

**SASOL LIMITED**  
(“Sasol” or “the Company”)

**NON-BINDING ADVISORY RESOLUTION FILED BY SASOL SHAREHOLDERS AEON INVESTMENT MANAGEMENT AND JUST SHARE NPC**

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**Resolution wording**

Shareholders request that the Company improve and expand its disclosure of its direct and indirect climate-related lobbying;<sup>1</sup> and that this disclosure is presented in the Company’s Climate Change Report for 2022, and updated in its annual climate change reports thereafter. The disclosure should include:

1. A comprehensive list of all industry associations involved in climate-related lobbying, policy influence and engagement of which the Company is a member (“the relevant associations”), and the membership fees paid to each relevant association by the Company.
2. The climate-related policy positions and lobbying activities of the relevant associations.
3. The Company’s criteria and procedure for determining whether its climate-related policy positions and lobbying activities, and those of the relevant associations, are aligned with the goals of the Paris Agreement<sup>2</sup> (“the Paris goals”); including how the Company incorporates assessments of these lobbying activities by independent organisations.
4. The Company’s conclusions regarding alignment with the Paris goals in relation to each of the relevant associations.
5. The criteria by reference to which the Company will discontinue membership of a relevant association on the basis of misalignment with the Paris goals.

**Explanatory note to the resolution**

In South Africa, like all of sub-Saharan Africa, the impacts of climate change will be disproportionately felt by poor and marginalised communities, exacerbating the country’s already extreme poverty, inequality and unemployment.

It is crucial that the country urgently achieve policy alignment to support a just transition to a low-carbon, climate-resilient, sustainable and inclusive economy. Shareholders should be made aware of any activities that interfere with national policy-making towards this objective. This is particularly important in South Africa, where there is no regulatory requirement for disclosure of any lobbying activities.

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<sup>1</sup> Climate-related lobbying refers to any activity aimed at directly or indirectly influencing climate policy. Climate policy includes: efforts towards achieving the goals of the Paris Agreement; reducing greenhouse gas emissions; preparing for and adapting to current and future climate disruptions; and financing of climate change mitigation and adaptation efforts.

<sup>2</sup> “Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”. Article 2(1)(a)-(c) of the Paris Agreement.

The co-filers acknowledge Sasol's public expression of support for the Paris Agreement, and its commitment to "significantly reduce [its] greenhouse gas emissions at [its] South African operations".<sup>3</sup>

Sasol's Climate Change Report for the year ended 30 June 2020 ("the 2020 Climate Change Report") includes a brief assessment of Sasol's "alignment with industry associations", and concludes that all of the assessed industry associations are aligned with the Paris goals. However, this review is incomplete, and its conclusions are not supported by independent assessments of climate lobbying by Sasol and a number of these associations.<sup>4</sup>

### *The impact of corporate climate lobbying*

Despite increasing awareness of the urgency of taking climate action, the global policy response to climate risk has been weak and inadequate. A key reason for government climate inaction has been the unprecedented lobbying activity, by the fossil fuel industry and associated industry associations, to weaken, delay and oppose climate-related regulation.<sup>5</sup> In many instances, this manifests itself in high-level public positions of support for the Paris goals, but "closed-door undermining of climate action".<sup>6</sup>

A recent literature review on climate-aligned corporate lobbying by Chronos Sustainability and partners finds that "academic research suggests that 'anti-regulatory' lobbying by corporates and their affiliates can – under certain conditions – succeed in impeding the adoption, stringency and implementation of public climate policy" and that, "given the considerable damages caused by climate change, such lobbying implies significant external costs for society".<sup>7</sup>

The United Nations-backed Principles for Responsible Investment (PRI) notes that: "Climate policy lobbying is often carried out by powerful trade associations, industry bodies and think tanks funded by member companies with various interests in the course of climate action (and ultimately shareholder capital) ... trade associations tend to adopt positions of the most vocal members or largest financial contributors on a given topic".<sup>8</sup>

Institutional investors across the globe have made clear their expectations in relation to investee companies' engagement on climate policy; for example, in the PRI's *Investor expectations on corporate climate lobbying*<sup>9</sup> and the Institutional Investors Group on Climate Change guide to *Investor expectations on corporate lobbying on climate change*.<sup>10</sup> Both

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<sup>3</sup> Sasol Limited Climate Change Report for the year ended 30 June 2020, p. 2.

