue engagements with multiple suppliers to discuss possible future supply.

Nitrous oxide abatement

Sasol has implemented nitrous oxide abatement at Sasol Energy's nitric acid plants. However, in the past year, the catalysts, installed at the Secunda and Sasolburg Operations nitric acid plants, have not performed as expected due to technical challenges. To avoid the erosion of further GHG reductions, the catalysts' performance is being closely monitored. Investigations are also underway to understand the root causes and improve catalyst efficiency, with some improvements already seen in Sasolburg during the latter part of 2023.

UNDERSTANDING SECUNDA'S GHG EMISSIONS //

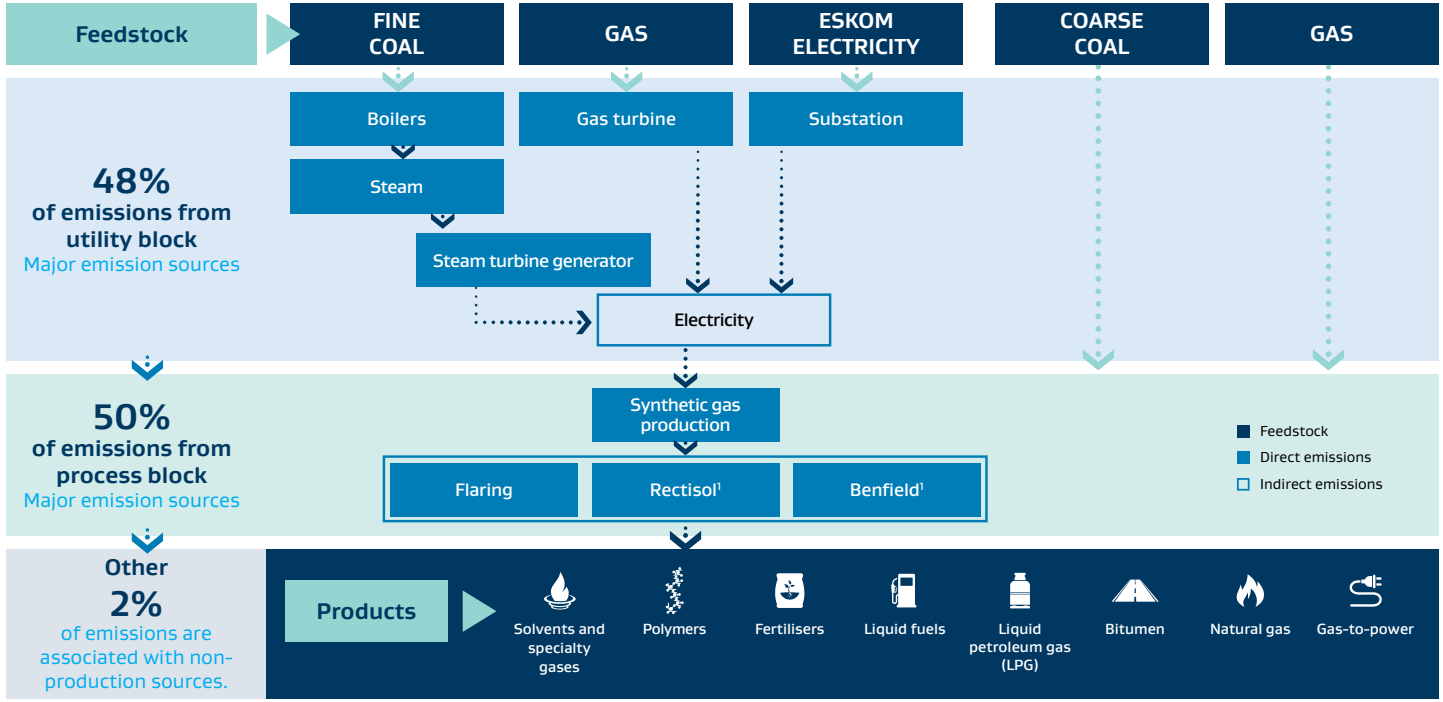
Sasol's coal-to-liquids (CTL) operations in Secunda accounted for ~84% of the total global scope 1 and 2 emissions, reported on page 2.

Built in the 1970s near large coalfields, Secunda's CTL processes limit the plant's ability to significantly reduce GHG emissions – unless we change the feedstock or find solutions to capture and use concentrated carbon dioxide.

CTL is an energy-intensive process that produces synthetic liquid fuels and chemicals from coal. Typically, coal is gasified to produce synthesis gas which is then converted to liquid hydrocarbons in a catalytic FT reaction. These hydrocarbons (carbon monoxide and hydrogen) are processed into liquid fuels and chemicals. The CTL process utilises a significant portion of the carbon in the coal feedstock to produce grey hydrogen and generate steam and electricity. As such, the carbon efficiency of the current CTL process is inherently low. Because of these limitations, further significant improvements to Secunda's GHG emissions profile will require us to introduce low- and lower-carbon energy sources (eg green hydrogen and gas, respectively). A substantial part of our integrated GHG reduction roadmap focuses on emissions from the utility block. Bringing in low-carbon energy sources like renewable energy will not only ensure the reduction of emissions but is a no-regret move that puts us on a positive trajectory towards our fossil-fuel- free vision.

1. The gas clean-up parts of the process that extract and emit GHGs to the atmosphere.

OUR SECUNDA OPERATIONS' GHG EMISSION SOURCES (AS PER 2017 BASELINE)



ENERGY BUSINESS CONTINUED

FEATURE STORY

SASOL IS ENERGY-EFFICIENCY INDUSTRIAL COMPANY OF THE YEAR

The South African Energy Efficiency Confederation (SAEEC) has named Sasol 'industrial corporate company of the year'.

Polymers plant, Sasolburg, South Africa

Beating a competitive field of blue-chip companies in the chemicals, mining, engineering and other industries to win the coveted award, in 2023 Sasol was cited by the SAEEC judges for developing and implementing simple solutions for complex operations.

Sasol's energy management system has been evolving since 2005 when we signed the South African Energy Accord, subsequently endorsing the National Energy Efficiency Strategy and, in 2018, committing to the International Energy Productivity 100 (EP100) initiative to improve energy productivity by 30% by 2030.

Sasol utilises energy-efficiency management practices according to ISO 50001 guidelines. Key performance metrics are monitored, analysed and improved, to achieve both financial and decarbonisation objectives (see page 31 and 61 on our energy-efficiency initiatives and performance).

Msenge Emoyeni wind farm, Eastern Cape, South Africa

FEATURE STORY

PROGRESSING SASOL'S RENEWABLE ENERGY INDEPENDENT POWER PRODUCER PROGRAMME

Renewable energy is a key lever for reducing Sasol's GHG emissions and is a stepping stone to producing products in a more sustainable manner in Southern Africa.

To decarbonise our operations we identified two concurrent renewable energy priorities. These are the procurement of renewables for generating green hydrogen from our pilot project in Sasolburg and for decarbonisation. Our aim is to procure up to ~1 200MW of renewable energy by 2030[1].

In November 2022, we signed a long-term PPA with Msenge Emoyeni Wind Farm for the supply of ~69MW of renewable wind power to our Sasolburg Operations. Financial close was achieved in March 2023 with operations scheduled to start early in 2024. This is key to ultimately achieving the scaled production of green hydrogen from renewable energy sources at Sasolburg, progressing our post-2030 vision to catalyse a green hydrogen economy.

As part of the decarbonisation of our South African value chain, we and Air Liquide signed a number of PPAs to procure a mix of wind and solar PV energy from various project developers. Subject to the requisite regulatory and financing approvals, it is expected that these renewable energy projects will be operational from end-2025 onwards. In total, these PPAs represent more than 600MW procured for the Secunda site.

1. In partnership with Air Liquide, of which 800MW is Sasol's.

ENERGY BUSINESS CONTINUED

Construction of the ~3MW Midlands solar PV plant, Sasolburg, South Africa

SASOLBURG

We are working to decarbonise and repurpose Sasolburg's grey assets to produce green hydrogen and derivatives. This entails producing first-to-market green hydrogen at scale to stimulate local demand and catalyse local industry value chains (including fuel cells).

We have three project groups making up this initiative:

- pilots and demonstrations;
- green hydrogen mobility; and
- transitioning the Sasolburg natural gas value chain to sustainable feedstocks.

The Sasolburg green hydrogen pilot project is the most advanced component within the programme. It includes the conversion of an existing chlor-alkali electrolyser, powered by greenfields renewable energy, to produce 3 – 6 tpd green hydrogen (see below).

SASOLBURG GREEN HYDROGEN PILOT PROJECT

In June 2023, the Sasolburg green hydrogen pilot project took a key first step towards becoming the largest commercial-scale producer of green hydrogen in South Africa.

Two years earlier, we announced our intention to produce green hydrogen within 24 months, using our existing 60MW chlor-alkali electrolyser units in Sasolburg. A final investment decision (FID) was taken in March 2022 with the IDC contributing funding. However, plans to install 20MW of solar power at our Sasolburg and Secunda sites encountered difficulties, prompting our Renewable Energy team to negotiate, and conclude, the Msenge Emoyeni wind project PPA (see previous page).

To meet our promise to produce green hydrogen by the end of 2023, the team designed and implemented the on-site ~3MW Sasolburg Midlands solar PV project. This allowed the project to begin initial production of green hydrogen in June 2023, for on-site use. Additional technical work will be completed by November 2023, which will allow us to provide green hydrogen to the South African market. The aim is for production to be scaled using renewable energy from the Msenge Emoyeni project, once operational.

SECUNDA SAF-HyShiFT

This project, which is in the feasibility phase, envisages the introduction of incremental green hydrogen, renewable energy and eligible sustainable carbon sources into Secunda to demonstrate its ability to produce SAF, and in the long term, sustainable chemicals.

The first phase of the Secunda SAF-HyShiFT project includes procuring ~450MW of renewables and ~200MW electrolyser capacity.

The project is being developed as a consortium made up of Sasol Energy, Enertrag (renewables) and Linde (green hydrogen), with potential partners, the IDC and HydRegen involved in ongoing discussions. In 2022, Linde received €15 million of public funding from the German Government (the federal Ministry for Economic Affairs and Climate Action – BMWK) to support the engineering of green hydrogen production.

BMWK is also funding one of the most innovative programmes supporting the ramp-up of Germany's green hydrogen economy – the so-called H2Global auction. H2Global is a competition-based instrument promoting timely and effective ramp-up of an industrial-scale Power-to-X (PtX) market in Germany.

The instrument is based on a mechanism that is analogous to the contracts-for-difference approach. Under the H2Global auction, the shortfall between supply prices (production and transport) and demand prices, is compensated by a grant, subsidy or incentive from a public or philanthropic funding body, in this case, the federal German government. The first SAF tender phase for H2Global commenced in December 2022.

Boegoebaai, Northern Cape

GREEN HYDROGEN EXPORT – BOEGOEBAAI

The Boegoebaai Green Hydrogen Hub is part of South Africa's national Green Hydrogen Programme to produce low-cost green hydrogen for the export market. Situated in the Northern Cape, the opportunity is well located for accessing export markets through a new deepwater port (to be developed by private-sector partners under a process initiated by Transnet in 2022) to serve green hydrogen and mining industries.

In 2021, Sasol signed a memorandum of understanding (MoU) with the Northern Cape provincial government to lead a pre-feasibility study exploring the potential for the region to serve as an export hub for green hydrogen derivatives. It is expected that should the project proceed, Boegoebaai exports will initially be focused on green ammonia. Today green ammonia has a rapidly expanding global market as a wide range of value chains need to move away from the grey equivalent. The pre-feasibility study has progressed and Sasol is supporting the Northern Cape Government's master plan to develop the region as a green hydrogen industrial cluster. The master plan is expected to be published in quarter four of 2023.

ENERGY BUSINESS CONTINUED

Sasolburg Operations

SASOL GREEN ENERGY INNOVATION HUB

Some of the key technologies required to support Sasol's net zero ambition are immature or not readily available today. In addition, integration into Sasol's processes is not always well understood. To enable the testing of these technologies at a smaller scale before significant investments are made, an innovative demonstration testbed is required. Sasol is therefore embarking on creating an integrated, 'touch-and-feel' green energy Innovation Hub for next-generation, locally manufactured green technologies, and to understand how these can be integrated into Sasol's current operating facilities. This is a multi-year programme which we will report on as results become available.

Through the Hub we aim to provide a structured and cost-effective platform for key players in the low-carbon ecosystem to collaboratively test and demonstrate innovations. The Hub is also intended to be an effective vehicle for shaping the dynamics for 'go-to-market' solutions for low-carbon products.

Ultimately, in using the Hub, Sasol intends to enter into strategic partnerships that will catalyse our commitment to drive decarbonisation and a just energy transition.

Fischer-Tropsch demonstration reactor, Sasolburg, South Africa

Saldanha Bay, Western Cape, South Africa

SALDANHA

Sasol Energy has announced a partnership with ArcelorMittal South Africa (AMSA) to study the creation of a green hydrogen hub in Saldanha Bay, Western Cape. Green hydrogen can be used by AMSA to make green steel. The possibility to technically and feasibly do so is being studied. In addition, other industrial uses, along with the opportunity to develop green hydrogen derivatives for export are being assessed.

AMSA, with its existing steel facility, could be the local anchor off-taker for the green hydrogen produced, thereby enabling the incubation of local demand. The existing local port provides an opportunity to access export markets. Pre-feasibility studies have commenced.

PROGRESSING SUSTAINABLE CARBON

The implementation of sustainable feedstocks has been identified as a key lever to assist in the decarbonisation of Sasol's current operations. In the short to medium term, Sasol is exploring viable biogenic and industrial point source sustainable carbon options for our sites in South Africa. Sustainable biomass sources are being considered together with other options. Specifically, the utilisation of industrial point sources of carbon from hard-to-abate sectors, such as cement and steel are being explored.

ENERGY BUSINESS CONTINUED

Future-focused sustainable research

We continue to invest in research and development with, by far, the largest investment being in our worldwide in-house research facilities.

Recently, we established a Future Technologies team within our R&T function. The new team was established to identify, assess, develop, protect and integrate novel technology options, innovations and advancements.

The team is developing engineering competency in new-technology areas such as renewable and clean energy generation and storage, low-carbon (green) hydrogen, carbon capture utilisation and storage (CCUS) and biomass conversion. This investment into the future has resulted in increased annual R&T spend from approximately R600 million to over R840 million and grown the permanent staff complement from 276 to 299. R&T spend has also been allocated to numerous research programmes and collaborations.

Two recent Future Technologies developments:

1 CARE-O-SENE

Launched in September 2022, this is a German-South African research programme to develop the next-generation of cobalt FT catalysts, specifically for the production of SAF. The project is funded by the German federal Ministry of Education and Research and has seven partners – several German research institutions, the University of Cape Town, the Sasol Group and Sasol Germany.

The Sasol teams are focused on accelerating development of the newer versions of the cobalt catalyst to the semi-commercial production and testing phases. A standout achievement to date has been the teams' ability to already demonstrate that our catalyst is capable of achieving 10% higher SAF yields as targeted by the CARE-O-SENE programme. This would mean that the SAF yield on a new plant could be over 80%, resulting in world-leading product yields, high carbon efficiencies and high hydrogen utilisation.

2 Sasol-NRF collaboration

In October 2022, Sasol and South Africa's National Research Foundation (NRF) hosted the first Research Summit on the Energy Transition. The event, which brought together academic, research, government, industry and other stakeholders, focused on how best to effectively enable a focused national energy-transition research effort.

In 2022, Sasol and the NRF announced that they would jointly fund four new university research chairs at a cost of R40 million over five years. The first two chairs will focus on energy and power systems modelling and green hydrogen. The partners also announced six postdoctoral fellowships to stimulate and accelerate joint academic/industry research into clean and sustainable energy.

2022 CARE-O-SENE consortium kick-off meeting, Berlin, Germany

L to R// Prof Jack Fletcher (UCT Chemical Engineering Head of Department), Prof Sue Harrison (UCT Deputy Vice Chancellor Research Internationalisation), Andreas Peschke (German Ambassador to South Africa), Bettina Stark-Watzinger (German federal Minister of Education and Research), Alan Winde (Western Cape Premier), Dr Thembakazi Mali (Sasol Senior Vice President Research & Technology), Prof Bernd Rech (Helmholtz-Zentrum Berlin Scientific Director)

Inaugural Research Summit on Energy Transition, Johannesburg, South Africa

L to R// Dr Fulufhelo Nelwamondo (NRF CEO), Fleetwood Grobler (Sasol President and CEO), Dr Eugene Lottering (NRF Deputy CEO Research Innovation Support and Advancement)

CHEMICALS BUSINESS

Lake Charles Chemicals Complex, Louisiana, United States

Progressing the Chemicals Business's GHG emission-reduction roadmaps

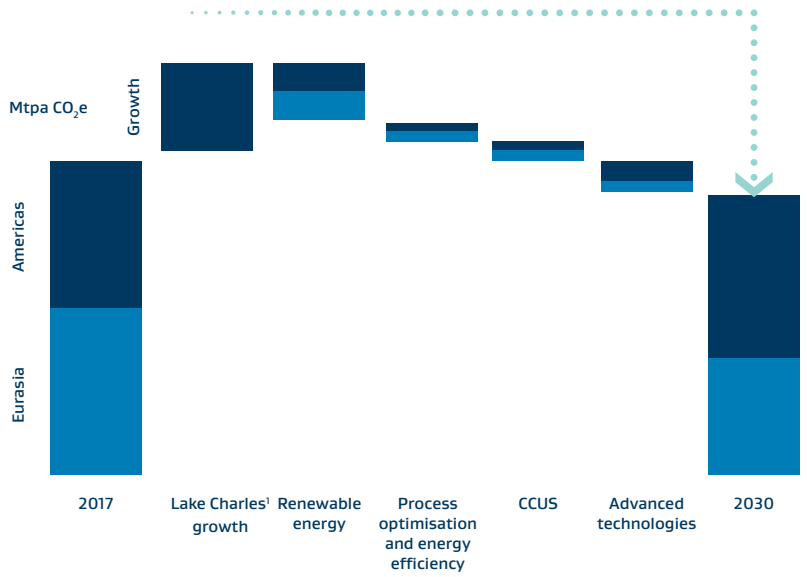
Roadmap development

Sasol Chemicals' roadmaps have undergone consistent development since 2021. Additional interventions have been identified and levers are being developed to support progress towards the Business's GHG reduction targets.

Roadmap implementation is currently focused on renewable electricity and low-carbon energy/feedstocks for steam production. Energy and process efficiency improvement projects are also receiving priority in the context of high energy costs. A strong pipeline of emission-reduction projects is being developed to deliver on the 2030 target. Given the requirement for higher levels of capital investment, implementation of levers such as CCUS is planned for after 2026.

The illustration below shows Sasol Chemicals' emission-reduction levers and their relative indicative contributions towards achieving the target.

Target: 30% reduction of scope 1 and 2 by 2030



1. JV formed between Sasol Chemicals, Lake Charles Chemicals Project and LyondellBasell.

CHEMICALS BUSINESS CONTINUED

NORTH AMERICAN OPERATIONS

The key elements of the GHG emission-reduction roadmap

NORTH AMERICAN OPERATIONS

Reduction programme centres around:

- Renewable energy
  - Transition to renewable electricity
- Energy and progress efficiency
  - AI-driven process optimisation
- CCUS
  - Developing opportunity landscape

North American achievements against the roadmap include:

- replacement of steam from a utility provider utilising petroleum coke as the energy source to Lake Charles, with lower-carbon steam generated from natural gas; and
- reducing carbon dioxide emissions from the East Cracker at Lake Charles by supplementing fuel gas with hydrogen off-gas.

Both initiatives are expected to be implemented before the end of calendar year 2023, contributing an approximate 7% emissions reduction off the 2017 baseline.

The closure of the Oil City facility in Pennsylvania in the first half of 2023 contributed positively to a reduced emissions profile of 11 ktpa CO_2e (a 0,6% reduction from the baseline).

Renewable energy

Two renewable electricity projects were identified as viable options to reduce scope 2 emissions: a VPPA and a PPA utilising a local power provider. Both options are, however, currently on hold while alternative scope 2 emission-reduction options are investigated.

Energy and process efficiency

Key future focus areas include the development of an energy-efficiency programme for Lake Charles and full implementation of an artificial intelligence (AI)-driven process optimisation application that is being tested. This approach takes current operating conditions and relates these to the best operating point to minimise energy consumption.

Sasol Chemicals deployed AI-driven technology at its Ethylene Unit in Louisiana to monitor energy usage and emissions, aiming to reduce carbon dioxide emissions and improve energy efficiency. This innovative solution will provide accurate data to support decision-making and drive more sustainable operations.

CCUS

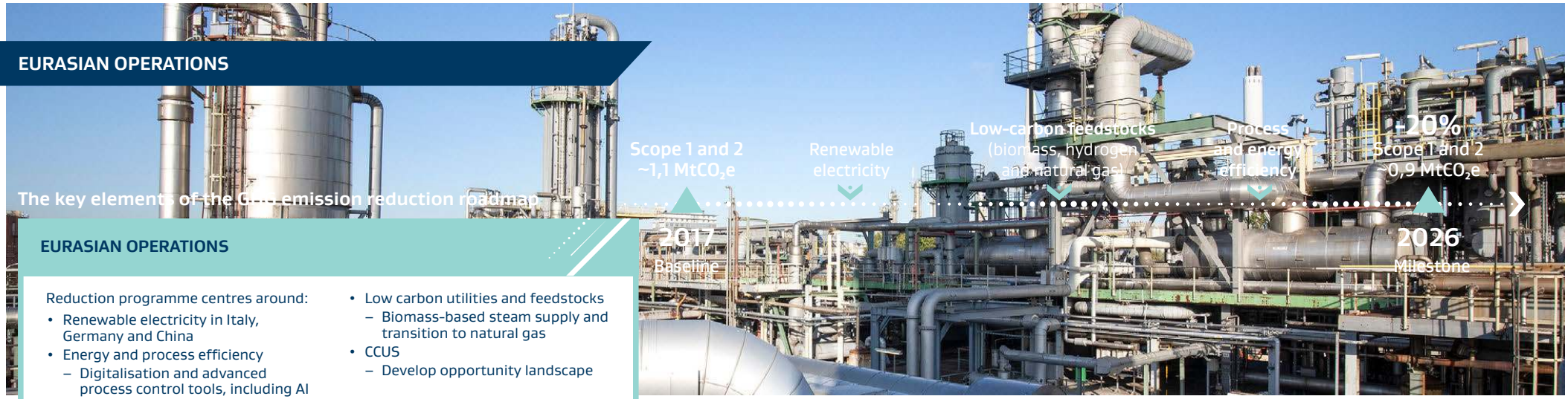
CCUS studies were completed in December 2022. This work identified the optimal process scope to deliver required product quality while also meeting storage requirements. Further studies are expected to begin in 2024.

Recent federal and state government policies are projected to kickstart the United States CCUS industry, grow capacity and drive down costs.

Sasol continues to closely track the implementation of these policies and their impact on the United States CCUS landscape and other decarbonisation infrastructure development, such as hydrogen and renewables.

CHEMICALS BUSINESS CONTINUED

EURASIAN OPERATIONS



EURASIAN OPERATIONS

Reduction programme centres around:

- Renewable electricity in Italy, Germany and China
- Energy and process efficiency
  - Digitalisation and advanced process control tools, including AI
- Low carbon utilities and feedstocks
  - Biomass-based steam supply and transition to natural gas
- CCUS
  - Develop opportunity landscape

The Eurasian Operations have focused on improvements to their GHG baseline, including removing divested assets and best practice accounting improvements. The net result has been an increase in emissions, which are being addressed through identification of additional mitigation opportunities.

