

Sasol: Climate Policy Engagement Overview

October 2021

Executive Summary

- In September 2021, South African shareholder activist NGO, Just Share, and asset manager, Aeon Investment Management, filed a shareholder resolution requesting that Sasol “improve and expand its disclosure of its direct and indirect climate-related lobbying” (see Just Share’s release [here](#)). Sasol declined to table the resolution, stating that its 2021 Climate Change Report substantially addressed the disclosure sought by shareholders. This briefing provides an overview of Sasol’s direct and indirect climate-related policy engagement, as well as an assessment of the company’s corporate disclosures on industry association lobbying. The briefing contains data from InfluenceMap’s online platform which tracks, assesses and scores over 300 companies and 150 industry associations on their engagement with climate change policy against Paris-aligned benchmarks.
- InfluenceMap analysis indicates that Sasol’s direct climate policy engagement in 2020-21 is mixed. Sasol’s top-line communications on climate action are broadly positive, and the company has supported GHG emissions legislation in South Africa, including mandatory carbon budgets. However, Sasol has consistently opposed the carbon tax in South Africa and has continued to actively promote a significant role for natural gas in the future energy mix. Sasol’s engagement on the role of fossil fuels appears to directly contradict the company’s apparent *top-line support* for climate action in line with net-zero by 2050. A summary of the company’s direct climate policy engagement, including access to the underlying data, is on [page 4](#). InfluenceMap’s online profile of Sasol can be found [here](#).
- Sasol is a member of industry associations displaying highly strategic and negative engagement with climate legislation and regulation in 2020-21, namely *Minerals Council South Africa*, *the Japan Chemical Industry Association*, and *Verband der Chemischen Industrie (VCI)*. A detailed overview of these industry associations’ climate policy engagement is available on [page 5](#). InfluenceMap is currently finalizing assessments of further memberships flagged by our database as likely to be misaligned with the Paris Agreement, including American Chemistry Council and South African Petroleum Industry Association.
- Sasol has published two reviews of its industry association memberships on climate change to date in 2020 and 2021. Although there was significant improvement in the 2021 review, InfluenceMap *analysis* shows that **the quality of Sasol’s industry association review process still falls considerably short of investor expectations**. Our detailed assessment of Sasol’s industry association review process can be found [here](#) and in Appendix A. A detailed methodology for this assessment can be found in [Appendix B](#).

Background: Shareholder resolution on climate advocacy

Engagement with companies over their climate policy engagement is now firmly on the investor agenda on climate change. It is an integral part of the *Climate Action 100+* (CA100+) investor-engagement process, which now has over 545 investor signatories with a total of \$52 trillion in assets under management.

As a research partner to CA100+, InfluenceMap maintains a global system for tracking, assessing and scoring companies on their engagement with climate change policy against Paris-aligned benchmarks, currently covering around 300 companies along with 150 of their key industry associations.

InfluenceMap refers to the UN's *Guide for Responsible Corporate Engagement in Climate Policy* as a guide for what constitutes engagement. This can include advertising, social media, public relations, sponsoring research, direct contact with regulators and elected officials, funding of campaigns and political parties and participation in policy advisory committees.

This briefing provides an overview of Sasol's direct and indirect climate policy engagement, as well as an assessment of the company's corporate disclosures on industry association lobbying. This analysis is relevant to the shareholder resolution summarized in Table 1 below, which Sasol has declined to table.

Table 1: Key Information on rejected shareholder resolution at Sasol's 2021 AGM

Resolution: Improve and expand disclosure of direct and indirect climate-related lobbying			
Lead Filer:	Just Share and Aeon Investment Management	AGM Date:	19 th November 2021
Proposal Summary: <i>The full resolution text is available here.</i>	"Shareholders request that the Company improve and expand its disclosure of its direct and indirect climate-related lobbying; 1 and that this disclosure is presented in the Company's Climate Change Report for 2022, and updated in its annual climate change reports thereafter."		

Following growing investor scrutiny on corporate lobbying behavior, companies are increasingly facing shareholder resolutions on climate policy engagement. The number of resolutions filed in this category has significantly increased in the last three years, becoming the most popular among the climate-relevant resolution universe *monitored by InfluenceMap*: 17 in 2020, compared with 8 in 2018 and 13 in 2019.

