



5 May 2022

To all Vice Chancellors and Acting Vice Chancellors

Dear all,

SASOL'S ENERGY TRANSITION – COLLABORATION ON THE HYDROGEN ECONOMY

Sasol and the National Research Foundation (NRF) wish to engage at a strategic level with your institution and others to better understand our national research capabilities and the challenges and opportunities ahead with regards to South Africa's energy transition. We would also wish to understand your institution's vision and the role you could play in the national energy transition, including the hydrogen ecosystem. This will support Sasol's intent of leading the energy transition in South Africa.

In this regard, we are pleased to announce that a Strategic Summit is planned for Quarter 3 2022. A first notice and call for participation will be issued by the end of May. We look forward to your participation in shaping together a vision for our roles to enable South Africa's energy transition.

A Just Transition

As a founding member of the Energy Council, Sasol supports the Energy Council vision to get South Africa to Net Zero through a Just Transition. Therefore, we are excited to share Sasol's progress and plans to transition towards low carbon economies in support of the Paris Agreement. As announced at Sasol's Capital Markets Day on 24 September 2021, Sasol is especially optimistic by the potential long-term opportunities and the impact of the low carbon economy in the region.

Sasol's goal is to reduce its greenhouse gas footprint for Scope 1 and 2 emissions by 30% by 2030 and achieve Net Zero by 2050. This will be achieved through a combination of energy and process efficiencies, strategic partnerships, investments in renewables and a shift to incremental natural gas as a transition feedstock and ultimately green hydrogen and sustainable carbon for the Southern African value chain. Sasol's proprietary Fischer-Tropsch technology which is at the heart of our Southern Africa value chain, positions us to effectively decarbonise our system through lower carbon feedstocks and to ramp-up the production of cost competitive sustainable

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fuels and chemicals. In recent years, we have made significant strides to integrate renewables into the organisation's value chain and are targeting to procure 1200 MW in tranches by 2030, starting with 600MW in partnership with Air Liquide.

Why Green Hydrogen

At the core of Sasol's renewable energy strategy is the development of green hydrogen innovations. We see green hydrogen as a key enabler in the repurposing of our existing assets in Sasolburg and Secunda. Our Fischer-Tropsch technology is unique in that it is agnostic to the source of carbon and hydrogen as feedstocks. We can therefore substitute grey hydrogen and fossil-based carbon with green hydrogen and sustainable carbon. This will allow us to transition our facilities to produce the sustainable fuel and chemical products that the world needs.

In Sasolburg, we plan to start producing green hydrogen by 2023, utilising our existing 60 MW electrolyser. The green hydrogen produced will anchor initial local demand in heavy-duty mobility for commercial transportation and mining, city buses, revitalisation of green steel and back-up power. The focus is to develop busy freight corridors such as the N1, N2 and N3.

Green hydrogen is recognised as a key enabler to decarbonisation because of its ability to decarbonise hard-to-abate industries such as aviation, steel and heavy-duty mobility. However, the main component, which is the electrolyser, still requires technology maturation and associated costs to decline significantly in order to achieve large scale roll-out.

Southern Africa has all the elements needed to create a successful green hydrogen economy and associated value chains given its renewable endowments, natural resources, its platinum group metal resources, and industrial know-how in producing and managing hydrogen.

Southern African demand, of which Sasol could be a major contributor, will be a critical enabler to anchor green hydrogen export opportunities for the region. To support incubation of local demand, Sasol is advancing several projects that will stimulate the development of the Southern Africa hydrogen economy in partnership with public and private sector entities.

In addition, we are considering multiple greenfield export opportunities in Southern Africa, including South African solar belt options with Namibia and partners. Sasol is positioning itself to play a leading role in green hydrogen exports globally. The Boegoebaai green hydrogen project has been identified as a catalytic green ammonia and hydrogen export project, and the feasibility study will be done in collaboration with strategic partners across the ecosystem. With this approach we will be working with industry stakeholders and government to establish national plans to develop opportunities and ensure we can localise as much as possible, creating jobs and economic wealth in South Africa and the region.

The Role of Academic and Research Institutions

South African academic and research institutions can play a key role in developing the renewable energy and hydrogen economy in South Africa. A significant example includes the academia-industry partnership with the NRF. Towards the end of 2021, we embarked on a four-year, R54 million funding call for science and engineering projects to enable Sasol's and South Africa's energy transition and the development of the green economy. Following a rigorous assessment of the 175 proposals received, 26 research grants were awarded in the following research areas: CO₂ Capture and Utilisation, Green Hydrogen, Energy Storage and Fuel Cells,

Renewable Energy and Non-Fossil Feedstocks, Offsetting Opportunities, Water, Waste and Air Research, as well as Advanced Data Science.

This funding call enabled us to identify specific gaps in the research landscape which we believe should be addressed to ensure a comprehensive approach to South Africa's energy transition imperatives. Accordingly, this year Sasol and the NRF will:

- run a more focussed funding call in priority research areas commencing in July 2022;
- co-fund two new Research Chairs in Green Hydrogen and Power Systems Modelling for commencement in January 2023, under the auspices of the South African Research Chair Initiative (SARChI); and
- support a bespoke Postdoctoral Innovation Fellowship Programme in priority research areas, with the advantage of industrial research exposure to these emerging researchers.

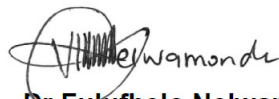
These gaps will also be discussed at the Strategic Summit for further input and consideration.

Sasol and the NRF are committed to co-creating sustainable solutions with academic and research institutions and other national stakeholders. We encourage you to respond to our upcoming call for participation and look forward collaborating with you on these exciting opportunities.

Yours sincerely



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President and Chief Executive Officer
SASOL Limited



Dr. Eulufhelo Nelwamondo
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