Renewable electricity

To date, PPAs with an estimated CO_2e reduction of 75 ktpa CO_2e (57,6 ktpa CO_2e in calendar year 2022 and a further 18 ktpa CO_2e in calendar year 2023) have been concluded. A new framework contract for electricity supply to the Marl, Germany site, which allows for the inclusion of PPAs, has also been concluded. Additional PPAs for the Italian sites are under negotiation; these will deliver further scope 2 reductions.

Energy and process efficiency

Energy and process efficiency improvements are being evaluated at all sites. Priority focus areas are digitalisation and advanced process control tools as well as AI. The Augusta, Italy paraffin resizing and electrification project (inclusive of a 12MW solar park) is on track for feasibility approval in 2024. This project has also been submitted for state funding.

It is expected that the cost of emissions trading certificates, under the European Union's Emissions Trading System (ETS), will increase following the announcement of free allocation reductions from 2026 to 2032. These developments are driving accelerated direct scope 1 reductions.

Low-carbon utilities and feedstocks

Biomass-based steam supply to the Sasol Chemicals Brunsbüttel site has been in place for several years. To advance our decarbonisation plans, a new supply agreement for the provision of additional biomass-based steam was concluded in June 2022. The agreement will enable a further 15 ktpa CO_2e reduction. A new biomass-based steam powerplant, to be sited next to the Brunsbüttel site, will be operational in 2025.

Steam supply from Evonik to the Marl site is planned to switch from a coal-fired power plant to natural gas, to reduce emissions by ~70 ktpa CO_2e. This transition was scheduled to occur in 2023 but was postponed by one to two years due to the Russia-Ukraine war.

CCUS

In April 2021, Sasol Italy and Sonatrach Raffineria Italiana announced a plan to collaborate on hydrogen production projects. The 'Hybla Project', is currently in feasibility and is expected to produce low-carbon hydrogen and syngas from renewable energy to decarbonise processes at the two production sites in Augusta and Sicily, and potentially meet additional needs in the region.

CHEMICALS BUSINESS CONTINUED

NANJING GREENING ITS ELECTRICITY

FEATURE STORY

Our Nanjing, China plant already receives 30% of its energy requirement from green sources. Shentu Hongxing, VP Operations China, and Yaling Liang, Manager Technical Services China, explain how and why Nanjing is greening its electricity supply.

SHENTU HONGXING// VP Operations Nanjing

YALING LIANG // Manager Technical Services

What is the current relevance of renewable energy in China?

Shentu: Renewable energy is becoming extremely important for China as the government works to reduce the country's reliance on fossil fuels and transition to a low-carbon economy. Investments in renewable energy have grown dramatically in recent years, establishing China as a global leader in renewable energy.

What sustainability goals are Sasol pursuing at the Nanjing plant?

Shentu: Although Sasol China makes a limited contribution to the overall GHG reduction targets of the Group, we are aiming to improve energy efficiency. We have transformed our operations as much as we can – for the environment and to give our customers products with low-carbon footprints.

What was the reason for purchasing part of your electricity from renewable sources?

Yaling: There are several reasons: First, the Chinese green electricity market trading rules and system were improved. Second, we want to contribute to Sasol's climate change management approach. Furthermore, green electricity is an emerging but still limited market. This will allow us to develop long-term relationships with green electricity suppliers.

What type of renewable energy is used at the plant?

Yaling: Our current power supplier provides us with electricity from wind, solar and hydropower plants. We received our first green electricity in January 2023. The rest is sourced from coal.

Are there plans to increase the amount of renewable energy at the Nanjing site?

Yaling: Progress depends on several factors such as the availability of green electricity in the market, authorisations, the additional cost of green electricity procurement and the demand for low-carbon products. In the long term, Sasol China aims to convert from 30% to 100% renewable energy.

OTHER CLIMATE-ACTION DEVELOPMENTS

Progressing ISCC PLUS certifications

International Sustainability and Carbon Certification (ISCC) PLUS supports the circular and bio-economy by offering certification that promotes environmentally, socially and economically sustainable production. Sasol Chemicals' German operations in Brunsbüttel and Marl and its site in Augusta, Italy have been ISCC PLUS certified for their use of bio-based and circular feedstocks on a mass balance basis to replace fossil-based feedstocks.

This certification offers our customers assurance on the sustainability of the Business's feedstock input. Further expansion of the ISCC certification approach is currently being evaluated in line with customer demand.

USING LCA TO UNDERSTAND VALUE CHAIN IMPACTS

More than half of all Sasol Chemicals European production sites have completed lifecycle assessments (LCAs) to determine the carbon footprints of their portfolios. This is used to conduct 'hotspot' analyses for:

- supporting on-site scope 1 and 2 GHG reductions;
- identifying scope 3-related GHG reduction opportunities; and
- enabling engagement with interested suppliers and customers.

Sasol Chemicals continues to refine and update its LCA work and align with international best practice such as the Together for Sustainability guidelines for product carbon footprints in the chemicals industry.

BRUNSBÜTTEL INVESTS IN THE FUTURE

Through a state-of-the-art new research, development and analytics centre in Brunsbüttel, Germany, Sasol Chemicals is aiming to support the development of new SAF opportunities.

The centre, which opened in April 2023, boasts:

- 7 000 m^2 of floor space;
- 82 evaluation workstations;
- 140 modern workplaces; and
- 35 offices.

Using advanced equipment and skilled staff, the centre aims to analyse up to 200 000 samples a year. Work has already being carried out on FT catalyst carriers, which plays a key role in the large-scale production of green paraffin for aviation and other sustainable uses.

In addition, negotiations are underway for an 11 hectare solar park at Brunsbüttel, to produce up to 15GWh per year of renewable electricity. Once completed, the new park will be directly connected to the internal grid. Solar power will be balanced by electricity from the adjacent wind park.

SASOL ecoFT

Unlocking new FT horizons

SAF is widely acknowledged as an essential lever for decarbonising the aviation sector. Globally, advances are being made to provide the required enabling policy and regulatory environments to catalyse green hydrogen projects.

Developments:

1. Increased the number of active project studies to seven.
2. Secured in-principle approval for grant funding amounting to €350 million with €18 million formally approved.
3. Increased the employment of skilled personnel more than 70% to 31 positions.
4. Announced an agreement with Topsoe, subject to approval by the relevant authorities, to establish a global JV to pursue low carbon and SAF equity opportunities.

The European Union is currently setting standards through its RED and SAF-specific policies such as the ReFuelEU legislation, which specifies SAF blending mandates and penalties for the use of fossil jet fuel. These standards are serving as benchmarks for early uptake of more costly (in the short to medium term), low-carbon fuels and products. Sasol participates in the European Union, United States, British, Canadian and International Civil Aviation Organisation (ICAO) policy consultation platforms, advocating a level playing field to allow potential participants access to the emerging global SAF market.

The ambitious GHG reduction levels set by the European Union and United States markets, specifically for decarbonising the hard-to-abate transport sector, are creating a favourable environment for Sasol ecoFT's mandate and its existing partnerships and feasibility project studies.

Production costs for sustainable fuels and chemicals will remain higher as renewable energy and green hydrogen costs are expected to remain elevated in the early phases of the PtL industry. Financing, therefore, remains critical, with fuel producers only able to meet future demand with the help of public and private funding, as well as by forging smart partnership strategies across the value chain. As such, the emerging industry will need to rely on legislated blending mandates, tax incentives and grant funding, although country-specific GHG reduction commitments and regulatory frameworks are also driving uptake of both sustainable fuels and chemicals.

Progressing our ecoFT ambition

In 2023, the Business accelerated exploration of new value opportunities to strengthen its competitive advantage where Sasol's proprietary technology can be leveraged.

Sasol ecoFT established a number of new key relationships over the year, with players across the value chain. The Business's focus is on creating a diversified and resilient portfolio of SAF asset opportunities in attractive geographies that have competitive feedstock offerings and supportive regulatory dispensations. To this end, feasibility studies to accelerate the development of SAF asset opportunities and leverage our proprietary FT technology are being pursued, as a first step, in Europe and the United States. Since inception, Sasol ecoFT has deliberately focused on pursuing co-ownership models and partnerships to manage capital demands and mitigate risk exposure. This, coupled with grant funding for development and execution of projects, has positioned the Business well to deliver on its mandate.

In the United States, a number of new opportunity assessments have been prioritised as a direct result of the supportive regulatory landscape emanating from the newly implemented Inflation Reduction Act (IRA). These opportunities include PtL and biomass PtL FT opportunities, as well as hydrotreated esters and fatty acids (HEFA) production pathways.

In 2023, several single-point licence studies using Sasol's FT and Topsoe's hydrocracking technology solutions were signed with third parties, with one of the opportunities in Denmark entering front end engineering design (FEED).

FEATURE STORY

SASOL TOPSOE JV

Sasol and Topsoe, a global leader in emission-reduction technologies, signed a ground-breaking agreement in June 2023 to establish a 50/50 JV (subject to approval by the relevant authorities), cementing the two companies' commitments to produce SAF for the global community.

The future JV will amplify the individual companies' technologies, capabilities and deep industry experience to lay a combined foundation for industrial-scale SAF production facilities.

The purpose of the Sasol Topsoe JV is to develop, build, own and operate SAF assets and to market SAF derived primarily from non-fossil feedstocks, utilising green hydrogen, sustainable sources of carbon dioxide and/or biomass with a specific focus on Sasol's FT and Topsoe's technologies.

To complement the JV's access to technology, asset development and operating capabilities, partnerships are being pursued with feedstock suppliers, technology and service providers, and long-term customers. These partnerships are aimed at developing projects in geographies with favourable policy and regulatory environments.

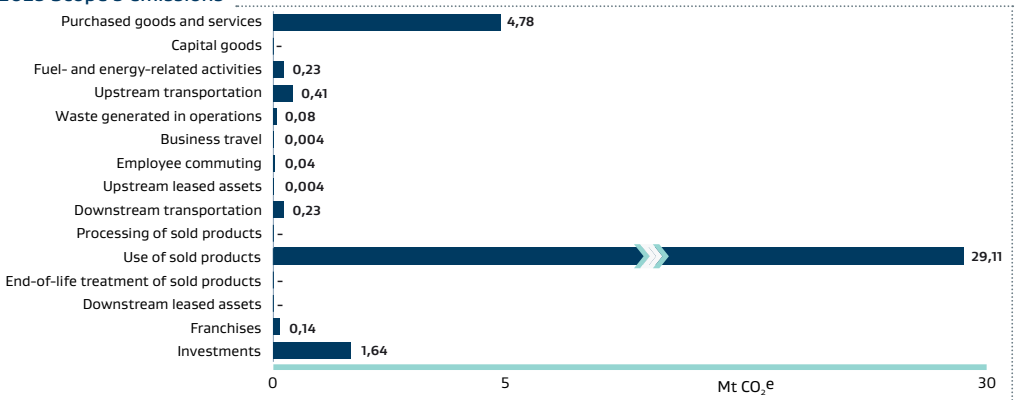
SCOPE 3

Our scope 3 emissions and accounting maturity

Our scope 3 reduction approach balances improving baseline accounting and identifying reductions with longer-term portfolio changes and other measures to reduce emissions across our value chain.

We have made good progress on refining our baseline, developing a deeper understanding of our emissions and identifying and delivering opportunities for scope 3 reductions. The largest contributor to our scope 3 emissions inventory is from Sasol Energy's sold products (Category 11), predominantly in South Africa. Reducing these emissions requires fundamental changes to our business model, which we are assessing in line with our 2050 net zero ambition. We aim to undertake our most significant portfolio and product changes after 2030, coinciding with our sustainable fuels and chemicals aspirations.

2023 Scope 3 emissions



Category[1]	2023 (tCO_2e)	2022 (tCO_2e)	2021 (tCO_2e)	2020 (tCO_2e)	Accounting accuracy
1. Purchased goods and services	4 780 323	5 247 445	5 432 140	5 978 086	Moderate certainty
2. Capital goods		N/A			Not applicable
3. Fuel- and energy-related activities[2]	232 099	249 435	240 993	285 641	Moderate certainty
4. Upstream transportation	408 021	402 850	478 974	449 465	Low certainty
5. Waste generated in operations[2]	75 981	77 345	70 159	78 608	Moderate certainty
6. Business travel[2]	3 576	2 007	600	4 105	Moderate certainty
7. Employee commuting	36 986	36 237	32 584	50 471	Low certainty
8. Upstream leased assets	3 662	3 725	4 785	4 906	Low certainty
9. Downstream transportation	230 114	273 038	253 280	211 901	Moderate certainty
10. Processing of sold products		N/A			Unknown
11. Use of sold products[2]	29 108 286	29 585 273	30 831 235	29 661 747	Highly certain
12. End-of-life treatment of sold products		Baseline under development			Unknown
13. Downstream leased assets		N/A			Moderate certainty
14. Franchises	143 007	148 389	141 412	144 131	Moderate certainty
15. Investments[3]	1 642 528	1 531 284	1 330 133	737 234	Moderate certainty
Total	**36 664 583**	**37 557 028**	**38 816 295**	**37 606 295**	

1. Explanation of data changes and further details on our calculation methodology are indicated in the Appendix pages 75 – 77.
2. Subject to external assurance.
3. See page 69 for a further breakdown of equity investment emissions.

Highly certain | Moderate certainty | Low certainty | Unknown | Not applicable

STRENGTHENING OUR SCOPE 3 ACCOUNTING //

Several measures were undertaken in 2023 to strengthen the robustness of our scope 3 accounting and improve baseline accuracy.

CATEGORY 1: Crude oil emissions reporting methodology

In 2021/2022, more accurate reporting and emission-reduction opportunities were evaluated for our purchased crude oils. These studies enabled an update to our methodologies and established a more accurate baseline, which is reviewed annually. During this reporting cycle, we implemented a database of crude oil emission factors based on our monthly crude purchases. The database provides a useful tool to evaluate the impact of purchasing crude oils with different carbon intensities that could potentially reduce emissions for the Energy Business.

CATEGORY 11: Emission factors for energy products

We supported an industry study conducted by the University of Pretoria on behalf of the South African Department of Forestry, Fisheries and the Environment (DFFE). This study set out to determine country-specific emission factors for a range of fuel products (illuminating paraffin, jet fuel, heavy fuel oil and petrol and diesel). The study culminated in the publication of updated GHG methodological guidelines and country-specific emission factors by the department in October 2022.

Research has also been conducted to improve the accuracy of Sasol-specific emission factors related to the combustion of our fuel products. We expanded the range of products under evaluation and collected additional data to provide a baseline of emission factors for our products. We found that our measured emission factors were within an accepted uncertainty level of ~5% relative to the United Kingdom's Department of Environment, Food and Rural Affairs (DEFRA) database.

Sasol proposed a methodology to address the DFFE's requirements to provide Tier 2 (country-specific) emission factors for our fuel oil products. In March 2023, the department approved this methodology. A study has since begun to provide analytical data to support this initiative and equipment is being procured to provide more accurate measurements of heating values for liquid fuels.

We developed a methodology for a country-specific emission factor for natural gas, which was approved by the department in January 2023, with the updated emission factor published on the South African Greenhouse Emissions Reporting System (SAGERS).

CATEGORIES 1 AND 12: Baseline assessment relevant to our Chemicals Business

In 2022, we initiated a programme to better understand how relevant categories contribute to our scope 3 emissions and to establish a mature baseline from which to plan reduction opportunities. Calculation approaches were established for seven scope 3 categories, with Category 1 and 12 being the most material. Development of a robust Category 12 accounting approach has been prioritised and our approach will be reviewed by an independent third party to ensure alignment with current best practice.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TCFD case study – Best practice on scope 3 reporting

This year Sasol was invited by the TCFD Secretariat to share, through a case study, our approach for estimating and disclosing scope 3 GHG emissions. This is testament to the leading work Sasol is undertaking in baseline and methodological improvements. The case study is expected to be published later in 2023.

SCOPE 3 CONTINUED

EMISSION-REDUCTION INITIATIVES //

Driving reductions within our sphere of influence

Several measures were undertaken in 2023 to reduce scope 3 emissions across all categories.

CATEGORY 1: Low-carbon feedstocks at Sasol Chemicals

Ethylene, kerosene and benzene account for over 90% of Sasol Chemicals' Category 1 emissions – reduction of which has been identified as a priority by our customers. We have identified several opportunities for reducing these emissions, with timelines varying between a few months and multiple years. The ISCC was identified as an appropriate certification partner and, to date, more than half of all production sites in Eurasia have been certified successfully.

In addition, we are exploring options to source low-carbon aluminium for Europe and North America.

CATEGORY 4: Euro 5 and 6 fuel distribution vehicles at our Energy Business

In 2018, Sasol Energy purchased nine Euro 6 road tankers to convey transport fuels to our retail forecourts and commercial customers. In 2022, eight Euro 5 vehicles were purchased and have been in operation since October 2022. Euro 5 and 6 trucks return better fuel consumption than Euro 2 vehicles due to their more modern engine technology and better engine torque characteristics. These effects result in reduced carbon dioxide emissions and significantly lower pollutant emission levels. These technologies are enabled by our 10 ppm sulphur diesel fuel.

A reduction of 5% in GHG emissions for the Euro 6 fleet and a reduction of 11% in carbon emissions for the Euro 5 fleet were observed based on actual average fuel consumption measurements in our operating fleet (adjusted for the route travelled). These findings were relative to a baseline of Euro 2 tankers, for a corresponding travelling distance and payload. This resulted in an overall reduction in fleet GHG emissions of at least 1,6% in 2023, relative to Euro 2 tankers.

CATEGORY 6: Offsetting business travel emissions

Sasol emphasises virtual meetings to reduce business travel emissions. Business travel emissions emanating from air travel, accommodation and car hire are estimated annually and externally assured by independent third parties. For 2022, we offset the impact of these emissions by purchasing verified high-quality carbon credits through Sasol ecoFT on behalf of the Group.

CATEGORY 11: Integrated energy solutions

Over time, we aim to introduce low-carbon feedstocks that will transition our product portfolio to low-carbon energy products such as green hydrogen, green ammonia, green methanol and SAF. This will support both Sasol's and our customers' decarbonisation and sustainability roadmaps.

CATEGORY 11: Natref hybrid refinery study

We are undertaking a study to evaluate the potential to repurpose our Natref facility to a hybrid refinery through the introduction of bio-based feedstocks. This is a sustainable transition pathway that will allow the refinery to meet South Africa's clean-fuels compliance standards. Bio-based feedstocks will be introduced in a phased manner and could result in an initial 2% reduction of Category 11 emissions.

Sasol liquid fuel products

FEATURE STORY

PROGRESS ON CATEGORY 12 REPORTING

As a leading producer of specialty and commodity chemicals used in a wide range of applications and industries, Category 12 emissions (end-of-life treatment of sold products) are relevant to our business.

Sasol retail forecourt, South Africa

Developing a Category 12 emissions baseline consists of identifying the waste disposal types, the treatment of sold products and their respective emissions in a reporting year, at the end of the products' life.

Category 12 accounting presents several challenges owing to the complexity and diversity of our chemical product portfolio and varied product utilisation pathways with several possible disposal routes. This makes developing a calculation framework and methodology challenging, complicated by the many assumptions inherent in this approach. There are over 70 product groups within our chemical portfolio, requiring the detailing of relevant utilisation and disposal pathways, and corresponding emission factors.

The GHG Protocol provides a framework and guidance but assumptions are still required, resulting in a high degree of uncertainty in the calculations.

A comprehensive assessment to establish a fair and accurate emissions baseline and determine materiality for our net zero ambition is required. Sasol practises assurance and validation of our accounting methodologies before these are used internally or disclosed externally. In response, an independent review is underway and only once concluded and accuracy uncertainty ranges have been satisfactorily reduced will we be in a position to report.

SUSTAINABILITY CERTIFICATION

To ensure that we can produce sustainable products, a rigorous sustainability certification process needs to be in place, verified by accredited bodies.

Sustainability certification will allow us to validate our product claims and meet market or customer requirements. Certification requirements differ according to market and customer needs. Some markets, including the European Union, have mandated sustainability requirements to ensure compliance with performance or environmental targets, such as those stipulated in the European Union RED II (see alongside). Other markets or customers use certified products to make credible voluntary sustainability claims.

We are working with globally recognised sustainability certification bodies to understand sustainability impacts and certify our feedstocks and products. The Roundtable on Sustainable Biomaterials (RSB) is conducting sustainability assessments for some of our green hydrogen projects to understand market access requirements under recognised standards.

We have undertaken gap analyses between where we are today and where we have to be to certify our sustainable products. We aim to certify our first volumes of renewable hydrogen from the Sasolburg green hydrogen pilot project in 2024. Our ambition is to integrate larger quantities of bio-based and circular raw materials into our Eurasian operations. This is being realised by certifying our bio-ethylene under ISCC PLUS. This year, we successfully completed an ISCC PLUS surveillance audit, which recognises the continued sustainability of our feedstocks and products.

In 2022, we joined the RSB member programme to expand our knowledge base and contribute to the development of related policy such as the RSB Global Advanced Fuels standard. We have also participated in the public consultation process for the DAs to Articles 27 and 28 of the European Union's RED II (see 2023 CAPS) and continue to engage with appropriate stakeholders to ensure that sustainability certification standards do not inadvertently disadvantage brownfields facilities in South Africa.

THE IMPORTANCE OF THE EUROPEAN UNION RED II FOR SOUTH AFRICA //

A key policy defining the European Union's eligibility criteria for green hydrogen and SAF (so-called Renewable Fuels of Non-Biological Origin or RFNBOs) is the RED II and its associated Delegated Acts (DAs), specifically DA28[1], which provides detail on carbon source eligibility and GHG accounting rules for RFNBO production.

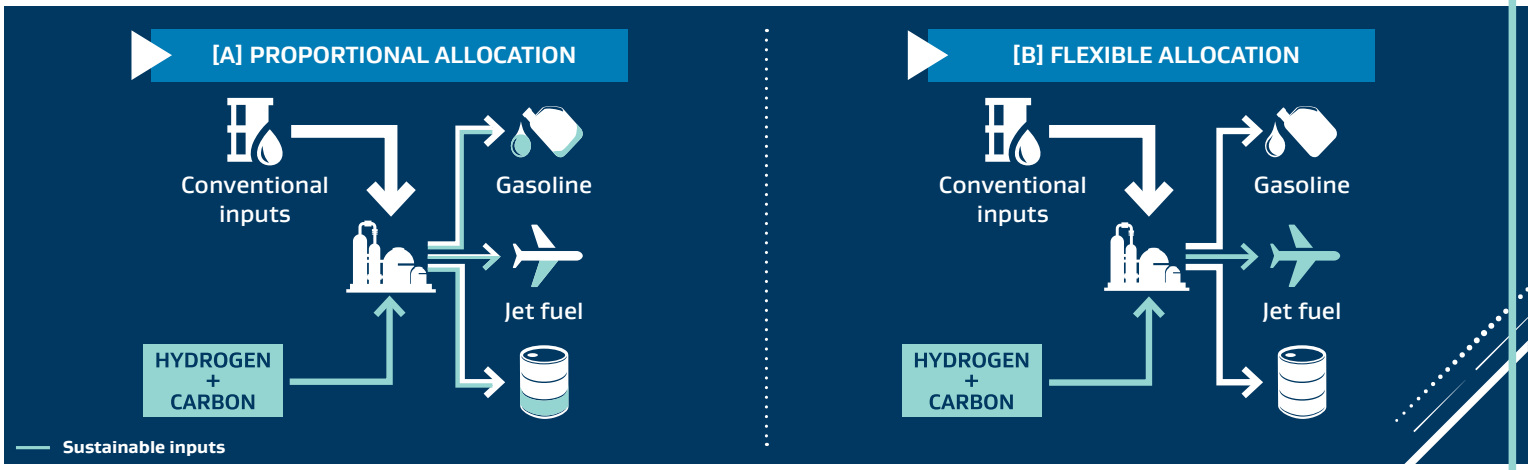
DA28, in its current form, imposes criteria that challenge the economic viability of incrementally transitioning FT processes. The major hurdle in DA28 is related to the use of a conventional attributional approach for co-processing sustainable and fossil feedstocks, where the benefits of sustainable inputs must be allocated proportionally across all products (see [A] below).