This trend appears to be continuing in 2021, with investors filing record numbers of resolutions specifically calling for Paris-aligned policy engagement. InfluenceMap is producing a series of investor briefings on companies facing these resolutions in 2021, with more information available [here](#).

Summary of Sasol’s climate policy engagement

Overview

InfluenceMap’s methodology, available [on our website](#), uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the advice of *IPCC science* or the stated intentions of governments looking to implement the Paris Agreement. This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company’s climate policy engagement, and that of its industry associations, is Paris-aligned.

InfluenceMap’s online profile of Sasol, including access to the underlying data which forms this assessment, can be found [here](#). The analysis of Sasol’s industry association relationships, including detailed profiles for each association, can be explored via the "Details of Relationship Score" tab. An overview of InfluenceMap’s assessment of Sasol is provided in Table 2 below.

Table 2: Overview of InfluenceMap’s assessment of Sasol

Sasol		
Performance Band	C-	Performance Band (A+ to F) is a full measure of a company’s climate policy engagement, accounting for both its own engagement and that of its industry associations. A+ indicates full support for Paris-aligned climate policy, with grades from D to F indicating increasingly obstructive climate policy engagement.
Organization Score	59%	Organization Score (0 to 100) expresses how supportive or obstructive the company is towards climate policy aligned with the Paris Agreement, with scores under 50 indicating “internal” misalignment between the Paris Agreement and the company’s detailed climate policy engagement.
Relationship Score	53%	Relationship Score (0 to 100) expresses how supportive or obstructive the company’s industry associations are towards climate policy aligned with the Paris Agreement, with scores under 50 indicating “external” misalignment between the Paris Agreement and the detailed climate policy engagement of the company’s industry associations.
Engagement Intensity	20%	Engagement Intensity (0 to 100) is a measure of the level of policy engagement by the company, with scores above 12 indicating active engagement, and scores above 25 indicating highly active or strategic engagement.

Summary of direct climate policy engagement

InfluenceMap's analysis of Sasol's direct climate policy engagement is based on 79 independent data points, 39 of which have been logged since 2020. Under InfluenceMap's system, recent evidence is heavily weighted in the calculations of metrics, as explained in our [methodology](#). This section contains embedded links to our online platform where over 30,000 pieces of assessed evidence are archived.

- **Top-line support for climate action:** Sasol's high-level communications on climate change are broadly positive. In its 2021 Climate Change Report, published in September 2021, Sasol *stated* that countries and companies are required to contribute to halve global GHG emissions by 2030 and reach net-zero by 2050, in line with the IPCC. In the same 2021 report, Sasol *supported* the need for a "holistic legal framework" under the Climate Change Bill in South Africa, including carbon pricing measures. Sasol has also consistently supported the Paris Agreement, *advocating* an increase in South Africa's Nationally Determined Contribution (NDC) ambition in its 2021 Climate Change Report.
- **Actively supporting fossil fuels:** Sasol does not appear to fully support the energy transition, advocating significant growth in the role of natural gas in the energy mix, alongside *renewables and green hydrogen*. Sasol's 2021 Climate Change Report *supported* a shift from coal to renewables and natural gas. This report acknowledged natural gas as a "transition fuel" in a longer-term shift to zero-emission energy sources such as green hydrogen, and referenced the need for CCS and methane emissions abatement technologies. However, there were no clear conditions around the deployment or feasibility of these mitigation measures, or timelines for an overall reduction of gas in the energy mix. In a September 2021 press release, Sasol *called for* additional natural gas supply options and enabling infrastructure to grow the gas market in South Africa. The 2018 *IPCC Special Report* explains that by 2050, under most 1.5°C-consistent decarbonization pathways, the use of CCS would allow the generation share of gas to be approximately 8% of global electricity by 2050.
- **Opposition to South Africa's carbon tax:** Sasol appears to have consistently opposed South Africa's carbon tax, stating opposition to the policy in each of its CDP Climate Change Disclosures from 2018 to 2020. In its 2020 response, Sasol emphasized South Africa's developmental challenges and the need to achieve "least-cost mitigation". In its 2021 Climate Change Report, Sasol *appeared to support* the alignment of existing carbon tax and carbon budget policies in South Africa, but did not explicitly support the tax and appeared to support a more gradual implementation.
- **Support for GHG emissions legislation in South Africa:** In its 2021 Climate Change Report, Sasol *called for* a more ambitious 2030 GHG target in South Africa in line with recommendations by the Presidential Climate Commission (PCC). The PCC's proposed target has since been adopted in South Africa's *NDC update* in September 2021. In the same report, Sasol *supported* legislation for mandatory carbon budgets under the Climate Change Bill, and the mandatory reporting of GHG emissions.

