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## **TERMS OF REFERENCE – The future of Sasol**

### **1 INTRODUCTION**

It is becoming clear that Sasol is going to face significant difficulties in shifting to a new feedstock. If it is unable to develop new, cleaner production options, it will likely be unable to continue production in the future. That would have a significant impact on its employees and their communities, and possibly on workers in downstream plastics production as well. The study will identify the options for Sasol and current evaluation of their feasibility, and on that basis identify tactics and strategies for unions and the affected communities to ensure more just outcomes.

### **2 PURPOSE**

The Just Transition Labour Centre (JTLC), under the Trade & Industrial Policy Strategies (TIPS), seeks a service provider to produce a study assessing the options that Sasol has for its continued operation, considering the shifts required regarding their feedstock. We require this assessment to extend to the impacts that will be faced by Sasol employees, suppliers, associated jobs (both formal and informal), and impacts on the communities around Sasol operations.

Results of the study should form the basis to identify tactics and strategies for unions and the affected communities to ensure more just outcomes.

### **3 BACKGROUND AND PROBLEM STATEMENT**

As South Africa transitions to a low carbon future, what is the future for Sasol? This company mainly bolsters South Africa's petrochemicals, plastics, ammonia, fertiliser, and explosives value chains and has announced greenhouse gas emission reduction plans. These value chains, and the jobs associated with them, are bound up with Sasol's future, especially its Secunda operations (in the short term).

As shown by our previous research:

*[Sasol is facing significant] financial pain, caused by, among other things, high debt from the Lake Charles Chemicals Project in the United States. Yet Secunda can probably operate until the end*

*of its useful life unless environmental pressures or a plunge in the oil price force it to close prematurely. Possibilities for Sasol include a shift to natural gas, green hydrogen, green carbon, and carbon capture and storage – options so fraught with technical, economic, and environmental difficulties that they are not feasible for the short to medium term. Policy options range from leaving the transition to market forces to providing Sasol with exemptions or moderation on carbon emissions to prolong its operations.*<sup>1</sup>

Additionally, “Sasol adds significant value to a stranded resource, (low-grade coal) and in the process it makes a significant contribution to GDP, tax revenues, employment and the balance of payments, both through substituting for imported liquid fuels and through chemical exports.”<sup>2</sup>

What solutions are in front of Sasol? What is its future? How will their employment be affected, directly and indirectly? How will communities dependent on Sasol be affected?

Trade union formations and other worker and community organisations are requiring focused information on the impact of climate change visited on them and yet to come. Both the national government (via the Presidential Climate Commission) and the business sector have been planning and creating policy, including seeking funds, to mitigate and adapt to the impacts of climate change. However, despite their responsibilities to their citizens and employees, they have other responsibilities that have and may further place the working class (in general) into jeopardy and possibly even life threatening danger.

The role of the JTLC is to produce evidence-based research that will aid and arm the working class (in general) to challenge the plans of both national government and employers (in general) to ensure that their needs are voiced and protected. What are the most pressing climate change aspects in the world and in South Africa and how are they being addressed? What policies are in place and being developed and how do they aim to address these aspects? How may the working class (employed and unemployed) and communities in South Africa be impacted? How do these various climate change issues translate from problems and/or events into direct impacts on the working class (employed and unemployed) and communities in South Africa? What must trade

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<sup>1</sup> TIPS Policy Brief 5/2024. Petrochemicals and South Africa's energy transition: Sasol's Secunda coal-to-chemicals-and-liquids facility. p1.

<sup>2</sup> Ibid, p17.

union formations and community organisations pay attention to and plan for regarding climate change in South Africa? The Annual Report should aim to answer some of these questions.

#### **4 SCOPE OF WORK**

The successful service provider will be required to undertake the following scope of work:

1. Review of current and relevant academic work regarding Sasol and the impacts of Just Transition (JT) legislation, policies, and plans.
  - a. Referring to TIPS report: *An Analysis of South Africa's Petrochemicals and Basic Chemicals in the Context of South Africa's Energy Transition Focusing on Sasol's Secunda Coal-to-chemicals-and-liquids Facility*
2. Critically examine Sasol's annual reports and identified policies and plans regarding impacts of the JT
3. Critically examine associated pressures on Sasol linked to their operation and to the JT (e.g., CBAM, NDCs, petrochemicals market, alternative sources of fuel and energy, etc.)
4. Critically examine the impact down-the-line of above research, on communities and supply chains, incorporating an:
  - a. assessment of the workforce (number, skills, etc);
  - b. assessment of possible job losses at Sasol; and
  - c. assessment of down-the-line job losses (including contract workers, support industry, and community-based job/businesses and informal work, etc.)
5. Identify industrial sectors linked to and affected by Sasol, and possible implications faced by these sectors, given the above research
6. Assess and comment on on the continued operation of Sasol
7. Assessment of how the above information impacts on relevant workers and communities
8. Presentation and language to be aimed at workers and communities

#### **5 DELIVERABLES**

The following deliverables are required:

1. A draft Research Report
2. Regular meetings with the JTLC Centre Manager to discuss progress
3. A presentation of the draft Research Report to the Steering Committee of the JTLC, taking into account any suggestions and/or comments by the Steering Committee members

4. The draft final Research Report submitted to the JTLC Manager for consideration
5. Final report

## **6 SUBMISSION OF THE FINAL REPORT**

The final report should constitute:

1. Final report with notes of the methodology used
2. Executive summary in Word
3. PowerPoint presentation of the report
4. Final PDF report

## **7 REQUIREMENTS OF SUCCESSFUL TENDERER**

The successful service provider should possess the following skills and experience:

- Demonstrated experience in evidence-based climate science and reporting
- Good understanding of just transition issues (including in South Africa), South African government policy regarding climate change, and global climate change policies (including those of the COP and UNFCCC)
- Proven track record of previous research into Sasol or associated industries.
- A successful track record of clients in the public sector and international organisations, and not-for-profit entities, such as policy think tanks
- Some experience with organised labour

## **8 PROJECT GOVERNANCE**

The Service Provider will report to the JTLC Centre Manager.

## **9 TIMELINE**

The project will be expected to commence in April 2025, following contract award and to take approximately 3–5 months from inception to completion.

## **10 INSTRUCTIONS TO TENDERERS**

Tenderers are invited to respond to these terms of reference by submitting the following:

1. A short (maximum 10 page) proposal that includes a description of proposed research activities, fee proposal, and proposed payment/invoicing schedule. For each activity, please describe in a table: (a) the main research objective, (b) method, (c) data sources, (d) risks and mitigations, and (e) research output.

2. Indicative work plan.
3. Profile and CV of key personnel.

The maximum length of the proposal indicated above does not include the indicative work plan and CV(s) of key personnel.

Tenderers must submit their proposals by 14 April 2025. All proposals should be sent to [jobs@tips.org.za](mailto:jobs@tips.org.za).