The challenge is that the Sasol FT process produces a multitude of chemicals and fuels. Sustainable inputs (eg sustainable carbon and green hydrogen) must be incrementally introduced into existing FT processes to allow for an economically viable phase-out of fossil-based feed, while supporting a just and equitable transition.

Current European Union rules do not recognise the incremental introduction of sustainable feedstocks, which severely dilutes the quantities of RFNBOs that can be produced in existing and transitioning FT facilities. This limits revenue that could be generated to offset high production costs – which can thereafter be channelled to further decarbonise these facilities.

Sasol has consistently submitted that international RFNBO policies should adopt a flexible attributional approach (see [B] below), particularly to support developing countries undertaking a just transition (see page 65 and 2023 CAPS). This approach is supported by global sustainability certification bodies such as the RSB and ISCC. Through this approach, incremental sustainable inputs can be allocated to select and intended co-products, maximising product volumes to offset high production costs.

FT processes are among a few viable pathways to achieve commercial-scale RFNBO production. Sasol's Secunda Operations is commercially and technically ready to produce SAF for the European Union market, at scale. Policies such as the European Union RED II should make it possible for existing FT facilities to produce RFNBOs through flexible allocation. Such an approach could lead to investment in new-build, higher-SAF yielding FT processes and accelerate the transition of existing fossil-based brownfields FT units to sustainable facilities in developing countries.



1. The DA pursuant to article 28 of RED II is given the short-hand DA28.

OFFSETS

Our approach

Our decarbonisation approach does not rely on utilising carbon offsets to meet our interim, 2030, targets. However, both A/R and CDR offsets (see below) are considered valuable tools with which to achieve our targets and net zero ambition.

The global macro-environment is currently affecting our ability to procure renewables according to our roadmaps. To manage this challenge, we are exploring opportunities to use high quality, well-vetted offsets as a fall-back approach to meet our reduction milestones to maintain progress towards our 2030 target.

Sasol's two offsets categories:

AVOIDANCE/REDUCTION (A/R) OFFSETS
keeping GHGs out of the atmosphere

CARBON DIOXIDE REMOVAL (CDR) OFFSETS
removing residual GHGs from the atmosphere

We use real, verifiable and permanent offsets to reduce our South African carbon tax liability and, in the future, to address residual emissions.

Carbon offsets – when properly designed and implemented – can play an important enabling role in delivering our Future Sasol strategy, addressing emissions that are either prohibitively expensive to reduce or technologically challenging to abate, while at the same time realising other environmental and social benefits. Offsets are only used to supplement our existing emission-reduction activities and are not intended to replace such activities.

We are developing a portfolio of verifiable, credible and high-quality credits aligned with our carbon offsetting principles (see above right). We prioritise credits from projects that realise additional social and environmental benefits and are supportive of a just transition while simultaneously meeting our compliance obligations and future needs.

Sasol's carbon offset principles

Offsets can uplift communities and contribute positively to alleviating poverty, unemployment and inequality. However, without solid governance, offset projects can have unintended negative consequences. Sasol's offsets are focused only on credible credits that are subject to a high degree of verification and assurance.

The following principles are embedded in our approach:

- offsets must be used according to Sasol's mitigation hierarchy, prioritising on-site mitigation and only using offsets as a last resort to meet reduction requirements;
- offsets must be 'real' (supported by robust methodologies and independently verified), 'additional' (reductions would not have occurred in the absence of the offset market) and 'permanent' (reductions are ongoing and will not be reversed in the future);
- offsets procured and developed must adhere to regulatory eligibility criteria; and
- retired offsets must be transparently disclosed to avoid double counting of emissions.

Sasol's carbon offsets principles are aligned with the Integrity Council for the Voluntary Carbon Market (ICVCM), Voluntary Carbon Markets Integrity Initiative (VCMI) and UN Expert Group recommendations for non-state entities.

Credits have been proactively secured as a response to the proposed extension of the first phase of the South African carbon tax regime. We have strategically engaged with experienced brokers, project developers and offsets rating agencies to secure cost-effective, high-quality and independently assured carbon credits for the future.

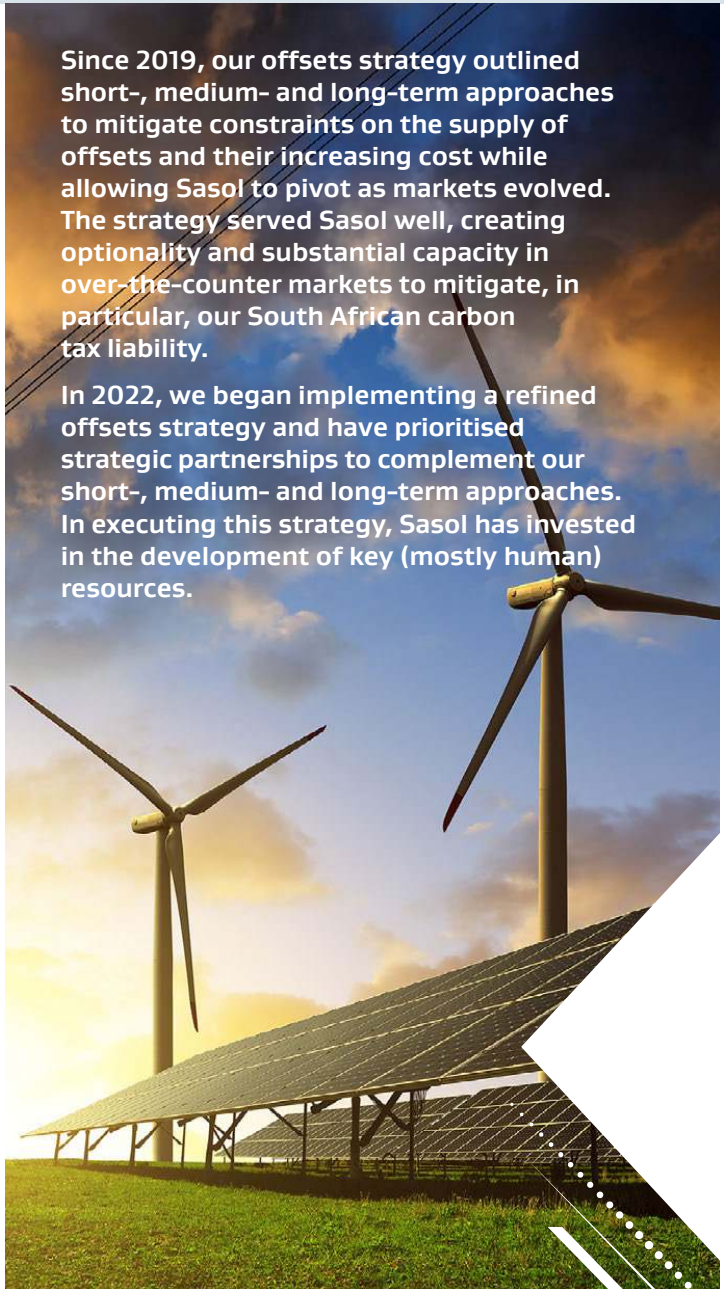
This year, we secured over ~1,7 million credits from six local projects, mitigating the release of over ~1,7 $MtCO_2e$, avoiding more than R44 million in carbon tax payments and realising additional environmental and social benefits for communities in South Africa. Since 2019, we have cumulatively reduced our carbon tax liability by over R650 million.

For an explanation of the projects that contribute to our annual offsets portfolio, see our previous Climate Change Reports and annual CDP disclosures (www available on our website, www.sasol.com).

We have contracted ~70% of our current demand to 2026, which will realise additional carbon tax savings, and we are preparing the business for the second phase of the South African carbon tax regime, which increases our carbon offsets allowance from ~4 to ~6 million credits per annum.

Secunda Operations, South Africa

OFFSETS CONTINUED



Since 2019, our offsets strategy outlined short-, medium- and long-term approaches to mitigate constraints on the supply of offsets and their increasing cost while allowing Sasol to pivot as markets evolved. The strategy served Sasol well, creating optionality and substantial capacity in over-the-counter markets to mitigate, in particular, our South African carbon tax liability.

In 2022, we began implementing a refined offsets strategy and have prioritised strategic partnerships to complement our short-, medium- and long-term approaches. In executing this strategy, Sasol has invested in the development of key (mostly human) resources.

OFFSETS STRATEGY //

Short term

Our carbon offsets strategy differs by region with South Africa being the focus of much of our offset activities in the short term (up to 2025) – driven primarily by our offset requirement under the Carbon Tax Act. The South African market is already short on eligible credit supply and as a result, we have to invest in qualifying strategic projects.

In the short term, we aim to assess potential product bundling opportunities, prioritising industries with high decarbonisation ambitions on the back of rising consumer and regulatory demands. These are likely to include energy products, aviation fuels and chemicals. We are working to understand the implications of product bundling and the requirements to make credible low-carbon or carbon-neutral product claims.

Medium term

In the medium term (2026 to 2032), we envisage playing a more active role in project development, in collaboration with experienced developers in South Africa and, potentially, the Southern Africa Development Community region.

Cost-effective project development or upstream opportunities will be pursued, while spot and long-term contractual credits will continue to be purchased. This will ensure that the company maximises its carbon tax allowance opportunities.

Long term

We have assessed multiple pathways to net zero. The choice of pathway will depend on technology maturity and affordability. However, the preferred pathway for Sasol is to be fossil-fuel free, underpinned by renewable hydrogen and embedded CDR-type technologies such as direct air capture (DAC), which requires no offsets. In the worst-case scenario, residual emissions of ~37 $MtCO_2e$ remain by 2050. This will need to be neutralised by CDR offsets to achieve the net zero ambition and requires immediate action to ensure a pipeline of affordable credits.

Vertree partnership

In June 2023, a cooperation agreement was signed between Sasol and Vertree Partners Limited to support delivery of Sasol's environmental markets strategy (see below).

Vertree is an integrated carbon solutions provider that supports leading companies and institutions to reach their climate goals. Through its established partnerships with leading project developers and environmental market insights, Vertree will provide guidance to Sasol on carbon markets, product bundling and the management of associated risks. It will also provide access to a supply of high-quality carbon credits and climate investments.

Over the course of 2024, the Sasol and Vertree teams will define the partnership focusing, as a first priority, on product bundling and parameters for quality assurance.

Vertree partnership signing, Johannesburg, South Africa

L to R// Dr Storm Potts (Sasol Head of Global Climate Change and Policy), Shamini Harrington (Sasol Vice President Climate Change), Muireann Mageras (Vertree Head of Environmental Strategy and Advisory), Dominique Strasdin (Vertree Business Development Manager)

> "Collaboration is key as our global climate goals become increasingly urgent. We are committed to support Sasol to accelerate its decarbonisation and ensure the delivery of credible environmental and social value through carbon-related projects and investments."

Muireann Mageras // Vertree

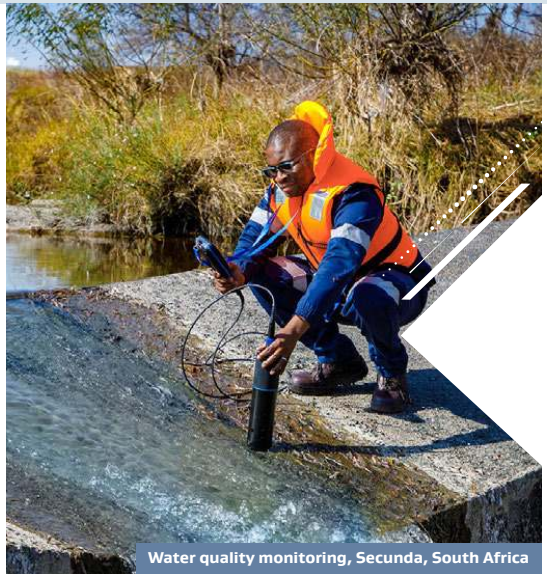
ADAPTATION

Our road to resilience: uniting mitigation and adaptation

MITIGATION
Measures taken to curb the quantum and pace of climate change, including reduction, elimination or removal of GHG emissions.

RESILIENCE
Being able to anticipate, prepare for and withstand climate-change events, including responding and recovering rapidly and effectively from such events.

ADAPTATION
Changing processes, policies and behaviours to anticipate, prepare for and respond to climate change in ways that minimise negative consequences and maximise opportunities.


Water quality monitoring, Secunda, South Africa

Our response to climate change is focused on improving the resilience of our people, surrounding communities, business and infrastructure. We actively seek out projects that have both mitigation and adaptation benefits.

For instance, our investments in renewable energy, energy efficiency, water management, biodiversity and adaptation planning all serve to reduce emissions while strengthening our adaptive capacity to a changing climate. In this way, we not only contribute to meeting global climate objectives but also enhance our long-term competitiveness.

Sasol operates in regions that are highly prone to extreme weather (short term) and climate variability (medium to long term). Extreme weather events are projected to continue, necessitating a continued focus on building resilience and adaptation responses throughout our operations and supply chains.

Sasol has recently dealt with the impacts of climate change through hurricanes, floods and cyclones that impacted our people, business and surrounding communities. Notable disruptions and impacts were experienced during and after hurricanes Laura (2020) and Delta (2020) in the United States, Cyclone Eloise (2021) in Mozambique and flooding in South Africa (2022). These events and the latest climate science have cemented the need for us to continue proactively preparing for extreme and variable weather.

Our response to climate change has been ongoing for a number of years, using our risk management approach as the anchor to embed corrective and preventative measures as early as 2010. In more recent years, we have evolved and formalised our adaptation response into a structured programme of activities.

Drivers to enhance Sasol's climate resilience

Managing water resources

- MA Conservation and efficient use of water, including collecting rainwater, managing stormwater and building green infrastructure.
- AA Water-availability adjustments, reducing water demand, increasing water supply and complying with discharge standards.

Integrating renewable energy

- MA Renewable energy investments, diversifying the energy mix and decreasing reliance on fossil fuels.
- AA Embedded generation and local energy production that are less susceptible to single points of failure and more resilient in the face of disruptions.

Planning of adaptation measures

- MA Risk assessments and vulnerability analyses that build resilient supply chains and partnerships.
- AA Resilient infrastructure and diversifying supply chains that include climate data in decision-making, and the capacity to respond effectively.

Reducing GHG emissions

- MA Renewable energy, CCUS and offsets utilisation.
- AA Stakeholder collaboration, building resilience and managing the impacts of extreme weather events.
- MA Investment in energy-efficient equipment and technologies and improving efficiencies across the supply chain.
- AA Energy demand improvement and enhancing system resilience.

Conserving biodiversity

- MA AA Sustainable land practice implementation in farming, restoring damaged habitats, strengthening ecosystems and communities.

Meeting air quality requirements

- MA AA Implementing an integrated emission-reduction roadmap focusing on boiler turndown and an approximate 30% improvement in sulphur dioxide.

LEGEND
MA Mitigation Approach
AA Adaptation Approach

ADAPTATION CONTINUED

Progressing our adaptation strategy

With climate change thinking firmly entrenched across the company, we continue to advance the operationalisation of our adaptation strategy. Specifically, we are integrating adaptation risk profiles into business processes and reporting. In the long term, we will build off this foundation to ensure continuous improvement while incorporating global best practice at all levels of management decision-making.

Our adaptation approach: Moving from reactive to proactive action

REACTIVE → PROACTIVE

PHASE 1 // DEVELOPING OUR ADAPTATION RESPONSE TO EXTREME WEATHER EVENTS (2010-2017)

- Identified and implemented controls in response to extreme weather events. An assessment confirmed that future climate change risks will be amplified over time.
- Developed and implemented weather-ready guidelines.
- Embedded weather-related impacts into our risk management process and emergency-preparedness plans and procedures.

PHASE 2 // DEVELOPED OUR CLIMATE CHANGE ADAPTATION RESPONSE STRATEGY (2018-2019)

- Our strategy was informed by a detailed downscaled climate change assessment at four operating sites: Secunda, Sasolburg, Mozambique and Lake Charles. We are experiencing highly variable climate impacts in all of the regions where we operate, and more pronounced effects at these operations.
- Our modelling work for the prioritised sites predicted the following, which informs our adaptation risk profiles:
  - a future increase in average temperatures of 1°C – 4°C;
  - a five-fold increase in extreme hot days, from above five to 25 days per year;
  - rainfall patterns will change; and
  - severity of storm events will increase.

PHASE 3 // UPDATING OUR ADAPTATION RISK PROFILES (2020-2023)

- Through a risk-facilitated process, our site-specific climate change adaptation risk profiles were reviewed and updated, with responses confirmed.
- Adaptation risk profiles are reviewed periodically to ensure their suitability for a changing climate.

LONG TERM // 2025 AND BEYOND

- Systems, processes and projects are beginning to mature.
- Implementing monitoring and assurance of site-specific actions such as asset integrity, maintenance schedules and early warning systems.
- Assessing and incorporating global best practice as well as identification of emerging risks.

We are integrating climate change-related metrics into our design standards. We are also investigating methodologies and tools to improve the translation of our physical risks into financial indicators.

Benefits of integrating relevant metrics into standards

By considering risks such as extreme weather events and other disruptions, design standards can guide the development of infrastructure and systems that are better equipped to withstand and recover from such events. This will also minimise damage and ensure continuity of service. These standards could include enhanced stormwater management systems, which can involve constructing flood barriers, levees or drainage systems.

We are engaging numerous internal and external stakeholders, which will lead to updates to our site-specific standards.

Moving towards quantitative financial indicators

Climate-related disclosure requirements are evolving from qualitative to quantitative, requiring companies to align climate-related risks (physical and transitional) with their financial statements. Sasol appreciates the importance of this shift and is actively working towards integrating quantitative risk-assessment methodologies into our climate-related disclosures. By quantifying climate-related risks, we improve our understanding, resource allocation, decision-making processes and prioritisation of adaptation actions.

Software-based climate adaptation physical risk modelling tools could enable us to integrate objective data into our reporting and analysis. Sasol is evaluating such tools for applicability in our operations.

ADAPTATION CONTINUED

Our approach to developing an adaptation strategy for our 2023 work programme encompasses multiple responses (see below). We employ this multi-dimensional approach to execute on our adaptation strategy across these various categories. A concise description of each category is provided, highlighting our progress and challenges, along with future work.

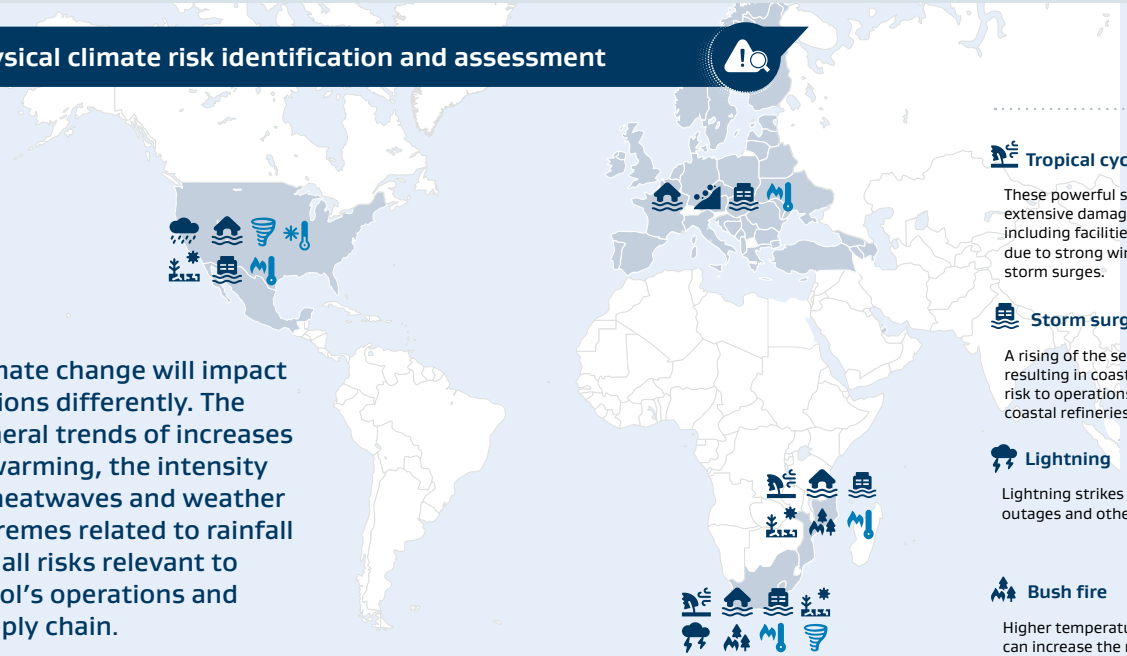
ADAPTATION STRATEGY
Proactive adjustments to a changing climate.

Outlining the company's strategy to manage and adapt to climate risks.

	Physical climate risk identification and assessment	Site and infrastructure resilience	Emergency preparedness and response	Supply-chain resilience	Collaboration and partnerships	Community engagement
DESCRIPTION	Evaluating climate-related risks, including the vulnerability of operations, infrastructure, supply chains and assets, and identifying their potential impact.	Proactive and reactive responses (including insuring assets) are essential in addressing measures taken to enhance the resilience of infrastructure against climate-related hazards.	Addressing how the company plans to respond to extreme weather events and other climate-related emergencies.	Efforts to ensure the resilience of supply chains.	Working with stakeholders to enhance adaptive capacity.	Focusing on collaboration with local communities to enhance adaptive capacity.
PROGRESS TO DATE	In 2018, we undertook downscaled climate modelling at our main operating sites. This, once-off but detailed analysis, involved understanding weather-related impacts on a granular resolution for our most at-risk sites: Sasolburg, Secunda, Lake Charles and Mozambique. We are now looking into the merits of procuring additional tools to help us advance our modelling work into key performance indicators and quantitative metrics. In this way, we aim to keep abreast of changing climate dynamics, evolving vulnerabilities and exposure patterns to undertake proactive planning.	Further work on site-specific adaptation risk profile reviews confirmed that there are no new risks identified for our at-risk sites. While our operations have a good understanding of potential physical climate change risk events, more work is being undertaken to align potential business impact with risk events. We have recently completed a biodiversity assessment with the Endangered Wildlife Trust to pilot the application of a biodiversity footprint assessment methodology to assist in quantifying biodiversity impacts. This type of work will help us increase the resilience of our operational sites, see 2023 SR.	We have in place systems and tools, including early warning, emergency response and overall preparedness for extreme weather events. These are continuously refined and updated as gaps are identified.	Given the complexities involved, it takes considerable effort to comprehensively map and prioritise activities to build resilience into our supply chains. This is a primary focus. Collaboration and information sharing will be pivotal. As maturity builds across supply chains, we aim to work more closely with our suppliers, service providers and customers to co-create strategies that effectively address risks and achieve the requisite economies of scale.	We acknowledge that we cannot accomplish our adaptation goals on our own. Adaptation-specific partnerships will help support our overall adaptation efforts. Similar to when we partnered with the CSIR for our downscaled modelling work (page 21), we intend to partner with other academic institutions, government bodies and industries that have expertise in adaptation. By leveraging resources and knowledge, we aim to strengthen our capabilities.	We engage with the communities where we operate and collaborate on projects that enhance adaptive capacities. See page 51 for projects and ongoing activities.