Summary of indirect climate policy engagement via industry associations

InfluenceMap's platform tracks and analyzes the climate policy engagement of over 150 industry associations using the same benchmarks and scoring process applied to companies. This gives an assessment of each association's engagement against Paris-aligned benchmarks. This section details InfluenceMap's analysis of Sasol's key industry associations and governance processes.

- Sasol has published two reviews of its industry association memberships on climate change to date in 2020 and 2021. Although there was significant improvement in the 2021 review, InfluenceMap *analysis* shows that **the quality of Sasol's industry association review process still falls considerably short of investor expectations**. Sasol's disclosure of its climate policy positions and those of its industry associations has improved in its 2021 review, but still lacks detail regarding its direct and indirect engagement with specific climate policy. As such, Sasol has failed to accurately identify and take action on misalignments with key industry associations engaging counter to the Paris goals. Our detailed assessment of Sasol's industry association review process can be found *here* and in Appendix A.
- InfluenceMap analysis indicates that Sasol likely **holds three memberships** to industry associations with misaligned climate policy engagement (ranked as a D or below by InfluenceMap's system). These are *Minerals Council South Africa (MINCOSA)*, *the Japan Chemical Industry Association (JCIA)*, and *Verband der Chemischen Industrie (VCI)*. InfluenceMap analysis indicates a further four memberships to industry associations potentially misaligned with the Paris Agreement (ranked as B- or below by InfluenceMap's system) including *European Chemical Industry Council (Cefic)*, *Business Unity South Africa (BUSA)*, and *Industry Task Team on Climate Change (ITTCC)*. Also, Sasol's senior executives hold influential executive and committee positions at MINCOSA, BUSA, and ITTCC, all of which have engaged negatively on climate policy in South Africa.

Sasol is a member of further industry associations flagged by InfluenceMap's database as likely to be misaligned with the Paris Agreement, including the American Chemistry Council (ACC) and the South African Petroleum Industry Association (SAPIA). InfluenceMap is currently updating and finalizing assessments of these groups, and details of this analysis will be added to this briefing in Q4 2021.

Table 3 on the following page gives an overview of six key industry associations with examples of recent obstructive climate policy engagement. Detailed profiles for all Sasol's industry associations can be explored via the links in the table, *Appendix C*, or the "Details of Relationship Score" tab on Sasol's *profile*.

Table 3: Evidence of recent climate policy engagement by Sasol's key industry associations