<sup>4</sup> For example, analysis of Sasol's 2020 review by InfluenceMap in April 2021 indicates that, of the industry associations assessed by Sasol, the company "likely has one membership to industry associations materially misaligned with the Paris Agreement (Minerals Council of South Africa) and seven memberships to industry associations potentially misaligned with the Paris Agreement (American Chemistry Council, Business Unity South Africa, CEFIC, German Chemical Industry Association (VCI), Industry Task Team on Climate Change, International Chamber of Commerce, International Council of Chemical Associations). See <https://influencemap.org/site/scorecards/Sasol-Review-Scorecard.pdf>

<sup>5</sup> <https://influencemap.org/climate-lobbying>

<sup>6</sup> <https://www.unpri.org/pri-blog/time-must-be-called-on-negative-climate-lobbying/8259.article#>

<sup>7</sup> R Sullivan, R Black, R Perkins & C Richards 'Governing Climate-aligned corporate lobbying: a review of the literature (April 2021)' (pre-publication draft):

<https://static1.squarespace.com/static/5e26ce0b8524a16d5bee0a53/t/6085c9c759a0042b047f012b/1619380680971/Literature+review.pdf>, p.6.

<sup>8</sup> [https://www.unpri.org/Uploads/g/v/q/PRI\\_Converging\\_on\\_climate\\_lobbying.pdf](https://www.unpri.org/Uploads/g/v/q/PRI_Converging_on_climate_lobbying.pdf)

<sup>9</sup> [https://www.unpri.org/Uploads/i/k/t/Investor-Expectations-on-Corporate-Climate-Lobbying\\_en-GB.pdf](https://www.unpri.org/Uploads/i/k/t/Investor-Expectations-on-Corporate-Climate-Lobbying_en-GB.pdf)

<sup>10</sup> <https://www.iigcc.org/resource/investor-expectations-on-corporate-lobbying/>

documents emphasise the importance of transparency and reporting on direct and indirect climate-related lobbying.

### *Sasol's approach to climate-related lobbying*

Sasol's 2020 Climate Change Report includes a page on "climate change policy and advocacy", and the results of Sasol's "assessment of alignment with industry associations".<sup>11</sup>

The assessment evaluated eleven of the industry associations of which Sasol is a member, and concluded that "all were aligned with Sasol's principles".<sup>12</sup>

However, publicly available information appears to contradict this conclusion. For example, industry associations such as the Minerals Council of South Africa, Business Unity South Africa and the Industry Task Team on Climate Change, have consistently and successfully lobbied against the introduction of an effective carbon tax in South Africa.<sup>13</sup> The Minerals Council also appears to lead an initiative called "Coal Mining Matters", which aggressively advocates in favour of "clean coal technologies".<sup>14</sup>

Sasol's review states that it conducted "an initial assessment focused on reviewing publicly available documents, media sources, publications and observations against Sasol's own climate change positions ... Sasol also checked, but did not evaluate, these associations' commitment to promote increased transparency and disclosure in support of our commitment for greater disclosures. Due to the absence of publicly available positions on this topic and the nascent field of climate change disclosure in some regions, we were unable to undertake a meaningful assessment of this principle".

However, as a member of each of the industry associations assessed, and in some cases the lead member in relation to climate change issues, Sasol has access to non-publicly available positions and activities, and also plays a role in influencing what is and is not publicly available. Sasol should therefore be able to undertake a comprehensive, meaningful assessment of positions on transparency and disclosure of climate-related lobbying positions and activities.

### *Investor expectations of Sasol*

Shareholders make this request to enable them to assess whether Sasol's climate-related lobbying activities, and those of the relevant associations, are consistent with Sasol's stated support for the Paris goals and the just transition to a low-carbon, sustainable, inclusive and resilient economy.

**End**

**Filed on: 14 September 2021**

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<sup>11</sup> 2020 Climate Change Report, p.29-31.

<sup>12</sup> The four principles are (1) acknowledgement and support for climate science (2) alignment to goals of the Paris Agreement (3) support of carbon pricing that provides greater incentives for innovation and lower-carbon choices (4) development of low and lower-carbon energy solutions in the form of renewable energy, natural gas (as a transition fuel) and energy efficiency.

<sup>13</sup> Putting a price on carbon is widely seen as the most cost-effective and flexible way to achieve emission reduction. See for example the IMF (<https://blogs.imf.org/2019/05/03/getting-real-on-meeting-paris-climate-change-commitments/>) and the UNFCCC (<https://unfccc.int/about-us/regional-collaboration-centres/the-ci-aca-initiative/about-carbon-pricing#eq-3>)

<sup>14</sup> <http://www.coalminingmatters.co.za/>