ADAPTATION CONTINUED

Physical climate risk identification and assessment



Climate change will impact regions differently. The general trends of increases in warming, the intensity of heatwaves and weather extremes related to rainfall are all risks relevant to Sasol's operations and supply chain.

Acute physical risks: event-driven

Tropical cyclone

These powerful storms can cause extensive damage to infrastructure, including facilities and disrupt operations due to strong winds, heavy rainfall and storm surges.

Storm surge

A rising of the sea during tropical storms resulting in coastal floodings, posing a risk to operations, particularly ports and coastal refineries.

Lightning

Lightning strikes may cause power outages and other infrastructure damage.

Bush fire

Higher temperatures and dry conditions can increase the risk of bush or veld fires, which may threaten facilities and disrupt supply chains.

Drought

Prolonged drought conditions can affect water-intensive operations such as cooling systems or hydrocarbon processing, potentially leading to production constraints.

Flooding

Excessive rainfall and flooding can damage infrastructure, disrupt transportation routes and impact supply chains.

Hurricane

Powerful winds can cause flooding and storm surges, damaging infrastructure and threatening people's safety and livelihoods.

Chronic physical risks: longer term shifts in climate patterns

Tornado (increasing winds)

Tornadoes can cause significant destruction, including damage to buildings and equipment, potentially leading to production interruptions and safety hazards.

High temperature

Extreme heat can lead to heatwaves, affecting worker safety, increased cooling demands, and potentially impacting process efficiency.

Low temperature

Extreme cold can cause machinery and equipment to malfunction or become less efficient. It can also pose health risks such as hypothermia and frostbite for outdoor workers.

Materiality assessment of Sasol's physical climate risks

Building on our downscaled modelling, we have reviewed our site-specific risk profiles and carried out adaptation materiality assessments for our main operating sites.

In 2022, we reported on the materiality assessments for two of our major strategic sites – Secunda and Lake Charles. This year, we reviewed Regional Operations and Asset Services (ROAS), which includes the operations and services of a network of gas pipeline infrastructure, wax manufacturing, regional maintenance and site services.

This process involved creating a matrix to assess the significance of risks, prioritise actions and manage them. Risks were categorised as high, medium or low. As was found last year with Secunda and Lake Charles, the review of the risk profile for ROAS confirmed existing risk themes and validated our approach. Mitigation controls were implemented for all identified adaptation risks. The table alongside provides a summary of the main areas of focus and key controls for ROAS.

Summarised view of Sasol ROAS adaptation risks and controls

CHRONIC AND ACUTE RISKS

Risk theme	Risk consequence	Controls (in addition to the weather readiness procedure)
INCREASE IN TEMPERATURE	Personnel exposed to excessive heat while performing outdoor tasks	Evaluate the efficacy of existing controls to identify gaps and improvements; awareness training
		Apply applicable protocols when working outside during extreme hot days
INCREASE IN THE FREQUENCY AND SEVERITY OF EXTREME WEATHER EVENTS	Exceedance of flood lines	Re-confirm flood lines; introduce flood-prevention control measures
	Safety of workers in extreme wind	Works instruction to be developed for extreme weather readiness appropriate for pipelines
	Lightning strikes damaging plant equipment resulting in production interruptions	Confirm that the risk of lightning strikes has been captured and measures are in place

ADAPTATION CONTINUED

Supply-chain resilience

Sasol's extensive supply chains are exposed to extreme weather events, the frequency of which is increasing due to climate change. Supply-chain disruptions from climate-related events can have severe implications for our organisation's day-to-day operations. We are in the nascent stages of understanding this full risk profile and as a start we aim to extract lessons learned from prior events including the KwaZulu-Natal flooding event.

FEATURE STORY

Secunda Operations experienced unprecedented heavy rainfall in November 2022, which resulted in a factory outage for several days.

In addition to the immediate production loss, the flooding caused unplanned outages on the reforming units during the subsequent restart of the plant. Two out of 17 reformers experienced prolonged downtime, impacting overall production efficiency. The incident resulted in lost production equating to ~R250 million.

Excessive rainfall also put significant pressure on the plant's effluent-storage balances, requiring approval from authorities to allow for limited controlled releases to protect storage infrastructure. Extreme weather events are projected to continue, necessitating a heightened focus on building resilience and adaptation responses throughout our operations.

Monomers plant, Secunda, South Africa

Synthetic alcohol plant, Secunda, South Africa

FEATURE STORY

ADAPTING TO A CLIMATE DISASTER

In April 2022, the KwaZulu-Natal coastal region of South Africa experienced exceptionally heavy rainfall, leading to severe flooding that significantly impacted the province's communities, infrastructure and businesses – an estimated US$2 billion in infrastructure and economic losses. Our supply chain network, responsible for transporting products from facilities in Secunda, Sasolburg and Durban for export, was severely impacted.

For three weeks, many vessels were unable to sail, resulting in a backlog of orders. The affected cargo included polymers, wax, paraffins, phenolics and solvents – 25 000 tons across 31 vessels. Sasol had difficulties determining the exact location of vessels and even engaging with shipping lines to address the situation.

All contracted port facilities responsible for loading Sasol's products were non-operational during the flooding period. Power and water cuts, as well as debris and accessibility restrictions, hampered port operations. Additionally, two critical service providers declared force majeure, further exacerbating the challenges we faced.

Rail infrastructure connecting Gauteng and Secunda to Durban suffered significant damage, rendering regular rail access to the Port of Durban inaccessible for three months. As a result, we had to rely entirely on road transport, which caused production cutbacks due to certain products being unsuitable for road transportation.

In response to the significant disruptions caused by the flooding, Sasol Chemicals itself was compelled to declare force majeure for several product ranges. This declaration provided legal protection and acknowledged that circumstances beyond our control had impacted our ability to fulfil contractual obligations.

Despite the immense challenges caused by the flooding, we implemented several adaptation strategies:

- **Daily adjustments and coordination:** We adopted a case-by-case approach, making daily adjustments to our rail and road movements based on the recovery of various facilities. Road movements into Durban were carefully coordinated to ensure safety and avoid excessive congestion at offloading sites.
- **Alternative rail route:** Two weeks after the flooding, Sasol secured an alternative rail route via Empangeni to Durban. Although this route was subject to speed restrictions, it provided a means to transport products by rail once a week, alleviating some of the reliance on road transport.
- **Safety management:** Recognising the safety risks associated with the high volume of tankers at offloading sites, we staggered road movements inland. This aimed to prevent additional risks and maintain operational continuity.

By adjusting transportation plans on a daily basis, securing alternative transportation routes and prioritising safety, we minimised disruptions and maintained our supply chain operations.

ADAPTATION CONTINUED

Communal borehole, Temane, Mozambique

Community engagement

We cooperate with local authorities, non-governmental organisations (NGOs) and communities to enable adaptation to climate change and build resilience to extreme weather events.

Fenceline communities, particularly in South Africa, were the focus of our investments in community adaptation and upliftment in 2023. Examples of interventions include:

CLEAN WATER ACCESS

Providing 30 water tanks, each with a capacity of 5 000 litres, to three water-stressed communities and funding water tanks at 23 schools in the Gert Sibande District Municipality. We also sponsored water infrastructure including pipelines and treatment facilities.

METSIMAHOLO ORANJEVILLE FISHERIES

Equipping community members outside Sasolburg with the ability to create and sustain an aquaculture cooperative. By combining adaptation strategies with job creation opportunities, the programme enables community members to develop sustainable livelihoods while fostering the preservation and resilience of aquatic resources.

Sustainable fisheries, Free State, South Africa

In the context of climate change and its impact on adaptation, small-scale farming has emerged as a crucial tool for combating rural poverty and promoting rural economic development. The National Development Plan recognises agriculture as the sector with the highest potential for job creation.

Climate change has led to a shift towards localised farming practices globally. However, aspiring farmers face numerous barriers that hinder their growth and transition to commercial farming. These challenges include limited access to training in efficient farming techniques as well as constraints related to land, infrastructure, finance and markets. Unlocking the immense potential of small-scale farming to alleviate poverty and food shortages requires appropriate support.

R7 MILLION SPENT ON SMALL-SCALE FARMER DEVELOPMENT //

Iphepe Community Agriculture Empowerment Project

We collaborated with the Small Enterprise Development Agency (SEDA) Mpumalanga to support Iphepe through a farming mentorship programme. Our initiative focused on identifying and addressing skills gaps among farmers by offering modules on book-keeping and facilitating access to markets. In 2023, 102 beneficiaries were successfully trained and mentored in agricultural skills. The beneficiaries were from Sasolburg, Ekandustria, Middelburg and Secunda.

The project was implemented to address issues of employability and to impart self-sustaining skills within our communities. To date, the Iphepe project with our partners, Buhle Farmers' Academy, African Farmers' Association of South Africa and SEDA has seen 102 emerging farmers trained in various agriculture disciplines at Buhle Academy.

Two notable success stories stand out among our beneficiaries. The first farmer, based in the Pixley ka Seme Municipality (Amersfoort), completed training in vegetable production and farm business management. As a result, the farmer successfully cultivated eight hectares of dry beans and one hectare of other vegetables.

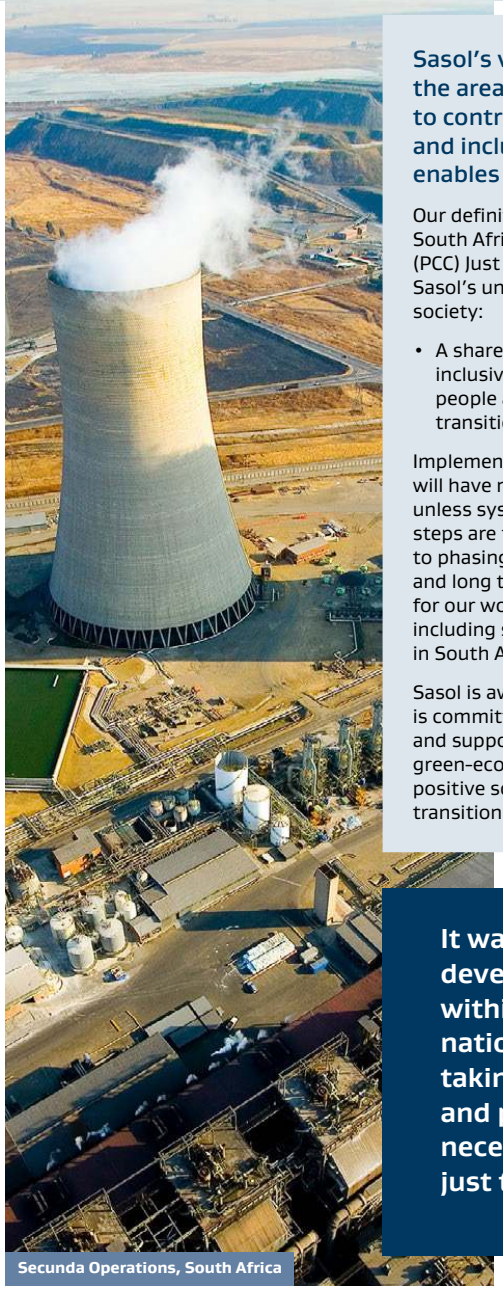
Another farmer, from the Govan Mbeki Municipality, Bethal, belongs to a family that benefited from the government's Land Restitution Programme. This farmer is currently finalising agreements to supply two supermarkets with fresh produce.

These developments are celebrated as they demonstrate tangible outcomes of the programme. By empowering small-scale farmers, we are not only stimulating rural economies but also bringing about transformation within their communities. This approach further contributes to diversity, equality and inclusivity within the agricultural sector.

In 2023, ~R7 million was spent on training, farmers' development mentorship and starter kits.

2023 Iphepe training graduates, Secunda, South Africa

JUST TRANSITION



Secunda Operations, South Africa

Sasol's vision, particularly in the areas where we operate, is to contribute to a more resilient and inclusive society that embraces, enables and empowers the vulnerable.

Our definition of a just transition accords with South Africa's Presidential Climate Commission (PCC) Just Transition Framework and is based on Sasol's unique place within the economy and society:

- A shared value proposition comprising an inclusive transformation of our business, people and society, as we decarbonise and transition to a thriving Future Sasol.

Implementing our decarbonisation pathways will have negative socio-economic impacts unless systematic, targeted and affirmative steps are taken. These impacts will mostly relate to phasing down our coal usage in the medium and long term and could have implications for our workforce, communities and suppliers including small, medium and micro enterprises in South Africa.

Sasol is aware of these potential outcomes and is committed to working deliberately to create and support programmes that will exploit green-economy opportunities that can deliver positive socio-economic impacts as we transition to a low-carbon future.

It was critical that Sasol develop its roadmap within the context of national circumstances, taking into account push and pull factors, which necessitated a phased just transition roadmap.

Our approach

Sasol's just transition roadmap reflects the series of phased steps we will take to enable a holistic just transition which maximises social and economic opportunities while mitigating disruptions. It is guided by a clear decision-making process, overseen and implemented by a dedicated Just Transition Office (JTO). The Office integrates, enables and coordinates various just transition initiatives and thinking across the businesses and other functional areas.

Work on phase 1 of the roadmap has been completed with the following results emerging from the diagnostic work:

- South Africa's just transition is challenged by economic inequalities, poverty, unemployment and energy insecurity, which weigh heavily on expectations of a just transition.
- Policies and requirements for a just transition are being crafted while undertaking a national just transition, making it difficult to have full clarity on what the expectations will be beyond broad principles.
- A dynamic approach will need to be adopted to address shifting expectations and an evolving policy landscape.
- No-regret initiatives will feature more prominently in the short to medium term, aligned with the decarbonisation roadmap and the timing of mitigation interventions.
- Innovative funding mechanisms will need to be available for implementation of impactful just transition initiatives and to accelerate deployment.
- The just transition is in its early stages, with most companies still developing their strategies and plans. Information and knowhow are therefore limited with 'learning by doing' being critical, as well as leveraging lessons learnt from others.

Phase 2 is focused on framework development and will include unpacking the following elements:

- Strategy and risk management – develop an integrated and optimised just transition approach.
- Policy development and alignment – align our just transition approach with national frameworks.
- Opportunity development – co-create opportunities with key stakeholders.
- Stakeholder management and communication – enable inclusivity in the development and implementation of our just transition approach.
- Partnership management – leverage partnerships for scale, impact and pace.
- Programme management and reporting – transparent reporting on our just transition progress.

Phases 2-4 will be periodically iterated to ensure that Sasol's approach remains relevant and that we continue to prioritise and execute opportunities that have the potential for greatest impact.

Mitigation interventions and levers

By examining interventions used in mine closures and reviewing other actions of our peers, we identified five main categories of levers. These levers show promise in terms of impact, scalability and applicability:

- Facilitate job creation (internal and external)
- Upskill and reskill individuals to take on new job opportunities
- Facilitate access to jobs (eg career 'concierge' services)
- Explore financial support mechanisms
- Provide well-being support

JUST TRANSITION CONTINUED

Roadmap

In 2022, Sasol committed to develop a just transition roadmap. In 2023, our work to meet this commitment began in earnest and culminated in the development of a phased just transition roadmap, consisting of four phases:

- **Phase 1:** Framing of the approach and diagnostics;
- **Phase 2:** Framework development;
- **Phase 3:** Mobilisation, feasibility and/or piloting; and
- **Phase 4:** Delivery and scale.

Natref refinery, Sasolburg, South Africa

PAST | CURRENT | FUTURE

PHASE 1: FRAMING OF APPROACH AND DIAGNOSTICS

- Analyse internal and external fact bases
- Assess high-level impact by 2030
- Identify/prioritise levers

Secunda Operations, South Africa

PHASE 2: FRAMEWORK DEVELOPMENT

- Strategy and risk management
- Policy development and alignment
- Opportunity development
- Stakeholder management and communication
- Partnership management
- Programme management and reporting

Consult and engage stakeholders → Review operating-context opportunities → Iterate and refine framework through best practice, engagement and implementation

PHASE 3: MOBILISATION, FEASIBILITY AND/OR PILOTING

Phase 3 focuses on identifying job-creation opportunities for feasibility assessment and piloting. These initiatives include:

- Bridge to Work employability programme
- Capacity building for technical skills and community development
- Localisation and industrialisation
- Green economy skills of the future
- Skills for work and entrepreneurship
- Work transition for impacted population

PHASE 4: DELIVERY AND SCALE

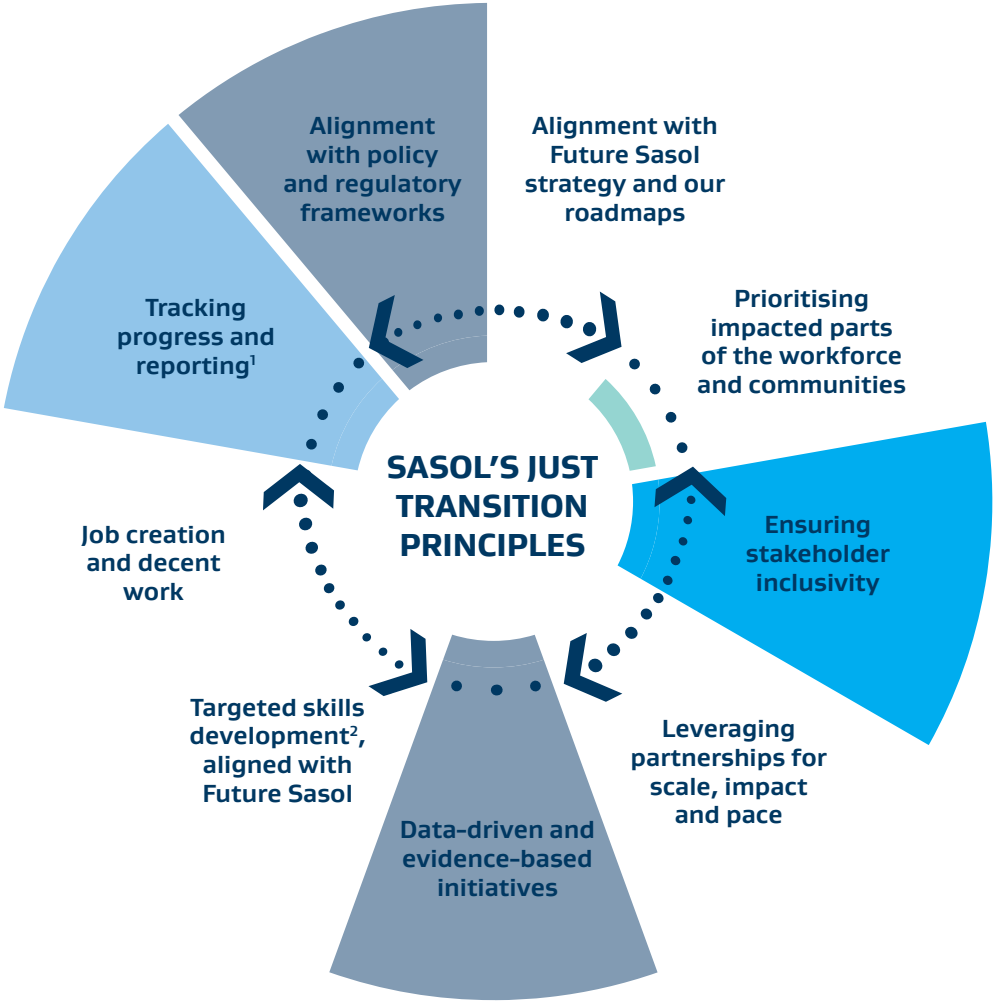
Repurposing of existing social investment programmes for the just transition.

- Reconfiguring bursaries and grants
- Technical school and college interventions
- Specific interventions identified in Phase 3 will be scaled to mitigate impacts on our workforce and local communities

As we progress our implementation, we will continue engaging and incorporating views from stakeholders to iterate our interventions.

JUST TRANSITION CONTINUED

In 2022, we disclosed the guiding principles that underpinned the development of our just transition roadmap.



1. Key performance indicators (KPIs) will be developed to monitor progress.
2. Including upskilling, reskilling and redeployment.

FEATURE STORY

MANAGING SASOL'S JUST TRANSITION

Our Just Transition Office (JTO), established in 2021, is centrally coordinated to enable roadmap delivery and ensure cross-functional alignment.

Given the strategic importance of the just transition to the company, development of the roadmap was jointly undertaken by the Executive Vice President (EVP): HR and Stakeholder Relations and EVP: Strategy, Sustainability Integrated Services.

This approach provides executive oversight and guidance on the development and existing and planned execution of the just transition roadmap. This also enables a balanced approach to address the socio-economic impacts associated with our transition.

The JTO will determine the strategic guardrails and ambition to further understand the impacts we will have on our people and communities. In this way, we can continuously refresh our prioritised levers and selectively scale up promising just transition opportunities. The JTO will report against key performance indicators (KPIs) as we progress our roadmap.

The Centre for Shared Value Management (CSVM), within the JTO, is the single internal point of contact for the integration and coordination of just transition initiatives. It leverages existing plans and programmes to identify 'no-regret' opportunities, achieve economies of scale and create greater value than the individual just transition programmes alone could deliver. See 2023 SR for more information on the CSVM.

Sasolburg, South Africa

JUST TRANSITION CONTINUED

Stakeholders

Keeping our stakeholders engaged in our transition process and informed on progress are key considerations.

As part of Phase 2, we completed a stakeholder identification and mapping exercise to determine who is likely to be most affected by the transition. Our findings indicate that these include employees, fenceline communities, suppliers and SMMEs.

Sasol is committed, to the extent possible, to mitigate negative socio-economic implications of our decarbonisation plans. Consequently, our just transition programmes will centre on creating alternative economic opportunities and skills development while upholding our principle of following an inclusive engagement process. This engagement process will be ongoing as our transition to a low-carbon economy evolves.

Partnerships

Given the complexity of the challenges we face in South Africa, partnering with our stakeholders is vital for the achievement of a just and equitable transition. A collaborative approach is warranted to achieve the economies of scale needed for meaningful impact. Available funding, skills and capacity within other companies and the public sector to address these challenges are amplified when we collaborate to realise impact beyond the means of individual participants.

We are leveraging partnerships with business formations, state-owned enterprises and private-sector entities. We are actively engaging with the Mpumalanga provincial government to integrate our just transition plans with those of the province.

IR For more detail on how we engage with our stakeholders to deliver shared value, refer to page 36.

FEATURE STORY

SASOL CASE STUDY WINS ACADEMICS GLOBAL PRIZE

An MBA case study on our just transition, conducted by the Gordon Institute of Business Science (GIBS), has won first place in an international competition.

The work, 'Sasol's just transition: balancing stakeholder perspectives to leave no-one behind' came first in an international case study competition run by the Fox Business School at Temple University in the United States.

The teaching case study examines just transition challenges in an emerging-market economy reliant on coal, which the GIBS authors describe as 'one of the grand challenges facing South Africa and the world'.