Industry Association	Performance Band	Examples of recent climate policy engagement
<p><i>Japan Chemical Industry Association (JCIA)</i></p>	<p>E-</p>	<ul style="list-style-type: none"> ● September 2021: In a position paper, JCIA <i>supported</i> the 2050 carbon neutrality goal, but also <i>appeared</i> to emphasize the need for climate solutions that heavily rely on technology to reduce emissions from GHG-intensive energy sources over the long-term. ● March 2021: At a <i>committee meeting</i> by the Japanese Ministry of Economy, Trade and Industry (METI), JCIA appeared to oppose a carbon tax in Japan, labelling the discussion on carbon taxation “premature”. ● August-December 2020: At a METI working group meeting on energy efficiency and coal power generation, JCIA <i>argued</i> that a transition away from coal power is unaffordable. In a separate METI meeting, JCIA <i>welcomed</i> alternative technologies that could reduce GHG emissions from thermal power, while stressing that the plan to phase out fossil fuels must be addressed with caution as there are no real viable alternatives, appearing unsupportive of significant change in the energy mix.
<p><i>Verband der Chemischen Industrie (VCI)</i></p>	<p>D-</p>	<ul style="list-style-type: none"> ● September 2021: In a press release, VCI <i>opposed</i> the EU's energy efficiency target stating that climate-neutral technologies need more energy than fossil-based technologies. ● August 2021: VCI has <i>consistently opposed</i> the implementation of the EU carbon border adjustment mechanism (CBAM) in 2020-21. VCI has also <i>consistently lobbied</i> to weaken the ambition of the EU Emissions Trading System (EU ETS). This includes <i>supporting</i> free allocation of emissions allowances, and <i>opposing</i> the extension of the EU ETS to additional sectors. ● July-Aug 2021: VCI does not appear to support Germany's fuel emissions trading act in a <i>position paper</i> on its website. In a <i>press release</i>, VCI also appeared not to support an increasing carbon price in Germany and advocated for relief for industry under the policy. ● June 2021: In a series of press releases, VCI <i>opposed</i> Germany's renewable energy levy (the EEG), and <i>labelled</i> the country's goal of 100% renewable energy by 2035 as “too ambitious”.
<p><i>Minerals Council South Africa (MINCOSA)</i></p>	<p>D</p>	<ul style="list-style-type: none"> ● <i>Sasol Mining Senior Vice President, Lucky Kgatle, is an executive board member of Minerals Council South Africa.</i> ● September 2021: MINCOSA <i>leads</i> the ‘Coal Mining Matters’ initiative, which promotes a sustained role for coal in the South African energy mix. ● September 2021: CEO Roger Baxter <i>supported</i> a critical role for coal-fired power in baseload generation in a presentation to South Africa's Presidential Climate Change Commission. In this speech, Baxter also confirmed MINCOSA's support for incentives and funding for “clean coal” technologies. ● June 2020: In <i>comments</i> to Mining Weekly, CEO Roger Baxter stated that coal-fired plants would provide significant baseload power in South Africa until 2050, contrary to IPCC guidance. ● May 2020: MINCOSA <i>disclosed</i> in its annual report that it had successfully lobbied to weaken South Africa's carbon tax via allowances to alleviate the impact on the mining sector, e.g. trade exposure and performance discounts ● May 2020: MINCOSA appeared to <i>support</i> the diesel rebate system, a form of fossil fuel subsidy in South Africa.

<p><i>European Chemical Industry Council (Cefic)</i></p>	<p>C-</p>	<ul style="list-style-type: none"> • May 2021: In a <i>joint letter</i>, Cefic did not appear to support proposed reforms to increase the carbon price of the EU Emissions Trading System (EU ETS). Instead, it advocated for carbon leakage protection measures such as free allocation of emissions allowances and indirect cost compensation. This was reiterated in response to a <i>consultation</i> on the EU ETS in November 2020. • February 2021: In a meeting with EU policymakers, Cefic <i>lobbied</i> for the carbon border adjustment mechanism (CBAM) to be implemented alongside existing exemptions for industry under the EU ETS. In a November 2020 <i>meeting</i> with Vice President Timmermans, Cefic stated it would prefer that a CBAM did not apply to the chemical sector. • May 2020: Cefic <i>advocated for</i> an “indicative” 2040 EU GHG target in a position paper on the EU Climate Law, contrasting with the EU Commission’s proposed 55% mandatory reduction target by 2030.
<p><i>Business Unity South Africa (BUSA)</i></p>	<p>C</p>	<ul style="list-style-type: none"> • <i>Sasol Vice President of Climate Change, Shamini Harrington, is chair of the environmental sub-committee of Business Unity South Africa.</i> • August 2021: <i>Supported</i> investments in new gas infrastructure into the 2040s in South Africa, contrary to IPCC and IEA guidance. • May 2021: CEO Cas Coovadia <i>warned</i> of framing the climate debate only around net-zero and the science, without considering national circumstances and cost constraints in South Africa. • May 2021: CEO Cas Coovadia <i>supported</i> a combination of gas and renewables as the “least-cost energy mix and fastest route to decarbonization” in South Africa. • August 2018: In comments on South Africa’s Draft Climate Change Bill, BUSA <i>lobbied</i> for increased flexibility and less stringent penalties for companies exceeding carbon budgets. BUSA also <i>supported</i> a “phase down” rather than “phase out” of GHGs such as SF6 and HFCs. • March 2018: In a <i>presentation</i> to South Africa’s Select Committee on Finance, BUSA opposed the carbon tax in South Africa, citing costs for business and consumers.
<p><i>Industry Task Team on Climate Change (ITTCC)</i></p>	<p>C</p>	<ul style="list-style-type: none"> • <i>Sasol Head of Global Climate Change and Policy, Storm Potts, is chair of the Industry Task Team on Climate Change.</i> • September 2021: ITTCC has <i>consistently opposed</i> South Africa’s carbon tax on its corporate website, citing investment uncertainty and increased costs to business and consumers. • September 2021: ITTCC appeared to <i>qualify its support</i> for South Africa’s mandatory carbon budget legislation on its website by advocating for less stringent penalties for companies which exceed the carbon budget. • September 2021: On its corporate website, ITTCC <i>stated</i> that that “business sees no reason for South Africa to have a legislative framework for climate change which is one of the most stringent in the world.”

Appendix A: Detailed assessment of Sasol’s corporate industry association review

This Appendix outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association lobbying, using the traffic-light assessment framework summarized below. Further details on the assessment methodology is available in Appendix B, and in our April 2021 report [here](#).

Key	Explanation
■	Has broadly met investor expectations in this area.
■	Has made some progress on investor expectations in this area, but with significant deficiencies.
■	Has fallen short of investor expectations in this area.

A summary of Sasol’s disclosures on industry associations is shown below. Sasol has published two reviews of its industry associations to date. The Review Score represents InfluenceMap’s overall assessment of the quality of the company’s industry association review process, where 100 would indicate that a company has met investor expectations for all criteria related to the review process.

Date of Review	Review Score
August 2020	0 / 100
September 2021	50 / 100

This assessment is based on Sasol’s latest disclosure on industry associations and climate lobbying, which can be [found here](#). InfluenceMap’s online profile of Sasol, including access to the underlying data which forms this assessment, can be found [here](#). The table below summarizes the company’s performance under the seven indicators which form this assessment. A more detailed breakdown, along with the criteria to meet investor expectations and examples of better practice across other companies, can be found on the following page.

Disclosure & Transparency	Alignment Process
Corporate climate positions	Identify & Assess
Industry group climate positions	Monitor & Review
Alignment assessment method	Act
Framework for misalignment	

Sasol Company Scorecard

The tables below highlight, for each indicator, the criteria for companies to meet investor expectations, Sasol's assessment, and examples of better practice by companies to date.

While InfluenceMap did not find an example of best practice across the entire industry association review process, some companies have demonstrated better practice under specific metrics under the 'Disclosure & Transparency' and 'Policy Alignment Process' assessments.

Disclosure & Transparency

Corporate climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.

Sasol	Sasol has disclosed top-line support for some key South Africa policies such as the Climate Change Bill, green hydrogen strategy, and mandatory reporting of GHG emissions. However, the company's description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail. For example, the company's position on, and engagement with, the carbon tax in South Africa is ambiguous and lacks sufficient detail.
Best Practice	<i>Shell</i> has disclosed six detailed climate policy positions in its 2021 review including net-zero emissions and carbon pricing. Shell's 2020 update also outlined the company's position on specific climate policies including the EU Green Deal and methane regulation in the EU and US. The 2021 review also includes a clear reference to a list of climate policy positions and examples of Shell's advocacy on its website.

Industry association climate policy positions and influencing activities

To meet investor expectations under this indicator: The company has to disclose a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond 'top-line' statements.

Sasol	Sasol has disclosed the climate policy positions and influencing activities of some of its industry associations. For example, the company discloses Business Unity South Africa's position on the carbon tax and South Africa's 2030 GHG target, and CEFIC's position on the EU ETS. Sasol also includes links to relevant materials on its industry groups' websites. However, for some industry associations, the disclosure lacks detail or only references 'top-line' climate positions. The disclosure also appears to overlook detailed negative lobbying by some industry associations (e.g. CEFIC).
Best Practice	No companies have met investor expectations in this area, although <i>BASF</i> and <i>Shell</i> exhibit current leading practice. Both companies have disclosed a detailed account of all key industry associations' climate policy positions, and a summary of their influencing activities. However, they appear to overlook detailed negative lobbying by a number of industry associations identified by InfluenceMap's database.