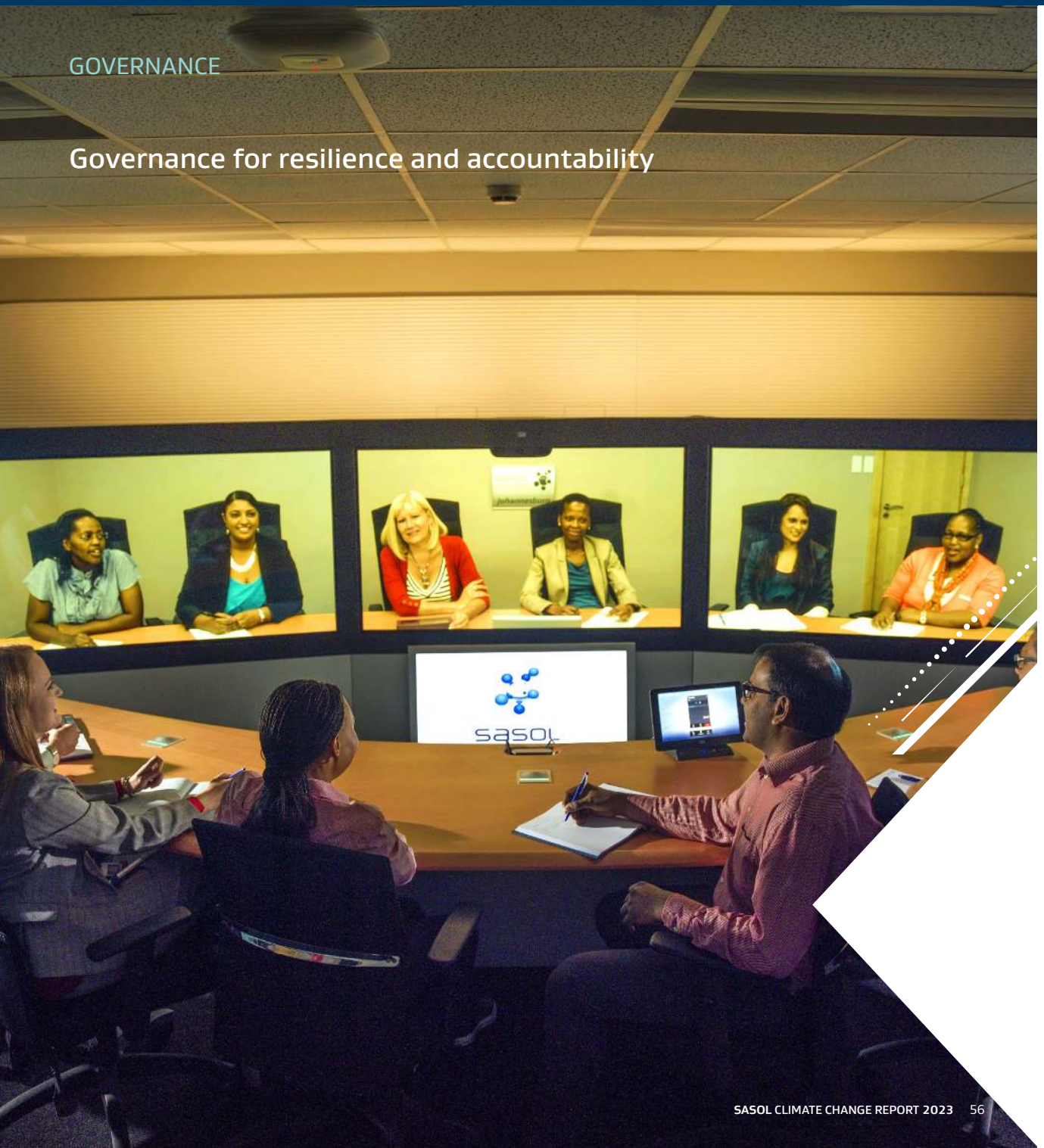
The case study begins by describing Sasol's climate change journey since 2008, accelerating in 2018 with the appointment of subject matter experts and the creation of the JTO, and the 2021 publication of our three-pillar framework and targets. It ends by reflecting on the various stakeholder perspectives that must be considered for a just transition, leaving some questions open-ended to allow for robust classroom debate.

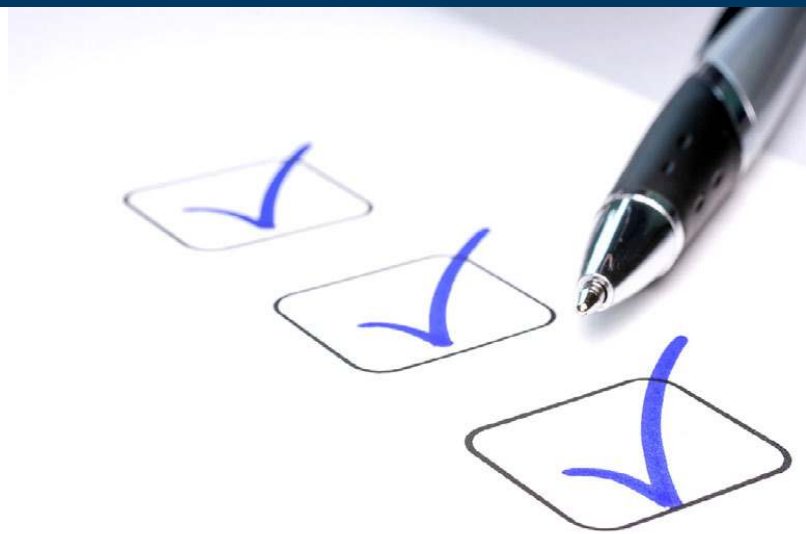
Gordon Institute of Business Science
University of Pretoria

Secunda Operations, South Africa

GOVERNANCE

Governance for resilience and accountability



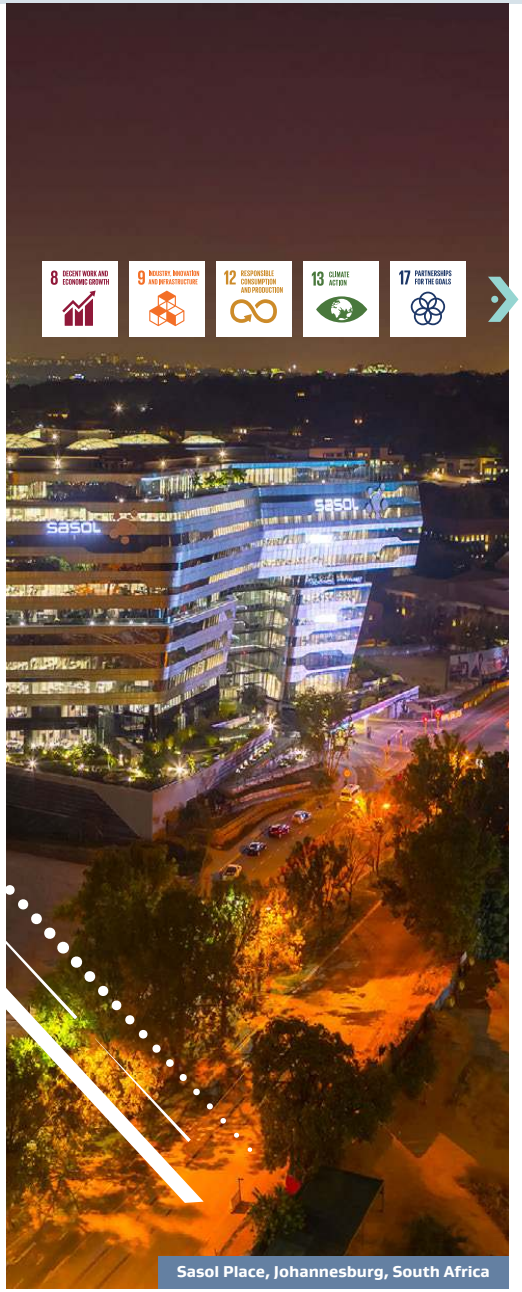


GOVERNANCE //

At Sasol, we prize ethical and effective leadership and practise the highest standards of climate change governance.

Because of its materiality, climate change is a Group Top Risk (GTR) and is managed at the Board, Group Executive Committee (GEC), senior management and business levels. Our Board performs the ultimate oversight role on climate change.

GOVERNANCE



Sasol Place, Johannesburg, South Africa

Governing climate change

Comprising a majority of independent non-executive directors, the Sasol Board brings independent, informed and effective judgement, as well as leadership to bear on company decisions and strategy formulation.

As prescribed by the King IV code on corporate governance, the Board ensures that Sasol's core purpose, its risks, opportunities, performance and sustainable development considerations are all inseparable parts of the company's value creation process.

The Board provides the ultimate oversight role on climate change including the company's impacts on, and support for, long-term value creation in alignment with the sustainable development goals (SDGs), in particular our prioritised SDGs 8, 9, 12, 13 and 17, and the Paris Agreement. The Board's duties include overseeing management on testing the robustness of the company's Future Sasol strategy. Climate change assumption testing, risk management and assessments, greenhouse gas (GHG) target setting and roadmap development are also within the purview of the Board.

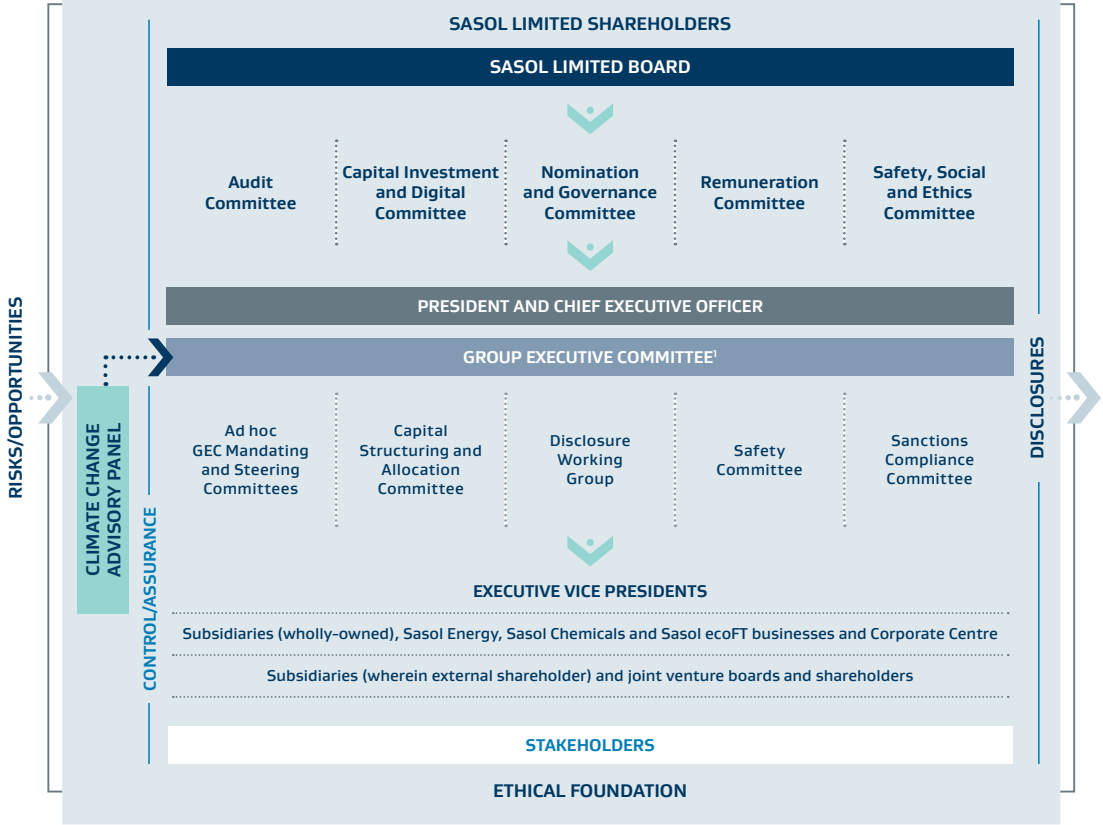
Sustainability matters are key Board concerns, reflected in the recent adoption, by directors, of Sasol's Purpose – innovating for a better world – and the approval of the Future Sasol strategy.

Climate change is one of the GTRs and a material matter, and was a standing item on the agendas of the Board's Safety, Social and Ethics Committee (SSEC) and, through this Committee, featured at full Board meetings in 2023. Climate change and related issues, such as tracking of the GHG targets, the just transition roadmap and South Africa's carbon tax, also received considerable attention from several other Board committees. The materiality of climate change continues to be reinforced by Sasol's endorsement, since 2018, of the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and annual disclosures made in terms of those recommendations.

Given the acknowledged materiality of climate change, it is governed at the Board, GEC and senior management levels. Business leadership regularly considers climate change risks and opportunities in their respective executive and other committee deliberations, and in reporting to Group.

Our governance structure

The Group's governance structures are regularly reviewed and provide for the assignment of authority while enabling the Board to retain effective control. The structures support ethical and efficient leadership and good corporate citizenship and are applied in the best interests of Sasol and its stakeholders. The necessary policies and processes are in place to ensure all entities adhere to essential Group requirements and minimum governance standards.



1. The Board appoints GEC members on the recommendation of the CEO and the Nomination and Governance Committee

GOVERNANCE CONTINUED

Climate change discussions at the Board

In 2023, the following matters were considered, deliberated on and, where required, approved:

// 2022

AUGUST

- Progress against GHG targets and milestones (procurement of renewables, gas sourcing and green hydrogen)
- Special Audit/SSEC joint sitting to approve 2022 CCR
- Offsets strategy
- GHG/environmental/sustainability audit results
- Group Risk Report

NOVEMBER

- Progress against GHG targets and milestones (procurement of renewables, gas sourcing and green hydrogen)
- Integrated GHG and boiler sulphur dioxide roadmap at Sasol Energy
- Carbon tax and changes to South Africa's Taxation Laws Amendment Bill
- COP27 feedback report and implications
- Dow Jones Sustainability Index scores
- Group Risk Report
- Topic of interest, Building Climate Resilience: Opportunities and Considerations for Africa in a Net Zero Future

// 2023

FEBRUARY

- Progress against GHG targets and milestones (procurement of renewables, gas sourcing and green hydrogen)
- Ten principles of the United Nations (UN) Global Compact
- Group Risk Report
- Detailed submission on Sasol Energy's integrated GHG and boiler sulphur dioxide roadmap
- Topic of interest, COP27: Takeaways and Implications

MAY

- Progress against GHG targets and milestones (procurement of renewables, gas sourcing and green hydrogen)
- Integrated GHG and boiler sulphur dioxide roadmap at Sasol Energy
- Group Risk Report
- Sasol material matters, including climate change
- Approval of the just transition roadmap

AUGUST

- Integrated GHG and boiler sulphur dioxide roadmap at Sasol Energy
- Special Audit/SSEC joint sitting to approve the 2023 CCR

Climate change and our Board committees

The SSEC is appointed to provide integrated strategic direction on sustainability, safety, social and ethics matters, including Sasol's climate change response.

As per its mandate, the SSEC assesses and approves climate change considerations and decisions and it exercises associated risk management oversight. The Committee's mandate includes issues on stakeholder perceptions, among them those related to climate change. Regularly reporting to the Board, the SSEC provides integrated strategic direction and independent oversight (including Board recommendations for final approval) on climate-related matters, including:

- net zero ambition (2050), interim medium-term targets (2030) and associated roadmaps to achieve these;
- performance, reporting and disclosure against our targets and roadmaps;
- advancement of disclosures to align with TCFD recommendations;
- monitoring the resilience of Sasol's portfolio through robust risk assessments and scenario analysis;
- addressing stakeholder concerns on decarbonisation through direct engagements where required; and
- environmental compliance.

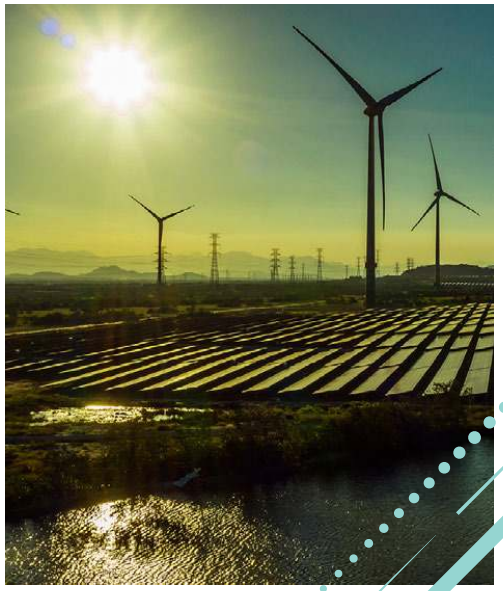
The SSEC also informs the setting of short- and long-term sustainability-linked incentive targets for the executive and management levels, which include climate change targets.

The Audit Committee reviews the Group's annual budget, including climate change allocations. It ensures that assurance is provided on material sustainability issues, placing reliance on assurance provided to the SSEC. The Audit Committee considers climate change, the Future Sasol strategy and other recommendations from the SSEC that have an impact on the financial statements, as well as reviewing relevant findings of the SSEC.

The Remuneration Committee is responsible for ensuring that the Group remunerates fairly, appropriately and transparently and that incentives, both short and long term, encourage and reward actions that serve the long-term interests of the company. Such incentives include sustainability performance (in which climate-change metrics feature prominently – see page 61).

The Nomination and Governance Committee identifies and nominates Board and Committee candidates, including evaluating their climate change expertise. It also evaluates Board performance and ensures that stakeholders' and particularly shareholders' climate change interests and needs are considered and balanced. At our Annual General Meeting (AGM) in December 2022, the Board submitted to shareholders a non-binding advisory vote on Sasol's climate change management approach, including ambition, strategy and progress; 94% voted in favour.

The Capital Investment and Digital Committee evaluates the Future Sasol strategy, climate change and other related investments and transactions over R7 billion, while assessing their alignment with the Group strategy.



GOVERNANCE CONTINUED

Climate change and management

Sasol's President and CEO is the highest executive decision-making authority on climate change matters. On these matters, the President and CEO delegates authority to the GEC, the highest collective executive decision-making structure at Sasol.

The GEC is responsible for recommending the company's strategy and long-term plans including climate change management to the Board. Delivery on our 2030 targets and 2050 ambition, as well as our roadmaps, are also part of the GEC's mandate. The GEC is supported by the corporate Portfolio Strategy and Sustainability function, which includes the Climate Change team with input from the various business sustainability managers. Additional support is provided by other business specialists and experts in areas including green hydrogen and renewables.

The Capital Structuring and Allocation Committee, a sub-committee of the GEC, provides strategic direction, oversight and assurance on Group-wide, high-risk and/or value investments, including climate-change and Future Sasol investments. The Committee is tasked with considering the short- and long-term environmental and socio-economic impacts of investments. Feedback on the funding status of the emission-reduction roadmaps from this Committee is regularly provided to the Board's SSEC.

The Policy, Stakeholder and Governance (PSG) Committee, reporting to the Executive Vice President for Energy Operations, receives regular updates on environmental and climate change issues, including roadmap progress. Assurance on milestones and achievements is received by the Committee from Internal Audit. Combined assurance is regularly appraised by the PSG. This Committee agrees the Energy Operations approach to stakeholder engagement and formulates responses to external, including regulatory, developments. Within the Energy Business, the Governance and Risk Committee has a similar mandate and receives updates and assurance reports.

Sasol Chemicals has a regional operating structure (Americas, Eurasia and Africa) that supports the four chemical business segments (Essential Care Chemicals, Advanced Materials, Performance Solutions and Base Chemicals).

For reporting on regional environmental and climate change issues pertaining to Sasol Chemicals, there are regional GHG steering committees in place. The steering committee for Eurasia is chaired by the Senior Vice President Eurasia Chemicals and that for North America by the Senior Vice President Americas. For the Africa region, the chemicals operations are hosted by Sasol's Energy Business, which also manages environmental and climate change issues for the region.

A Climate Change Working Team comprises representatives of all Sasol businesses, the Chief Risk Officer and other senior members of management. Chaired by the Vice President Climate Change, the team meets monthly to identify and assess climate change risks and develop and recommend to the GEC feedback on and builds for Sasol's climate change approach.

The Board's skills and expertise

The Board comprises mostly independent non-Executive Directors and recognises the benefits of having a diverse set of skills among its members.

In appointing directors, the specific skills, expertise and competencies of each candidate are carefully considered in alignment with Sasol's vision, long-term strategic direction and key risks. This is enabled through an approved succession plan with selection criteria including capabilities in managing climate-related risks and opportunities. Newly appointed directors attend a structured induction programme, which includes a detailed module on our sustainability and climate change management approach. This programme was revised during 2022 to include strategic direction provided by the Future Sasol strategy and associated sustainability matters.

The Board and its committees may obtain external, independent professional advice, as needed to carry out their duties, in addition to receiving advice and latest updates (topics of interest) from internal climate-change specialists. The qualifications of each of our Board members and their specialised skills sets are set out in our 2023 IR (see page 66). In addition, Directors undertake extensive self-study to improve their knowledge and understanding, and their ability to make informed climate change decisions.

The Board undergoes regular retraining, including on climate change and wider sustainability matters, as and when required. Safety and compliance updates including climate change and other sustainability matters are presented at all meetings of the Board and its committees (see page 58). Detailed topics of interest are also shared every quarter; in 2023 the topics included personal liability of Directors for climate change, building climate resilience and key takeaways and implications of COP27.

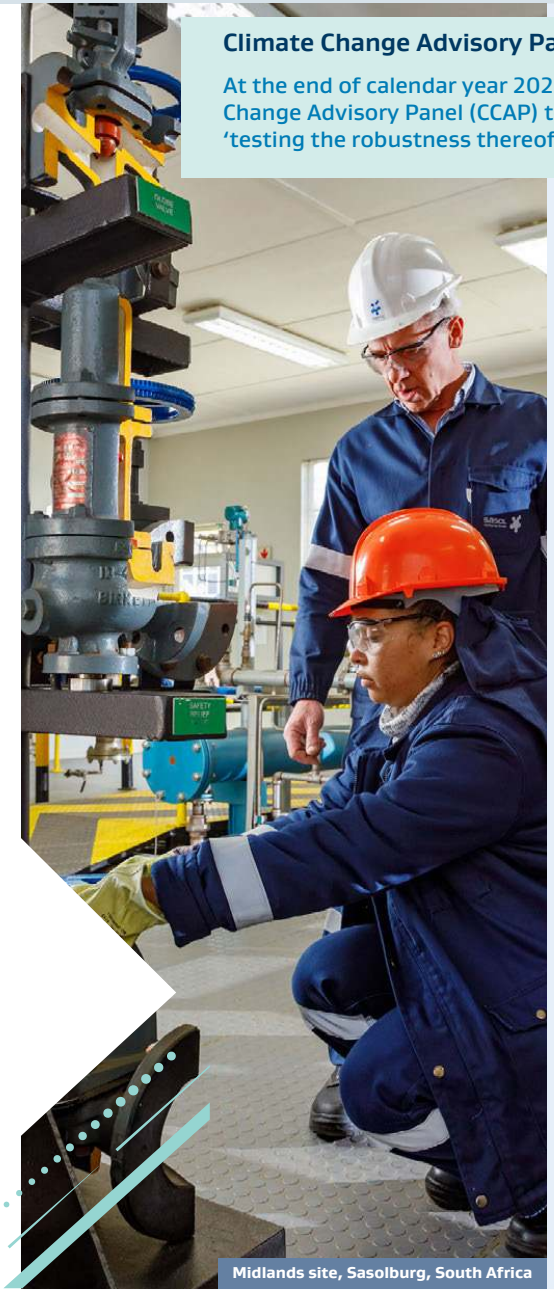
The effectiveness and performance of the Board, its committees and individual Directors are evaluated every two years. In alternate years, or as is necessary, provision is made for reflection by the Board on its performance, including that of its committees, chair and members. A Board competency gap analysis is conducted annually. Every year, post year-end, Directors' competencies are re-evaluated in areas including climate change. This is discussed in our 2023 IR (see page 68).

The SSEC is chaired by Ms Muriel Dube whose skills set includes considerable knowledge and high-level experience in climate change matters. She has a Master of Science in Environmental Change and Management from Oxford University and is a former South African government chief negotiator to the UN Framework Convention on Climate Change (UNFCCC) and served as the African representative for technology transfer on the UNFCCC Expert Group on Technology Transfer. Ms Dube has recently been appointed as an independent non-Executive Director at Control Risks, based in the United Kingdom and chairs its Audit Committee.

In April 2023, the Board's climate change expertise was bolstered with the appointment of Mr Andreas Schierenbeck as an independent non-Executive Director. Mr Schierenbeck is the founder and a director of HH2E, a company dedicated to producing green hydrogen for the German market. Between 2019 and 2021, he was the CEO of international energy company Uniper where he began executing a strategy to decarbonise the company by 2035.

Secunda Operations, South Africa

GOVERNANCE CONTINUED



Midlands site, Sasolburg, South Africa

Climate Change Advisory Panel

At the end of calendar year 2022, Sasol established an independent Climate Change Advisory Panel (CCAP) to guide the GEC on its climate change response, 'testing the robustness thereof and providing independent knowledge'.

The CCAP seeks to inform gap identification and to express views on the appropriateness of Sasol's climate change approach to address risks and opportunities.

The Panel consists of four thought leaders (see alongside) in the fields of mitigation, technology, transformation, scenario planning, adaptation and the just transition. It meets quarterly.

Focus areas include, but are not limited to:

- Sasol's emission-reduction roadmaps and the robustness of the Future Sasol strategy;
- Sasol's scenario analysis and the assumption process;
- risks and opportunities;
- progress towards achieving the company's current and future GHG targets;
- links between executive remuneration and the decarbonisation approach; and
- relevant mitigation and adaptation options.

The role of the CCAP is to provide independent non-binding advice, which does not substitute for requisite decision-making by the Board and management. During times of transition, significant opportunities and risks need to be addressed to ensure we are well placed to take advantage of the low-carbon economy. The Panel provides insights into current knowledge and shares critical thinking and diverse perspectives as well as critiquing relevant assumptions.

The CCAP began its work in 2023 with deep dives into our just-transition approach and roadmap development as well as technology-development options.

Based on the just-transition deep dive, the CCAP submitted observations and recommendations concerning the macro-economic environment and our operating context, sharing insights into just-transition modalities and best practice. In particular, members highlighted opportunities for retraining and upskilling affected workers for employment in other mining sectors and the renewable-energy space.

The CCAP also made recommendations on the use of innovative financing models including alternative funding mechanisms, grants, subsidies and public-private partnerships.

Views expressed by the Panel are considered by the GEC with a view to inform, refine and enhance Sasol's response.

Jason Schenker is a futurist, economist and the author of 36 books including 15 bestsellers on emerging technologies, finance, energy, leadership and the economy.

Over 975 000 students have taken his 20 LinkedIn Learning courses and he has given more than 1 000 keynote speeches.

He is the chairman of the Futurist Institute and President of Prestige Economics. Since 2011, Bloomberg News has ranked Jason the top forecaster in 26 categories.

JASON SCHENKER

Chairman and Panel Member // (appointed: 2022)

Gunnar Groebler spent more than 20 years at Swedish utility company, Vattenfall, where, in various management positions, since 2015 he built up a renewable energy portfolio covering off-shore and on-shore wind and large-scale PV. In 2021, Gunnar was appointed CEO of Salzgitter AG, one of Europe's largest steel and technology companies.

He has wide-ranging experience in transforming utilities and basic industries, including understanding the impact of climate change and mitigation measures.

GUNNAR GROEBLER

Panel Member // (appointed: 2022)

Hervé Touati is the co-founder and Executive Chairman of Available Power, a standalone battery storage developer, and Chief Strategy Officer of TS Conductor, a California-based manufacturer of advanced conductors for high-voltage transmission lines.

An expert in mitigation and technology, Hervé was the co-founder, first Chairman and CEO of Energy Web. In previous roles at Shell and E.ON, he built from scratch several energy, solar, biomass and biogas businesses, and a carbon-credit origination team.

DR HERVÉ TOUATI

Panel Member // (appointed: 2022)

Geralda Wildschutt has over 26 years' experience in sustainability, corporate social responsibility and ESG strategy development and implementation. She also has experience in mining, renewable energy, banking, climate adaptation and the social sector, having worked across Africa and around the world.

Geralda is the CEO of Maisha Social Solutions, an ESG consultancy in South Africa. Her just energy transition expertise includes social impact, human rights and stakeholder engagement.

GERALDA WILDSCHUTT

Panel Member // (appointed: 2022)

EXECUTIVE REMUNERATION

Delivering on the Future Sasol strategy is intricately linked to our decarbonisation targets and ambition. This link is reflected in the incentive structure applied to the President and CEO, Executive and Senior Vice Presidents, as well as the rest of the Group.

In this way, the variable remuneration component for all employees is connected to Sasol's business sustainability, social aspects and decarbonisation agenda (people, planet and profit). Since inclusion, the climate change 'planet' incentives have focused on progressing GHG emission reductions, harnessing opportunities for a low-carbon future and laying the foundation for a just transition.

Through the Remuneration Committee (REMCO), we engage with investors and stakeholders to understand their expectations and improve the Remuneration Policy, as well as consult on metrics for inclusion in the short-term incentive (STI) and long-term incentive (LTI) plans and how our remuneration policies are implemented. The REMCO conducts executive benchmarking to ensure the relevance, consistency and reliability of our Remuneration Policy.

Our variable pay awards are designed to incentivise value creation, including safe and sustainable performance against financial and non-financial targets. Strategic accountability for sustainability issues is also driven through individual performance agreements – which results in a multiplier effect on the STI.

Our performance share plan for executives has a split vesting period over three and five years, with restricted shares vesting subject to conditions after five years. Performance shares vest subject to achievement of performance and time vesting conditions, incorporating a significant weighting of 20% – 25% on sustainability metrics, covered in both the group and business STI scorecards. Vesting of LTIs is measured against corporate performance targets (CPTs). Where targets are not, or only partially, achieved, the portion of LTIs linked to the CPTs is forfeited or reduced.

Our Remuneration Policy includes malus and clawback provisions which apply to all variable pay awards. The Board and REMCO can trigger such conditions in the case of certain events stipulated in clawback and malus clauses of the Policy (see pages 70 – 75 of our 2023 IR).

Performance from last year

Our sustainability commitments, also expressed in the incentive structures, are well embedded in how we conduct our operations and businesses. To achieve the GHG targets and milestones, we incentivise emission-reduction levers, technologies and enablers.

Absolute GHG emission reductions are included in the LTI, aligned to the emission-reduction roadmaps. Sasol's roadmaps, with the exclusion of energy and process efficiency, are dependent on capital-intensive interventions. Particularly in South Africa, some of our assets are more than 70 years old, which requires detailed process understanding, time and floor space to implement renewables and hydrogen and gas-enabling technologies. Interventions that result in step-change emission reductions, while creating value for stakeholders, are prioritised for capital allocation. Our STI scorecards include a combination of output and input targets.

The outcomes against targets included in our STI and LTI plans depend on performance against targets set and our progress on the roadmaps, which is assessed holistically.

Progress against 2023 STI and LTI targets

The Group's 2023 STI performance against these targets was 15,3% out of the target award of 20%. The Sasol Chemicals and Energy businesses scored 12,5% and 21,8% out of a potential 20% (and a maximum stretch target of 30%), respectively, against their individual climate change targets.

As previously reported, the target of delivering 200MW of renewable energy by 30 November 2023, set in the 2021 performance share awards, came under pressure due to factors including new restrictions on grid access and other challenges. Despite having signed PPAs for more than 600MW, grid access remains a challenge. To ensure fairness in the process, REMCO agreed to postpone a decision regarding the achievement of this target until more information becomes available.

Measures for new reporting year

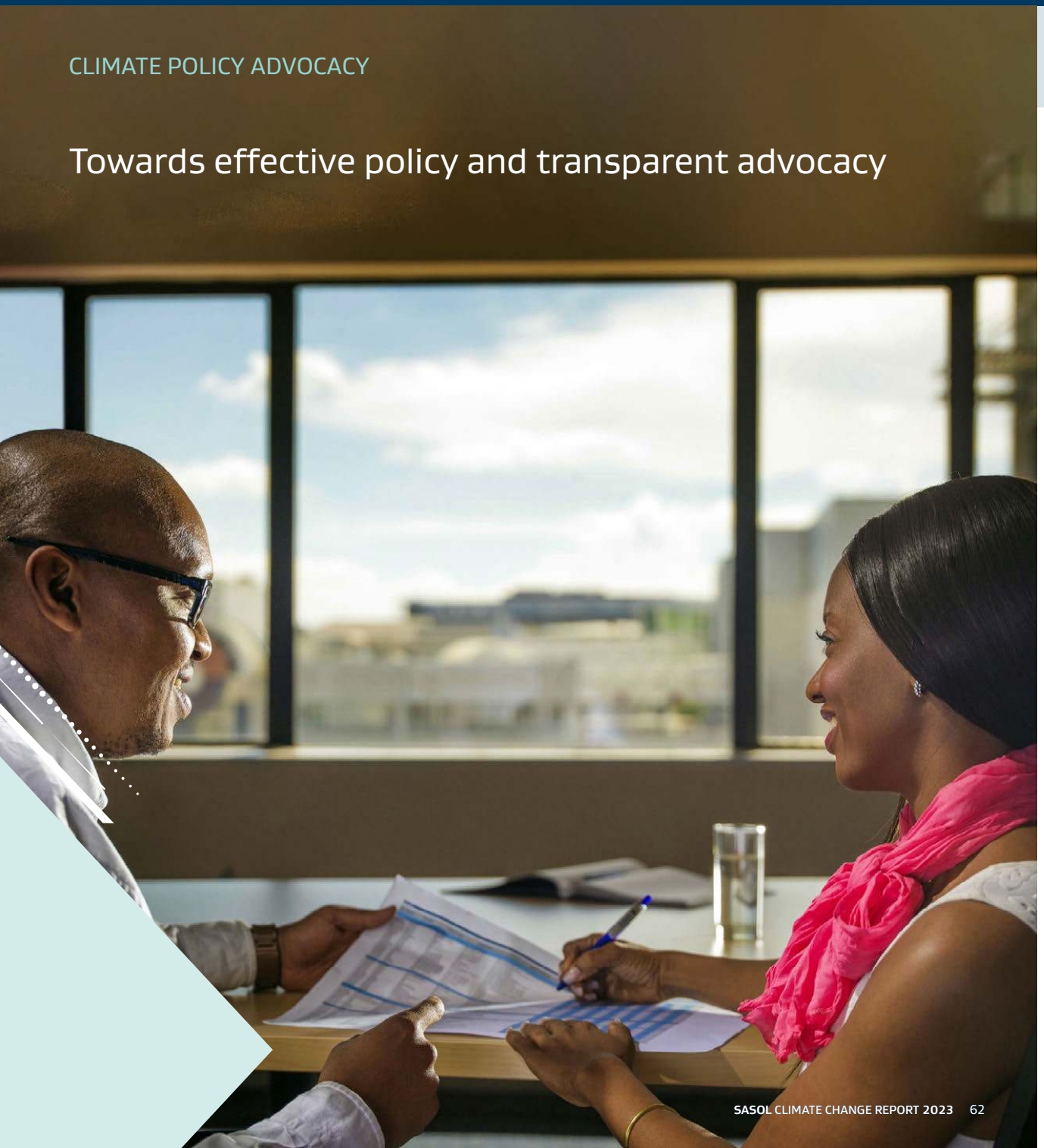
In 2024, we decided to retain an energy-efficiency incentive for the STI, as this remains a major contributor to our 30% GHG reduction target by 2030 and our 30% energy-efficiency improvement by 2030.

We also included in the 2024 Group STI scorecard the development of a carbon offsets quality control and assurance (QCA) system for the company. Offsets were again included this year to leverage the momentum generated from setting up the offset partnership with Vertree in 2023. In addition, to create optionality and flexibility, high-quality offset credits will be needed on our journey to 2050. A QCA will therefore be critical to ensure utilisation of well-vetted carbon credits. LTI targets are yet to be agreed and will be considered by the REMCO in November, financial year 2024, Board cycle.

	GROUP STI TARGETS		GROUP LTI TARGETS	
Group target	2023 (completed)	2024 (looking forward)	2023 (ongoing)	2024 (looking forward)
THRESHOLD	• Energy-efficiency improvement of 0 – 0,9%	• Energy-efficiency improvement of 0% from 2023 baseline	• Achieve a sustainable 3,55% reduction (equating to 2,3 Mtpa CO_2e in scope 1 and 2 emissions) off a 2017 baseline by end 2025 a. Sasol Energy: 3,5% b. Sasol Chemicals: 5%	Due to uncertainties experienced in renewables procurement, grid access and other challenges faced in 2023, the REMCO will only be able to consider LTI proposals in the November, financial year 2024, Board cycle. LTI targets will be communicated accordingly
TARGETS	• Energy-efficiency improvement of 1% • Obtain Board approval for medium-term just transition roadmap • Achieve at least two PtX project FEED milestones • Realise external (grant) funding on one of the PtX projects • Sign further agreements to purchase carbon credits in support of the climate change roadmap	• Energy-efficiency improvement of 1% from the 2023 baseline • Development of an in-house Quality Control and Assurance (QCA) framework for carbon offsets applicable to the Energy, Chemicals and ecoFT businesses by 30 June 2024	• Achieve a sustainable 4,18% reduction (equating to 2,7 Mtpa CO_2e in scope 1 and 2 emissions) off a 2017 baseline by end 2025 a. Sasol Energy: 4,0% b. Sasol Chemicals: 8%	
STRETCH	• Energy-efficiency improvement of 1,1% – 1,5% • Approved renewable sourcing strategy for Sasol Energy • Achieve at least one large-scale project feasibility study external announcement by 2023, as an equity JV partner in the production of low-carbon aviation fuel or SAF opportunity	• Energy-efficiency improvement of 1,5% from the 2023 baseline • Conduct knowledge-sharing workshops on the in-house QCA system with the businesses by 30 June 2024	• Achieve a sustainable 4,9% reduction (equating to 3,2 Mtpa CO_2e in scope 1 and 2 emissions) off a 2017 baseline by end 2025 a. Sasol Energy: 4,5% b. Sasol Chemicals: 15%	

CLIMATE POLICY ADVOCACY

Towards effective policy and transparent advocacy



CLIMATE POLICY ADVOCACY //

Our advocacy is designed to contribute towards policy that advances climate action while addressing the needs of society and economic growth.

We regularly assess our advocacy – and the stances of our industry associations – against Sasol's responsible climate-advocacy principles.

For detailed information on our advocacy activities, policy position alignment and trade association alignment, see Sasol's 2023 Climate Advocacy and Policy Supplement CAPS.

We publish here our newly formulated Climate Advocacy Declaration.

CLIMATE POLICY ADVOCACY

The Paris Agreement recognises the need for developing countries to grow their economies as they decarbonise while maintaining a well-below 2°C temperature goal and pushing for efforts towards 1,5°C. This is a collective goal; however, based on national and regional circumstances, decarbonisation pathways differ across regions and national economies and, by implication, companies.

Sasol is undertaking decarbonisation of its operations in a just and equitable manner, appropriately paced and timed, cognisant of job creation, equality and economic growth. As such, we advocate for the development of policy that upholds our principles. Our advocacy approach is subject to Board oversight.

In developing countries, where an understanding of the implications of policy on the dual objectives of decarbonisation and sustainable growth is critical, as a regulated entity, we believe we can provide valuable insights on applicable policies.

It is on this basis that we participate in policy development processes. It is a South African legal requirement that policy be consulted and engaged on before being approved. We have a responsibility to provide insight, information and data to policymakers, which allow for the development of policies that can be clearer, more concise and encompass wider aspects of the issues being regulated (people, planet, profit). Furthermore, we seek to share our understanding of the impact of such policies. We advocate through positions that support our decarbonisation plans and commitments, taking pace, timing, affordability, mitigation potential and a just transition into account.

Our advocacy efforts are aimed at developing enabling policies that support the Paris Agreement, South Africa's NDC and national priorities – a balanced position between all priorities.

Through our advocacy, we also aim to provide line of sight to regulators on misaligned or contradictory policy requirements across a spectrum of relevant legislation. For instance, fuel standards and related technology implementation may result, in reality, in other environmental and operational impacts. This could undermine businesses' ability to sustainably operate – often with negative socio-economic outcomes. Similarly, policies in developed countries that are designed to ensure the availability of sustainable energy and chemicals may deter investment in and development of those same desired outcomes.

We do not always align with aspects of policies. However, we remain committed to achieving a just and equitable transition towards our net zero ambition and we continue to work with stakeholders to enable progress.

Public policy plays a critical role in regulating the relationships between Sasol, policymakers and our communities. Industry, being the entities regulated by most policies, has a responsibility to directly or indirectly alert policymakers to potential implications for business and society, as do other stakeholders.

Sasolburg Operations, South Africa

REGULATORY DEVELOPMENTS

Global

Sasol attended the 27th COP of the United Nations Framework Convention on Climate Change (UNFCCC) in Sharm el-Sheikh, Egypt. Being an African COP, financing was a key issue, in addition to focusing on shifting the global community from mitigation pledges to implementation at scale and on time.

- **Financing:** Parties agreed to explore reforms to multilateral development banks and other financial institutions to help stimulate more investment in low-carbon and climate-resilient infrastructure. Parties decided to continue deliberations to set a 'new collective quantified goal on climate finance' by 2024, considering the needs and priorities of developing countries. Sasol welcomed the integration of developing economy views and the emergence of innovative financing solutions to de-risk sustainability projects and lower the cost of capital.

- **Loss and damage:** This topic has been at the forefront of 2023's climate negotiations, with the final outcome being a landmark agreement to establish a loss and damage fund. The details of the agreement, such as the amount of funding and the governance of the fund, will be developed by a 'transitional committee' to be put forward at COP28. Sasol has responded to the call for greater greenhouse gas (GHG) reductions and we are advancing our emission-reduction roadmaps towards our 2050 net zero ambition.

- **Article 6 negotiations:** The Paris rulebook set out at COP26 was hotly debated throughout COP27. Some Parties advocated for a non-standardised reporting mechanism for emissions trading and controversy surrounded the rushed definition of carbon removal. While some concerns remain, overall Sasol was encouraged by the robust negotiations to ensure establishment of a credible global carbon trading system. We believe this could lead to greater global mitigation ambitions.

- **Just transition:** The South African Just Energy Transition Investment Plan was announced at COP27 by the Presidency and welcomed by the International Partners Group (IPG). The plan details an investment requirement of R1,48 trillion to achieve the lower end of the country's Nationally Determined Contribution (NDC) range to which the IPG's US$8,5 billion funding will contribute. We support priority being given to decarbonising and transforming the grid and the focus on green hydrogen.

United States

The United States legislative and regulatory landscape remains fluid with several proposed measures, in various phases of the rulemaking process, aiming to accelerate the clean energy transition, reduce GHG emissions and increase ESG disclosure requirements, and appropriations to disadvantaged communities.

Sasol complies with applicable laws and regulations and advocates science-based government policies aimed at accelerating deployment of clean manufacturing technologies and promoting the adoption of emission-reducing solutions.

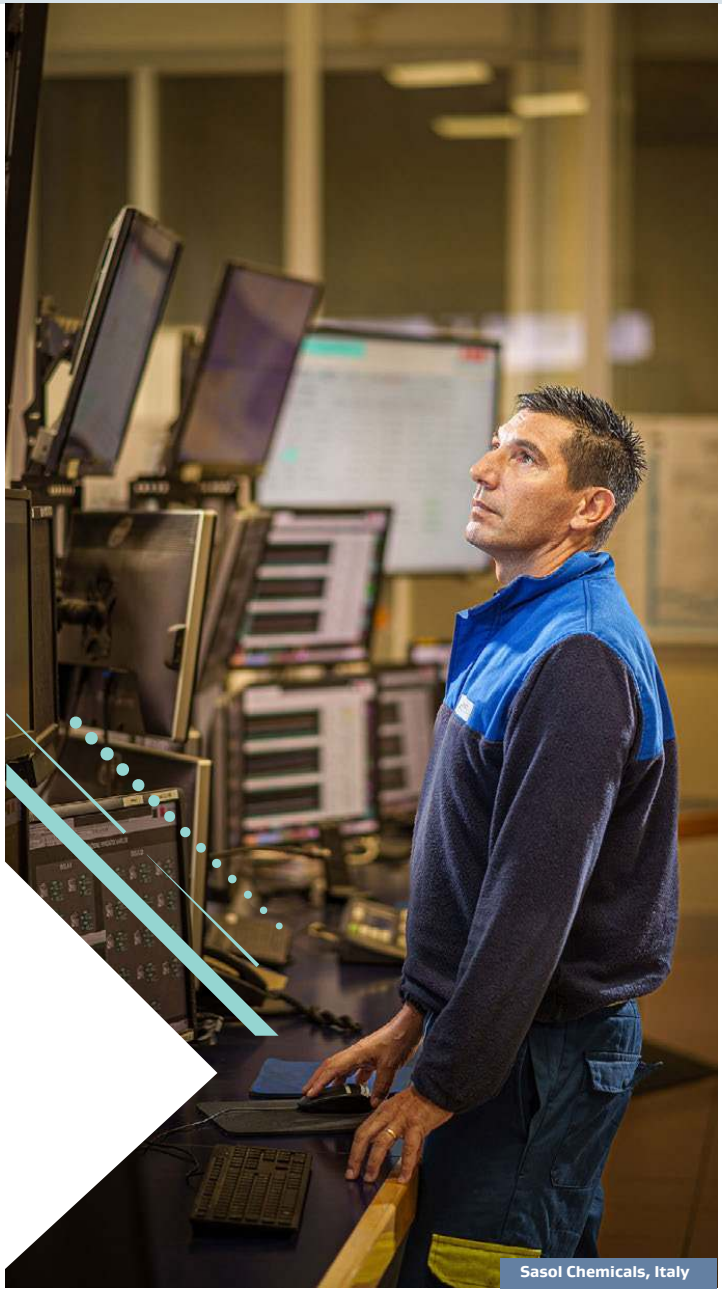
Recent federal government climate policies such as the 45Q tax credit expansion, Energy Act of 2020, Infrastructure Investment and Jobs Act of 2021 (IIJA), the Science Act of 2022 and the Inflation Reduction Act of 2022 (IRA) have the potential to create new opportunities and emission-reduction pathways across the chemicals value chain. Policies at the state level hold similar potential.

We continue to evaluate collaboration and partnership opportunities with our stakeholders as well as local and state partners to access available financing. For example, the IIJA includes a programme to fund (up to US$8 billion) the establishment of as many as ten Regional Clean Hydrogen Hubs to expand the use of hydrogen in the industrial sector. Several companies in Louisiana and Texas have submitted hydrogen hub applications for the regional clean hydrogen hub funding opportunity, with Sasol documenting its support as a potential off-taker of either hub.

Proposed amendments to the Securities and Exchange Commission (SEC) disclosure rules to enhance and standardise requirements for environmental, social and governance (ESG) disclosures, will make these disclosures mandatory, with the new reporting standards needing to be implemented on a short timeline. We are actively preparing for mandatory reporting and will do so once implemented.

Guerbet alcohol plant, Lake Charles, Louisiana, United States

REGULATORY DEVELOPMENTS CONTINUED


Sasol Chemicals, Italy

European Union

RED AND ITS DELEGATED ACTS

Developed markets such as the European Union are critical for growth of the green hydrogen sector in South Africa, where the affordability and availability of incentives are limited.

South Africa is in the early stages of developing the regulatory and fiscal environment for green hydrogen deployment but is doing so amidst competing national priorities of energy security and addressing poverty and unemployment. Cross-border enabling policy is therefore critical to stimulate green industries and fetch product premiums to grow low-carbon jobs and realise South Africa's potential in this sector.

We are closely tracking opportunities emanating from the European Union Renewable Energy Directive (RED) and its Delegated Acts (DAs). However, we are concerned that the relevant DAs do not allow for a flexible attributional Life Cycle Analysis (LCA) approach. Adopting such an approach would allow the GHG benefits of incremental green hydrogen to be apportioned to selected products such as sustainable aviation fuel (SAF), see page 43. By mandating a standard (non-flexible) LCA, the directive effectively limits the volumes of SAF that can be produced, impacting project economics. This undermines, in our view, the European Union's need to maximise the volume of certified renewable fuels available to its members and is in direct opposition to its own recognition of South Africa's just transition. In addition, other requirements in the DAs also pose challenges for renewable-energy deployment to support green hydrogen.

We have expressed our views on the challenges with current regulations that disadvantage producers of renewable fuels of non-biological origin (ie SAF) in developing economies, such as ourselves, because of prevailing conditions in these countries. Specifically, regulations on the timing and location of renewable-fuels production and the generation of renewable electricity to produce these fuels, as drafted, do not appear to take into account non-European Union realities.

It is our position that, with suitable funding and appropriate regulatory regimes, our 'brownfields' Fischer-Tropsch (FT) facilities in both Secunda and Sasolburg could be among the lowest-cost producers of sustainable fuels in the world – and a boon to realising the European Union's low-carbon ambitions and targets. We have also made the point that ecoFT projects inside the European Union and elsewhere require supportive regulatory regimes to secure final investment decisions (FIDs). In all cases, we have suggested amendments to regulations and wording that we believe would not detract from the intent behind European Union policy.

CBAM

The Carbon Border Adjustment Mechanism (CBAM) is a proposed carbon tariff, linked to the price of allowances under the European Union Emissions Trading System (ETS), on certain imported carbon-intensive products. Initial sectors to be covered are iron and steel, cement, fertilisers, aluminium, electricity generation and hydrogen.

Implementation of CBAM will be carried out in phases with the first phase focused on reporting, running to the end of 2025.

Sasol is not impacted in the first phase; however exposure would arise if organic chemicals and polymers are included – which could occur at some stage during the mandatory phase, pending resolution of calculation-methodology investigations. Depending on the final agreement and pricing of the tax, we may need to explore alternative markets for some of our chemical products. Internal analysis is underway.

Of particular concern is the impact that CBAM will have on exports from South Africa as a whole. Broadly, a number of studies have indicated that CBAM is likely to have a severe impact on the economy. South Africa's export products are, by and large, carbon intensive because of the country's reliance on coal.

The European Union is one of South Africa's major trading partners, accounting for ~20% of total exports[1]. Given the potentially severe impact on the country's economy, we continue to support the South African government's advocacy for European Union policymakers to recognise the country's NDC and the need for a just transition. It has been publicly recommended that the European Union seek alternative policies and measures to achieve the same desired outcomes.

1. Trade and Industrial Policy Strategies: Policy Brief 1/2023, based on 2019 data.

REGULATORY DEVELOPMENTS CONTINUED

South Africa

CLIMATE CHANGE BILL

The Climate Change Bill is undergoing extensive consultation through the parliamentary process.

Sasol participated in the consultation process in late 2022 and submitted our view that a dedicated Climate Change Act is needed to govern South Africa's climate change response, including mitigation and adaptation activities.

Sasol supports South Africa's COP26 NDC, a key driver of the Bill. Our reduction targets support the NDC.

In addition, we highlighted a few areas we believe should be improved to strengthen application of the instruments in the Bill and better navigate the realities that the country is facing:

- Better recognition of the key principle of varying mitigation potential across sectors in allocating the carbon budget. Government has completed a Mitigation Potential Analysis which details mitigation opportunities across sectors and is indicated as a key input into the budget allocation process. It is important that the Bill fully acknowledge companies' and sectors' mitigation potential, their ability to transition as well as their inability to transition at pace because of factors beyond their control. These well-entrenched principles are included in legislation across the globe and acknowledged by the South African government.
- Carbon budget exceedances should be penalised through a carbon tax, which is the intent of government but, because of legal challenges, has not been included in the Bill.
- Incentives should be introduced into the draft legislation including green funds, tax breaks (extension of existing ones such as the Income Tax Act's section 12L and the introduction of new incentives) as well as subsidies for decarbonisation investments. At present, the Bill only notes that incentives 'may' be introduced.

CARBON TAX

In 2023, post culmination of the 2022 consultation process, National Treasury gazetted tax law amendments detailing increased headline carbon tax rates to 2030, indicating that there is no 'sunset clause' applicable to allowances. Once applied, from 2026, these rates (see page 24), will result in higher carbon tax obligations for Sasol.

Further, National Treasury has indicated that a redesign of allowances could be undertaken. However, at this stage, government has not provided any further information – which remains a concern. The 2023 Taxation Laws Amendment Bill was also silent on the matter.

We participated in the consultation processes ahead of promulgation of the higher rates and put forward our view that we support carbon pricing and believe that carbon taxes are an important part of policies and measures to achieve effective decarbonisation, if set at the appropriate rate. Our additional views were:

- Carbon taxes, if too high, will prematurely shut down businesses and negate a just transition; if set too low, they will be ineffective in reducing emissions. The original tax-rate proposals made by National Treasury were set higher, without allowances, which would have had devastating impacts. Closure of our business processes would have been inevitable, impeding a just transition and running counter to the Future Sasol strategy.
- Allied to the 'stick' of carbon tax should be the 'carrot' of incentives to more actively encourage the uptake of low-carbon technologies and the development of new green sectors. We recognise that we compete with other countries which have similar natural endowments to our own but are driving low-carbon development through incentives.
- Alignment of the carbon budget with the carbon tax remains critical and must be advanced in legislation through a design that encourages development and reduces GHG emissions.

Sasol's net carbon tax payment for 2023 on calendar year 2022's GHG emissions, after offsets and electricity levies, was R1,138 billion.

PCC JUST TRANSITION FRAMEWORK

In 2022, the President and Cabinet approved the national Just Transition Framework. The Presidential Climate Change Commission (PCC) is advancing work on the development of a just transition implementation plan that is yet to be published.

Sasol welcomed the Framework and its intended aims and is currently embedding the just transition principles and the Framework in its own just transition approach. Sasol participated in the 2022 consultation process and put forward the following views:

- Role players' responsibilities and their accountabilities should have been clearly spelt out. In particular, the Framework needed to stress the importance of addressing potential fragmentation, misalignment and duplication of effort between role players. We expect that the Framework's implementation plan will take forward this concept in more detail.
- The PCC should introduce mechanisms that go beyond tax penalties and incentives. These mechanisms should include grants, subsidies, loans and the establishment of renewable and green special economic zones.
- The shift to cleaner energy sources and low-carbon products will necessitate different skills, their development requiring necessary policy and regulatory interventions.

Securing international support for South Africa's just transition is an imperative that extends beyond sourcing funds. This means that the PCC's Just Transition Framework will still need to spell out support in the implementation phase for technology transfer, capacity building, trade cooperation and partnerships.

GHCS

In December 2022, a draft green hydrogen commercialisation strategy (GHCS) was released for public comment. The GHCS builds on the foundation laid by the Hydrogen Society Roadmap (HSRM), released in February 2022.

The GHCS supports an approach of creating commercial opportunities to foster an internationally viable green hydrogen industrial sector. It is envisaged that this sector will be able to service both export markets as well as stimulate domestic demand by 2050. Green hydrogen opportunities for South Africa are dependent on end-use cases for clean energy carriers, which include derivatives such as green ammonia, green methanol, SAF and green steel.

The GHCS focuses on national ambition, objectives for prioritising green-hydrogen sectors, demand drivers, technical value-chain definitions and related delivery supply chain options.

Sasol has actively participated in, and commented on, the development of the GHCS. We support the development of the hydrogen sector but there are some risks and challenges that impede the large-scale deployment of green hydrogen projects in South Africa. These include:

- significantly high costs;
- infrastructure limitations, particularly logistics;
- lack of incentives; and
- availability of continuous, uninterrupted basic utilities.

These key positions were put forward as part of our submission on the GHCS.

SASOL'S CLIMATE ADVOCACY DECLARATION

Our climate advocacy declaration

- This year, again we underscored our commitment to the Paris Agreement and accountable, principles-based advocacy through a formalised Climate Policy Advocacy Declaration.
- This declaration explains how we engage with trade and industry associations and stakeholders, including policymakers, to promote balanced and effective climate policy.
- We also detail the principles that guide our climate-change advocacy, including our commitment to assess this, both directly and indirectly through industry associations.
- The importance we attach to transparency and meeting the legitimate expectations of our stakeholders is embodied in the declaration. This company-wide declaration is applicable to all Sasol employees who engage on our behalf.

1. Refers to executive functionaries with powers to develop and implement policy and associated regulations
2. Blue and green hydrogen
3. Taskforce for Climate Related for Financial Disclosure
4. Global Reporting Initiative
5. Sustainable Development Goals
6. Energy Productivity 100
7. Presidential Climate Commission
8. National Business Initiative
9. Sasol joins industry associations that represent a broad spectrum of views on policy issues that extend beyond climate change and are important to our business and operational issues. We do not always agree with the opinions of these groups, however, Sasol is committed to collaboration and working with these groups to address issues and reach the best outcomes. Our participation in industry associations is subject to Board and executive management oversight. We reserve the right to assess and determine whether to remain a member of any organisation which publishes differing views or opinions.

Climate change management is material to our sustainability and is managed as a Group Top Risk with ultimate accountability residing at the Sasol Limited Board through its Safety, Social and Ethics Committee.

Sasol is committed to climate action and acknowledges the need to reduce GHG emissions in support of the Paris Agreement and its temperature goals to limit global warming to well below 2°C and pursue efforts to limit temperature increase to 1,5°C. We responded positively in 2021 to the calls for a higher reduction ambition by increasing our 2030 reduction target and committing to a 2050 net zero ambition.

Sasol's decarbonisation approach for a just transition is premised on reducing our climate change risks whilst maximising opportunities for shared value creation through our just transition roadmap. Climate change management is embedded in our portfolio analysis and decision-making processes as a mainstream activity. Our net zero ambition with associated short- and medium-term targets is underpinned by Sasol's commitment to progressively shift our portfolio towards a low-carbon future. Our dedicated efforts are therefore focused on leveraging our competitively advantaged FT technology to develop and produce sustainable fuels and chemicals using green hydrogen and sustainable sources of carbon.

We accordingly advocate for policymakers[1] to deliver robust climate action through coherent and integrated climate policy and a related regulatory framework to enable a just and equitable transition that is appropriately paced and timed for the context in which we operate. We look to governments to set Paris-aligned NDCs with our GHG reduction targets contributing to their achievement, as well as creating an enabling environment for climate action to be taken by industry. Creation of an enabling environment includes development of an integrated mitigation system supported by both positive and negative incentives, such as subsidies and carbon pricing tools, respectively.

Sasol undertakes to participate in policymaking processes transparently and constructively, as provided for in the various jurisdictions in which we operate. We will do so through direct engagements with policymakers in the process and also indirectly through industry associations. We have adopted guiding principles to enable responsible and effective advocacy that is aligned with our strategic imperatives and embodies our position on key climate change matters. These principles include:

- **Acknowledgement and support for climate science:** We recognise the scientific basis underpinning anthropogenic climate change and acknowledge the role of industry in mitigating emissions.
- **Support for the Paris Agreement goals:** We recognise that increased global effort is required to support the aims of the Paris Agreement and meet its temperature goals, taking national circumstances into account.
- **Support for carbon pricing that provides greater incentives for innovation and low-carbon choices:** We support carbon pricing that enables an effective and efficient transition to a low-carbon economy.
- **Support for the development of low- and lower-carbon energy solutions in the form of renewable energy; hydrogen[2]; carbon capture, utilisation and storage; natural gas (as a transition fuel) and energy and process efficiencies:** In our commitment to reduce our reliance on coal, we view gas (as a transition fuel) and renewable energy as springboards into green hydrogen, to decarbonise our operations. Energy- and process-efficient technologies are being pursued in the short term as they have not been fully maximised.
- **Support for transparency and disclosure:** We support and advocate for disclosure aligned with best-practice standards, such as the TCFD[3], GRI[4], SDGs[5] and associated reporting criteria.

In its ongoing pursuit of responsible and effective climate policy advocacy, Sasol remains committed to:

- Engaging policymakers and collaborating with industry associations to advocate our position on matters that are critical to managing climate change across our business operations;
- Engaging in fact-based dialogues, sharing our perspectives, listening to others, respecting differences and working collaboratively to enable a just and equitable transition that is appropriately paced and timed for the context within which we operate;
- Participating, where relevant and required, in coalitions and industry associations that have specific purposes that support the Paris Agreement, such as EP100[6], the PCC[7] and the NBI[8];
- Advocating and engaging constructively in public policy processes and discussions, with a view to respectfully acknowledging contrary views where raised;
- Undertaking periodic industry association policy reviews against our guiding principles for responsible climate advocacy and transparently disclosing the results of these reviews in our reporting;
- Engaging with relevant industry associations should misalignment (full or partial) with our guiding principles be found, and should it be deemed necessary, exiting industry associations, engaging to influence their views or disassociating ourselves from specific misaligned policy positions[9];
- Reviewing relevant independent third-party assessments of our industry associations; and
- Assessing and incorporating, where relevant, global best practices in our climate-advocacy approach and disclosures.

DATA AND ASSURANCE

DATA AND ASSURANCE //

The integrity of our climate change data is of paramount importance – to our operations, for strategic and risk development.

PERFORMANCE DATA

Natural Capital – Our environment	Footnote	2023	2022	2021	2020	2023 Level of assurance
Production performance						
Product meant for external sale (kilotons)	1	**15 647**	16 550	18 166	16 879	Reasonable SR page 63
Energy		**13 903**	14 399	15 571	13 909	
Secunda		**6 388**	6 326	6 923	6 505	
Sasolburg		**1 360**	1 366	1 586	1 440	
Mining		**1 967**	2 176	2 724	1 945	
Natref		**3 397**	3 712	3 514	3 294	
Mozambique		**38**	39	42	46	
Other strategic business units and Functions		**754**	781	782	679	
Chemicals		**1 744**	2 151	2 595	2 970	
Eurasia		**837**	1 261	1 370	1 275	
North America		**907**	890	1 225	1 695	
Africa		**–**	–	–	–	
Greenhouse gases (GHG) (kilotons)	2					
Direct methane (CH_4)		**134,46**	130,11	132,53	123,52	Reasonable SR page 63
Energy		**134,42**	130,07	132,48	123,45	
Secunda	3	**106,32**	102,99	104,75	95,40	Restated 2020 – 2022
Sasolburg	3, 4	**7,83**	7,66	5,02	7,03	Restated 2020 – 2022
Mining	5	**3,19**	3,62	6,57	5,13	Restated 2020 and 2022
Natref	6	**0,06**	0,06	0,06	0,15	Restated 2020
Mozambique		**16,83**	15,75	16,08	15,73	
Other strategic business units and Functions		**0,19**	–	–	0,01	
Chemicals		**0,04**	0,03	0,04	0,07	
Eurasia		**–**	–	–	–	
North America		**0,04**	0,03	0,04	0,07	
Africa		**–**	–	–	–	
Nitrous Oxide (N_2O)		**1,87**	0,73	1,63	1,86	Reasonable SR page 63
Energy		**1,86**	0,72	1,62	1,85	
Secunda	3	**0,86**	0,55	1,46	1,17	Restated 2020 – 2022
Sasolburg	3	**1,00**	0,17	0,16	0,68	Restated 2021 – 2022
Mining		**–**	–	–	–	
Natref		**–**	–	–	–	
Mozambique		**–**	–	–	–	
Other strategic business units and Functions		**–**	–	–	–	
Chemicals		**0,01**	0,01	0,01	0,01	
Eurasia		**–**	–	–	–	
North America		**0,01**	0,01	0,01	0,01	
Africa		**–**	–	–	–	
Direct carbon dioxide (CO_2) scope 1		**54 999**	54 076	57 247	56 240	Reasonable SR page 63
Energy		**53 438**	52 383	55 205	54 074	
Secunda	4	**47 619**	46 752	49 469	48 544	Restated 2020 – 2022
Sasolburg	4	**4 343**	4 153	4 238	4 324	Restated 2021 – 2022
Mining		**19**	18	17	17	
Natref		**953**	961	1 023	853	
Mozambique	7	**455**	458	416	296	Restated 2020 – 2021
Other strategic business units and Functions	8	**49**	41	42	40	
Chemicals		**1 561**	1 693	2 042	2 166	
Eurasia	9	**543**	633	681	638	Restated 2020 – 2022
North America	10	**1 018**	1 060	1 361	1 523	Restated 2021 – 2022
Africa		**–**	–	0,12	5,00	

Natural Capital – Our environment	Footnote	2023	2022	2021	2020	2023 Level of assurance
Direct carbon dioxide (CO_2) scope 1 (CO_2 equivalent)	11	**58 644**	57 284	60 778	59 632	
Energy		**57 079**	55 587	58 731	57 461	
Secunda	3, 4	**50 319**	49 283	52 310	51 085	
Sasolburg	3, 4	**4 819**	4 380	4 401	4 687	
Mining	5	**92**	101	168	135	
Natref	6	**954**	962	1 024	856	
Mozambique	7	**842**	820	786	658	
Other strategic business units and Functions	8	**53**	41	42	40	
Chemicals		**1 565**	1 697	2 046	2 171	
Eurasia	9	**543**	633	681	638	
North America	10	**1 022**	1 064	1 365	1 528	
Africa		**–**	–	–	5,00	
Indirect carbon dioxide (CO_2) scope 2		**5 748**	6 607	5 495	5 197	Reasonable SR page 63
Energy		**5 105**	5 972	5 124	4 780	
Secunda		**3 552**	4 084	3 573	3 310	
Sasolburg		**582**	784	536	502	
Mining	12	**687**	798	721	706	Restated 2022
Natref		**261**	281	269	235	
Mozambique		**–**	–	–	–	
Other strategic business units and Functions		**23**	25	25	27	
Chemicals		**643**	635	371	417	
Eurasia	13	**173**	151	107	104	Restated 2022
North America	14	**470**	484	264	313	Restated 2022
Africa		**–**	–	–	–	
Total greenhouse gas (CO_2 equivalent)		**64 392**	63 891	66 273	64 829	Reasonable SR page 63
Energy	3, 4	**62 184**	61 559	63 855	62 241	
Secunda	3, 4	**53 871**	53 367	55 883	54 395	
Sasolburg	5, 12	**5 401**	5 164	4 937	5 189	
Mining	6	**779**	899	889	841	
Natref	7	**1 215**	1 243	1 293	1 091	
Mozambique	8	**842**	820	786	658	
Other strategic business units and Functions		**76**	66	67	67	
Chemicals		**2 208**	2 332	2 417	2 588	
Eurasia	9	**716**	784	788	742	
North America	10	**1 492**	1 548	1 629	1 841	
Africa		**–**	–	–	5,00	
GHG intensity (CO_2 equivalent/ton product meant for external sale)	15	**4,12**	3,86	3,65	3,84	Reasonable SR page 63
GHG Intensity per facility (Using total Production)	16					
Secunda		**7,77**	7,79	7,33	7,38	
Sasolburg		**2,30**	2,18	1,83	1,96	
Mining		**0,01**	0,01	0,01	0,01	
Natref		**0,36**	0,33	0,37	0,33	
Mozambique		**0,24**	0,24	0,23	0,19	
Other strategic business units and Functions		**0,03**	0,02	0,02	0,02	
Eurasia		**0,52**	0,39	0,36	0,36	
North America		**0,82**	0,83	0,74	0,59	
Chemicals Africa		**–**	–	–	–	
Indirect carbon dioxide (CO_2) scope 3			CCR Refer to page 41			Limited

Sasol's equity emissions (scope 3 Category 15: Investments)[17]	2023 $ktCO_2e$
Energy products	**992**
Chemicals	**559**
Explosives	**1**
Pension fund holdings	**91**

PERFORMANCE DATA CONTINUED

FOOTNOTES

1. Product – 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.
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 Gas Sourcing & Operations in Mozambique. 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.
3. The increase in emissions is attributed to the inclusion of methane and nitrous oxide from stationary emissions. South African regulations impose mandatory reporting of nitrous oxide and methane associated with activities, through the utilisation of non-Sasol specific emission factors. In light of the requirement for clear and comprehensive emission inventories, a decision has been made to include these emissions.
4. Methodological changes and emission factor updates resulted in marginal changes in emission profile.
5. Methodological changes associated with revised coal bed methane emission factors necessitated a restatement of previously reported emissions. Calculation error corrected for 2020.
6. Methane emissions associated with fuel oil combustion previously excluded for 2020.
7. Methodological improvements as well as detailed site assessments allowed for more comprehensive reporting of emissions.
8. Regional Operations and Asset Services (ROAS) steam production commenced in 2023.
9. Reporting improvement to reflect latest values and ensure concise and comprehensive reporting.
10. Increase attributed to inclusion of steam obtained from the joint venture at Lake Charles that was previously excluded.
11. The sum of greenhouse gas emissions from methane, nitrous oxides and carbon dioxide (scope 1 only) are expressed as CO_2 equivalents emitted and reported as direct scope 1 CO_2e.
12. Off peak demand consumption values were adjusted to Energy Consumption (all).
13. Green certificates issued to Eurasia resulting in reduction of non-renewable electricity and scope 2 emissions.
14. The increase in scope 2 emissions is attributed to inclusion of steam purchased from the joint venture with LyondellBasell.
15. GHG intensity CO_2e/ton of product meant for external sale.
16. This intensity provides insight into the total emissions per ton of product produced irrespective of the final destination of these products. This provides a more representative view of site intensity irrespective of the nature of the operation. The total production values utilised for this calculation is based on operational management control and is in line with Sasol's Sustainability Data reporting philosophy which excludes subsidiaries and joint ventures at which Sasol has no management control.
17. Based on Sasol's equity share in investments and aggregated by product type or sector.

TCFD INDEX

Location of our aligned disclosures

TCFD RECOMMENDATION	PLACE OF DISCLOSURE	PAGE
GOVERNANCE – Disclose the organisation's governance on climate-related risks and opportunities		
a) Describe the Board's oversight of climate-related risks and opportunities.	Governing climate change: Our Board	57
	Governance at a glance	IR 64 – 69
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Governing climate change: Our Board	59
	Managing Material Matters	IR 39 – 42
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		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Risk management: the process we follow	15 – 17
	Managing our Group top risks	IR 32 – 35
b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	Risk management: the process we follow	15 – 17
	Resilience of our portfolio	19
	Capital allocation and green funding	28
	Implementing the Future Sasol strategy	27
	Incentivising climate management	61
	Responding to climate change	12
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Resilience of our portfolio	19
	Sasol's climate change scenarios	20 – 22
	Robustness testing against our scenarios to 2030	23 – 24
RISK MANAGEMENT – Disclose how the organisation identifies, assesses and manages climate-related risks		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Risk management: the process we follow	15 – 17
	Managing our Group top risks	IR 30 – 34
b) Describe the organisation's processes for managing climate-related risks.	Risk management: the process we follow	15
	Managing our Group top risks	IR 30 – 34
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	Risk management: the process we follow	15
	Managing our Group top risks	IR 30 – 34
METRICS AND TARGETS – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Robustness testing against our scenarios to 2030	23 – 24
	The Future Sasol strategy	26
	Performance data: Natural Capital	SR 57 – 61
	The year in review	6
b) Disclose scope 1, scope 2 and, if appropriate, scope 3 GHG emission and the related risks.	Performance data: Natural Capital	SR 57 – 61
	The year in review	6
	Decarbonising our value chains: Scope 3	41
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Sasol at a glance	2
	Highlights of the year	3
	Sasol's climate change management approach	4 – 5
	The year in review	6
	Sasol's commitment to climate change	12
	Incentivising climate management	61

INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF SASOL LIMITED (SCOPE 3) YEAR ENDED 30 JUNE 2023

To the Directors of Sasol Limited

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the Climate Change Report 2023 of Sasol Limited ("Sasol") for the year ended 30 June 2023 (the Report). This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with a "[2]" on page 41 in the Report. The selected KPIs described below have been prepared in accordance with management's basis of preparation ("reporting criteria"). The reporting criteria is available on https://www.sasol.com/investor-centre/sustainability-reporting.

KEY PERFORMANCE INDICATORS	UNIT OF MEASUREMENT	BOUNDARY
Greenhouse gases (GHG): Indirect carbon dioxide (CO_2) Scope 3 – fuel- and energy-related activities (category 3)	tCO_2e	Group
Greenhouse gases (GHG): Indirect carbon dioxide (CO_2) Scope 3 – waste generated in operations (category 5)	tCO_2e	Group
Greenhouse gases (GHG): Indirect carbon dioxide (CO_2) Scope 3 – business travel (category 6)	tCO_2e	Group
Greenhouse gases (GHG): Indirect carbon dioxide (CO_2) Scope 3 – use of sold products (category 11)	tCO_2e	Group

Directors' Responsibilities

The Directors are responsible for the selection, preparation, and presentation of the selected KPIs in accordance with managements basis of preparation. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

The Greenhouse Gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Deloitte and Tholisiwe apply the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. 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 Historical Financial Information and, in respect of greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, Assurance Engagements on Greenhouse Gas Statements, issued by the International Auditing and Assurance Standards Board. These Standards requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Sasol's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Sasol.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Sasol's selected KPIs have been prepared, in all material respects, in accordance with the accompanying Sasol's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, and nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 30 June 2023 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

The maintenance and integrity of Sasol's website is the responsibility of Sasol's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Sasol's website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of Sasol in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Sasol, for our work, for this report, or for the conclusion we have reached.

Deloitte.

Deloitte & Touche

Registered Auditors
Per Jayne Mammatt

Chartered Accountant (SA)
Registered Auditor
Partner
30 August 2023

5 Magwa Crescent
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THOLISIWE Chartered Accountants Inc

Tholisiwe Chartered Accountants Inc.

Registered Auditors
Per Georgina Tekie

Chartered Accountant (SA)
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Chief Executive Officer
30 August 2023

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Private Bag X15, Menlo Park, 0102
South Africa

CA 100+ NET ZERO BENCHMARK ASSESSMENT AND SASOL'S RESPONSE

Not aligned · Partially aligned · Aligned

CA 100+ ASSESSMENT					
INDICATORS AND SUB-INDICATORS	2021	2022	2023	SASOL'S RESPONSE	PAGES
1 NET ZERO GHG EMISSIONS BY 2050 (OR SOONER) AMBITION					
SUB-INDICATOR 1.1 The company has set an ambition to achieve net-zero GHG emissions by 2050 or sooner.	Not aligned	Partially aligned	Aligned	**Agree:** We have set a 2050 net zero ambition for Sasol Energy and Chemicals businesses. Our net zero ambition includes scope 3 Category 11 which accounts for ~80% of total scope 3 emissions.	3 – 5, 7 – 8
2 LONG TERM (2036-2050) GHG REDUCTION TARGET(S)					
SUB-INDICATOR 2.1 The company has set a long-term target for reducing its GHG emissions in the period between 2036 and 2050.	Not aligned	Aligned	Aligned	**Agree:** Our ambition is to achieve net zero by 2050 for Sasol Energy and Chemicals.	3 – 5, 7 – 8
SUB-INDICATOR 2.2 The long-term (2036 to 2050) GHG reduction target covers at least 95% of scope 1 and 2 emissions and the most relevant scope 3 emissions (where applicable).	Not aligned	Partially aligned	Aligned	**Agree:** Scope 1 and 2 emissions represent 95% of our target. Scope 3 Category 11 is the most relevant category for Sasol representing more than 80% of scope 3 emissions and including Natref's product slate.	3 – 5, 41
SUB-INDICATOR 2.3 The last disclosed carbon intensity, its short-term or medium-term targeted carbon intensity or the company's expected carbon intensity derived from its long-term GHG reduction target is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1,5°C with low or no overshoot in 2050. In the case of electricity utility companies, the relevant year of long-term alignment is 2040. This is equivalent to IPCC's Special Report on the 1,5°C pathway P1 or the IEA's Net Zero Emissions by 2050 Scenario.	Not aligned	Not aligned	Aligned	**Agree:** Sasol's 2026 milestone and 2030 targets have been set on absolute reduction basis already. Sasol does not have an intensity based target, nor does it intend to set one in the future. Sasol's fossil-fuel-free vision, if it materialises, will result in close to zero emissions by 2050.	4 – 5
3 MEDIUM TERM (2026 TO 2035) GHG REDUCTION TARGET(S)					
SUB-INDICATOR 3.1 The company has set a target for reducing its GHG emissions by between 2026 and 2035 on a clearly defined scope of emissions.	Aligned	Aligned	Aligned	**Agree:** We have set emission-reduction targets to reduce our absolute scope 1 and 2 emissions by 30% by 2030. For 2030 we also have in place a scope 3 target to reduce Category 11 emissions by 20%.	3 – 5, 7 – 8
SUB-INDICATOR 3.2 The medium-term (2026 to 2035) GHG reduction target covers at least 95% of scope 1 and 2 emissions and the most relevant scope 3 emissions (where applicable).	Partially aligned	Partially aligned	Aligned	**Agree:** Targets cover material emissions representing 95% of scope 1 and 2 emissions. Scope 3: Category 11 emissions is the most relevant of our emissions and accounts for ~80% of total scope 3 emissions.	3 – 5, 41
SUB-INDICATOR 3.3 The company's last disclosed carbon intensity or its short-term targeted carbon intensity target OR the company's expected carbon intensity derived from its medium-term GHG reduction target is aligned with or below the relevant sector trajectory needed to achieve the Paris Agreement goal of limiting global temperature increase to 1,5°C with low or no overshoot in 2035. This is equivalent to IPCC's Special Report on the 1,5°C pathway P1 or the IEA's Net Zero Emissions by 2050 Scenario.	Not aligned	Not aligned	Not aligned	**Not applicable:** Sasol has set absolute emission reduction targets to demonstrate actual emission reductions from our operations given the significance of scope 1 and 2 emissions on our footprint. We acknowledge that our 30% emission reduction target by 2030 is not 1,5°C aligned and we utilised different methodologies such as absolute contraction, Climate Action Tracker and incorporated NDC goals in our target setting. For 2050, we set our ambition to achieve net zero emissions which is aligned to a 1,5°C World.	3 – 5, 12
4 SHORT TERM (UP TO 2025) GHG REDUCTION TARGET(S)					
SUB-INDICATOR 4.1 The company has set a short-term target for reducing its GHG emissions in the period between 2023 and 2026.	Aligned	Aligned	Aligned	**Agree:** For the short term, we are aiming for a 5% emission reduction in the financial year June 2025 to July 2026 for the Sasol Energy Business and 20% reduction by the same time for the Chemicals Business.	3 – 5, 7 – 8
SUB-INDICATOR 4.2 The company's short-term (up to 2026) GHG reduction target covers at least 95% of its Scope 1 and 2 emissions and the most relevant Scope 3 emissions (where applicable).	Partially aligned	Partially aligned	Partially aligned	**Agree:** We do not have a short-term scope 3 target, only a 2030 target.	3 – 5
SUB-INDICATOR 4.3 The company's last disclosed carbon intensity OR the company's expected carbon intensity derived from its short-term GHG reduction target is aligned with or below the trajectory for its respective sector to achieve the Paris Agreement goal of limiting global temperature increase to 1,5°C with low or no overshoot in 2026. This is equivalent to IPCC's Special Report on the 1,5°C pathway P1 or the IEA's Net Zero Emissions by 2050 Scenario.	Not aligned	Not aligned	Not aligned	**Not applicable:** Sasol has set absolute emission reduction targets to demonstrate actual emission reductions from our operations given the significance of scope 1 and 2 emissions on our footprint. Short term milestone targets are aligned with our medium term target and long term net zero ambition. We are not fully aligned to 1,5°C in 2030 but are for the long term.	12
5 DECARBONISATION STRATEGY					
SUB-INDICATOR 5.1 The company has a decarbonisation strategy to meet its long and medium-term GHG reduction targets.	Not aligned	Partially aligned	Partially aligned	**Disagree:** Sasol has developed emission-reduction roadmaps (scope 1, 2 and 3) for our businesses. Sasol does not disclose each levers contribution as this might vary depending on market conditions and technology availability and maturity. Post 2030, a 2050 roadmap has been developed that offers flexibility on technology choice, depending on availability and maturity, tracked by signposts.	4 – 5

CA 100+ NET ZERO BENCHMARK ASSESSMENT AND SASOL'S RESPONSE CONTINUED

Not aligned · Partially aligned · Aligned

CA 100+ ASSESSMENT INDICATORS AND SUB-INDICATORS	2021	2022	2023	SASOL'S RESPONSE	PAGES
SUB-INDICATOR 5.2 The company's decarbonisation strategy specifies the role of climate solutions (ie technologies and products that will enable the economy to decarbonise).	Not Assessed	Not Assessed	Partially aligned	**Disagree:** Our portfolio is shifting to FT solutions that focus on sustainable fuels and chemicals. We sold our first sustainable products in 2022. We have set targets for percentage renewable energy usage and a sustainability capex target but no metrics have as yet been set for green revenues. Sasol produces circular chemical products which makes up a portion of our chemicals revenue and we started producing our first volumes of green hydrogen from the Energy Business in 2023.	4, 25, 39
6 CAPITAL ALLOCATION ALIGNMENT					
SUB-INDICATOR 6.1 The company is working to decarbonise its capital expenditures.	Not aligned	Not aligned	Not aligned	**Disagree:** We have allocated R15 – 25 billion (real 2023 terms) cumulative capex to be spent by 2030 on decarbonisation. In addition, to our sustainability capital allocation, we have made a clear commitment to no investments in new coal reserves and a sustainability capex target of 10 – 15% by 2030.	26, 28 – 29
SUB-INDICATOR 6.2 The company explains how it intends to invest in climate solutions (ie technologies and products that will enable the economy to decarbonise).	Not aligned	Not aligned	Not aligned	**Disagree:** Our capital allocation framework provides key guiding principles to progressively increase capital for transforming the businesses. We established a new business, Sasol ecoFT, to produce sustainable fuels and chemicals.	28 – 29, 40
7 CLIMATE POLICY ENGAGEMENT					
SUB-INDICATOR 7.1 The company commits to conducting its policy engagement activities in accordance with the goals of the Paris Agreement.	Partially aligned	Aligned	Partially aligned	**Disagree:** Our climate advocacy position and guiding principles are disclosed annually in our CCR. Our policy advocacy efforts are in line with the Paris Agreement based on responsible climate-related advocacy. In addition, through our Advocacy Declaration, we again underscored our commitment to the Paris Agreement and accountable, principles-based advocacy.	CAPS
SUB-INDICATOR 7.2 The company reviews its own and its trade associations' climate policy engagement positions/activities.	Aligned	Aligned	Partially aligned	**Disagree:** We have previously published a review of the alignment/positions of our trade associations. This year, we included a review of the alignment of our climate change positions against our advocacy principles.	CAPS

CA 100+ ASSESSMENT INDICATORS AND SUB-INDICATORS	2021	2022	2023	SASOL'S RESPONSE	PAGE
8 CLIMATE GOVERNANCE					
SUB-INDICATOR 8.1 The company's Board has clear oversight of climate change.	Partially aligned	Aligned	Partially aligned	**Disagree:** The Board has ultimate accountability for climate change. Ms Muriel Dube, Chairperson of the Board's SSEC is our climate champion with delegated responsibility. The Board's SSEC has a delegated mandate to oversee climate change matters.	9, 57 – 60
SUB-INDICATOR 8.2 The company's executive remuneration scheme incorporates climate change performance elements.	Partially aligned	Aligned	Aligned	**Agree:** Our climate change targets are included in executive remuneration schemes and are linked to our STI and LTI scorecards.	61
SUB-INDICATOR 8.3 The Board has sufficient capabilities/competencies to assess and manage climate-related risks and opportunities.	Not Assessed	Not Assessed	Not aligned	**Disagree:** The Board's SSEC Chairperson has a delegated mandate on climate change matters. Our Board members undergo regular training on climate change and wider sustainability matters. In April 2023, the Board's climate-change skills were bolstered with the appointment of Mr Andreas Schierenbeck, with expertise in green hydrogen.	59
9 JUST TRANSITION					
SUB INDICATOR 9.1 The company has committed to the principles of a just transition.	Not Assessed	Not Assessed	Partially aligned	**Disagree:** We recognise the need for just transition on our decarbonisation pathway. Sasol's just transition approach is in development we have put in place guiding principles that are informing our roadmap.	52 – 54
SUB INDICATOR 9.2 The company has disclosed how it is planning for and monitoring progress towards a just transition.	Not Assessed	Not Assessed	Partially aligned	**Disagree:** We have developed just transition principles, a framework and a phased roadmap to guide our approach and initiatives.	53 – 54
10 TCFD ALIGNMENT					
SUB-INDICATOR 10.1 The company has publicly committed to implement the recommendations of the Task Force on Climate related Financial Disclosures (TCFD).	Partially aligned	Aligned	Aligned	**Agree:** Sasol has progressively been implementing TCFD recommendations since 2018.	1, 70
SUB-INDICATOR 10.2 The company employs climate-scenario planning to test its strategic and operational resilience.	Partially aligned	Partially aligned	Aligned	**Agree:** Our scenario analysis has been revised and includes a net zero pathway, aligned with a 1,5ºC target. We updated our scenarios to provide for more challenging parameters, to establish the robustness of our businesses.	23 – 24

ADMINISTRATION

Our commitment to the 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

CAIA

ITTCC Industry Task Team on Climate Change

CLIMATE GROUP EP100

ENERGY COUNCIL OF SOUTH AFRICA

Forward-looking statements

Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results 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, the impact of the novel coronavirus (COVID-19) pandemic, and measures taken in response, on Sasol's business, results of operations, markets, employees, financial condition and liquidity; the effectiveness of any actions taken by Sasol to address or limit any impact of COVID-19 on its business; the capital cost of our projects and the timing of project milestones; our ability to obtain financing to meet the funding requirements of our capital investment programme, as well as to fund our ongoing business activities and to pay dividends; statements regarding our future results of operations and financial condition, and regarding future economic performance including cost containment, cash conservation programmes and business optimisation initiatives; recent and proposed accounting pronouncements and their impact on our future results of operations and financial condition; our business strategy, performance outlook, plans, objectives or goals; statements regarding future competition, volume growth and changes in market share in the industries and markets for our products; our existing or anticipated investments, acquisitions of new businesses or the disposal of existing businesses, including estimates or projection of internal rates of return and future profitability; our estimated oil, gas and coal reserves; the probable future outcome of litigation, legislative, regulatory and fiscal developments, including statements regarding our ability to comply with future laws and regulations; future fluctuations in refining margins and crude oil, natural gas and petroleum and chemical product prices; the demand, pricing and cyclicality of oil, gas and petrochemical product prices; changes in the fuel and gas pricing mechanisms in South Africa and their effects on prices, our operating results and profitability; statements regarding future fluctuations in exchange and interest rates and changes in credit ratings; total shareholder return; our current or future products and anticipated customer demand for these products; assumptions relating to macroeconomics; climate change impacts and our climate change strategies, our development of sustainability within our Energy and Chemicals businesses, our energy efficiency improvement, carbon and GHG emission reduction targets, our net zero carbon emissions ambition and future low-carbon initiatives, including relating to green hydrogen and sustainable aviation fuel; our estimated carbon tax liability; cyber security; and statements of assumptions underlying such statements. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour", "target", "forecast" and "project" and similar expressions are intended to identify 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. 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. These factors and others are discussed more fully in our most recent annual report on Form 20-F filed on 1 September 2023 and in other filings 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 foregoing factors and other uncertainties and events, and you should not place undue reliance on forward-looking statements. 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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APPENDIX: SASOL'S SCOPE 3 EMISSION CATEGORIES

Sasol's scope 3 emission categories

1 PURCHASED GOODS AND SERVICES

Upstream emissions from the production of products purchased or acquired.

Activity data	Volume of purchased goods and services obtained from internal business data management systems.
Emission factors	Cradle-to-gate emission factors obtained from data sources, such as GaBi, DEFRA and Sasol's Lifecycle Inventory Database, based mainly on primary data.
Methodology and assumptions[1]	Cradle-to-gate emissions, including transport and indirect emissions were used together with appropriate emission factors. A weighted product carbon footprint was calculated where country specific emission factors were available.
Value-chain engagement	Continued supplier engagement programme to improve accuracy of emission factors.
Changes to data 2023	Emissions reduced overall, primarily due to decrease in purchase of strategic feedstocks for our Eurasian operations.

2 CAPITAL GOODS

Upstream emissions from the production of capital goods purchased or acquired.

Although this category is not yet actively reported, we worked to identify a relevant reporting mechanism for inclusion of these emissions in the future.

All segments of Sasol's global procurement related to the sourcing of capital equipment, such as turnkey projects, machinery and fabricated equipment would be analysed based on the monetary purchasing volume in the reporting year.

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.

Activity data	Quantities of fuel and energy purchased, obtained from internal business data management systems.
Emission factors	Cradle-to-gate emission factors were obtained from the GaBi database and conversion factors from DEFRA. Transmission and distribution loss factors were sourced from literature sources, if not already embedded in sourced data.
Methodology and assumptions	Cradle-to-gate emission factors were used together with emissions from extraction, production and transportation of fossil fuels for power and steam generation.
Value-chain engagement	Continued supplier engagement programme to improve accuracy of emission factors.
Changes to data 2023	Emissions reduced overall, primarily due to decrease in upstream gas purchases.

4 UPSTREAM TRANSPORTATION AND DISTRIBUTION

Emissions from transportation and distribution activities through the value chain, where Sasol appoints transporters.

Activity data	Quantities and types of goods procured were obtained from internal business data management systems.
Emission factors	Derived from various sources, depending on transportation mode, including DEFRA, GaBi and the European Chemical Industry Council's studies, to name a few.
Methodology and assumptions	Analysis focused on road, rail, pipeline and marine shipping. GHG emissions were used together with the appropriate emission factors and quantities of products used per mode of transport.
Value-chain engagement	Focused on road operators in South Africa and marine operators in Europe and North America.
Changes to data 2023	Marginal increase in emissions due to increased road transport and distribution activities.

5 WASTE GENERATED IN OPERATIONS

Emissions from third-party disposal and treatment of waste generated for owned or controlled operations.

Activity data	Quantities of hazardous and non-hazardous waste generated by Sasol obtained from internal business data management systems.
Emission factors	Default emission factors were obtained from the GaBi database and DEFRA.
Methodology and assumptions	Hazardous and non-hazardous waste emissions were used together with the applicable average emission factor.
Value-chain engagement	Continued supplier engagement programme on waste registers.
Changes to data 2023	Slight decrease in overall emissions due to lower volumes of non-hazardous waste.

1. GWP values used are for the time horizon of 100 years, sourced from IPCC, AR5, 2013.

Most material categories are those with emissions of **more than 1 Mt CO_2e**

Material | Not material | Not yet assessed | Not applicable

APPENDIX: SASOL'S SCOPE 3 EMISSION CATEGORIES CONTINUED

6 BUSINESS TRAVEL

Emissions from the transportation of employees for business-related activities in vehicles owned or operated by third-parties.

Activity data	Miles and kilometres per means of transportation, travelled by Sasol employees, collected by third-party travel agencies.
Emission factors	Derived from the United States EPA's Climate Leaders programme and DEFRA.
Methodology and assumptions	Miles and kilometres travelled together with appropriate conversion and emission factors were used per mode of transport for business-related activities.
Value-chain engagement	Further engagements with the appointed consultant to improve accuracy.
Changes to data 2023	Increased emissions due to lifting of COVID-19 measures and increased business travel for face-to-face meetings.

7 EMPLOYEE COMMUTING

Emissions from transportation of employees between homes and work sites.

Activity data	Number of employees per region delineated by employee type obtained from internal business data management systems.
Emission factors	Obtained from EPA's Emission Factor database for North America, Europe and South Africa.
Methodology and assumptions	Distance travelled together with the appropriate emission and conversion factors were used.
Value-chain engagement	Not undertaken.
Changes to data 2023	Increase in emissions due to increased employee head count.

8 UPSTREAM LEASED ASSETS

Emissions from the operation of leased assets by Sasol and not included in scope 1 and 2 emissions.

Activity data	Leased office and storage space obtained from internal business data management systems.
Emission factors	Emission factors obtained from the GaBi database and IEA.
Methodology and assumptions	Leased space and the annual energy consumption per square meter were used.
Value-chain engagement	Not undertaken.
Changes to data 2023	Slight decrease in emissions due to updated grid emission factors.

9 DOWNSTREAM TRANSPORTATION AND DISTRIBUTION

Emissions from transportation and distribution activities through the value-chain where suppliers (upstream) or customers (downstream) arrange transporters.

Activity data	Quantities and types of products sold, as well as their means of transportation obtained from internal business data management systems.
Emission factors	Derived from various sources, including internal calculations.
Methodology and assumptions	Distance travelled together with appropriate emission and conversion factors and quantity of product carried were used per mode of transport.
Value-chain engagement	Continued supplier engagement programme as part of continuous improvement initiatives.
Changes to data 2023	Decrease in emissions due to changes in transportation and distribution routes and decreased tonnages.

10 PROCESSING OF SOLD PRODUCTS

Emissions from processing of sold products by customers subsequent to sale.

Covers almost all chemical products. This category is complex to estimate since many chemicals have multiple applications with details of chemicals processing and conversion by customers not always known. Efforts are focused on active engagement with our customers to understand their target setting for these emissions. Where customers request focused engagements, we collaborate and innovate on process improvements.

Most material categories are those with emissions of **more than 1 Mt CO_2e**

Material | Not material | Not yet assessed | Not applicable

APPENDIX: SASOL'S SCOPE 3 EMISSION CATEGORIES CONTINUED

11 USE OF SOLD PRODUCTS

Emissions from the use of goods and services sold.

Activity data	Complete combustion of all products sold to our customers to generate energy in their operations.
Emission factors	Derived from internal analysis and also sourced from DEFRA and the GaBi database.
Methodology and assumptions	The direct use phase emissions of sold products over their expected lifetime was considered from combustion of natural gas, diesel, petrol and exported coal.
Value-chain engagement	Not applicable
Changes to data 2023	Decrease in emissions largely due to production variances and lower coal sales.

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 – baseline being developed 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.

This category is no longer applicable as emissions have been re-categorised under Category 15.

14 FRANCHISES

Emissions from the operation of franchises not included in scope 1 or 2.

Activity data	Number of franchisees and area occupied, obtained from internal business data management systems.
Emission factors	Obtained from the South African National Standards (SANS) 204 Building Energy Efficiency requirements and Eskom.
Methodology and assumptions	Total area and annual energy consumption per square meter of franchises were assessed.
Value-chain engagement	Monthly engagements with the Sasol Franchisee Regional Development Network.
Changes to data 2023	Slight decrease in emissions due to lower South African grid emission factor.

15 INVESTMENTS

Emissions associated with investments not already included in scope 1 or 2.

Activity data	Scope 1 and 2 emissions of Sasol's equity-accounted JVs and associated companies obtained from the respective companies.
Emission factors	Not applicable
Methodology and assumptions	Emissions data for equity-accounted JVs and equity-accounted associated companies were used, in which Sasol holds at least a 10% shareholding.
Value-chain engagement	Engagements with respective JV companies.
Changes to data 2023	Slight increase due to increased contributions from our investments. Emissions are expected to decrease in future reporting years due to renewable energy installations at some of our investments.

Most material categories are those with emissions of **more than 1 Mt CO_2e**

Material | Not material | Not yet assessed | Not applicable

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