Alignment assessment method

To meet investor expectations under this indicator: The company has to: (1) disclose a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently apply this framework across *all* industry associations; and (3) provide a clear and detailed explanation behind each evaluation.

Sasol	Sasol has disclosed a clear explanation of its alignment assessment methodology based on five high-level policy positions, including what constitutes alignment, partial alignment and misalignment. The company has consistently applied this framework across all industry associations, providing a clear and detailed explanation of how it has been applied to each industry association, assessing alignment against the five policy positions in turn.
Best Practice	BASF has also disclosed a clear explanation of its alignment assessment method along with a clear and detailed explanation of how it has been applied to each industry association. The company also provided specific alignment indicators for EU climate policy such as the EU ETS to assess the alignment of key European industry associations.

Framework for addressing misalignment

To meet investor expectations under this indicator: The company must disclose a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.

Sasol	Sasol has disclosed some escalating steps for addressing potential cases of misalignment, stating that it will voice its views clearly, publicly communicate its position, and consider the termination of its membership. However, it is not clear in which circumstances the company would take these actions, and there are no timelines attached to the framework.
Best Practice	BHP has disclosed clear and detailed steps for addressing potential misalignment, including an escalation strategy and clear timelines attached. The company states it will communicate material differences, request that the industry association develop a position or refrain from advocacy in certain areas, and review the membership if there has been no action within 12 months.

Policy Alignment Process

Identify & Assess

To meet investor expectations under this indicator: The company has to identify all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's *database* on corporate lobbying.

Sasol	Sasol has not identified any cases of misalignment with its industry associations, although it found “partial alignment” with some associations on specific policy areas. InfluenceMap analysis indicates that the company has three memberships to industry associations misaligned with the Paris Agreement (Japan Chemical Industry Association, Verbund der Chemischen Industrie (VCI), Minerals Council of South Africa) and four memberships to industry associations potentially misaligned with the Paris Agreement (European Chemical Industry Council (CEFIC), Business Unity South Africa, Industry Task Team on Climate Change, International Chamber of Commerce).
Best Practice	Although AGL Energy has demonstrated some progress in this area, no companies have met investor expectations. InfluenceMap analysis indicates that all companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.

Monitor & Review

To meet investor expectations under this indicator: The company has to publish a review of industry associations on an annual basis, commit to do so at least once a year, or commit to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.

Sasol	Sasol has disclosed two reviews of its industry association memberships in 2020 and 2021. The company has committed to undertake a review annually, and more frequently if material policy position changes take place. Sasol will use the CA100+ Net Zero Benchmark to report on climate policy engagements, and credible third-party assessments on industry associations to enhance monitoring, assessment and disclosure on alignment. Sasol has not indicated when or how it will incorporate these third-party assessments.
Best Practice	<i>Shell</i> has published full industry association reviews in 2019 and 2021. In April 2020, Shell also published an update on the nine associations with some misalignment found in 2019 including actions taken within each association, key changes to the associations’ climate positions and detailed next steps. Shell has committed to publish its next update in 2022.




Act

To meet investor expectations under this indicator: The company has to show evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap’s *database* on corporate lobbying. The investor expectations outlined by *PRI*, *IIGCC* and *Ceres* include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

Sasol	Sasol has shown limited evidence of action to address misalignments. Where the company found “partial alignment” with an industry association on a specific policy area, it stated that it would continue to engage with the industry association on that issue. However, Sasol provided limited details of this engagement, the outcomes sought, or the results. The company does not appear to have addressed key cases of material and potential misalignment with the Paris Agreement identified by InfluenceMap’s database (see Identify & Assess).
Best Practice	No companies have met investor expectations in this area by showing evidence of action to address all cases of misalignment identified by InfluenceMap’s database, although some companies have made more progress. <i>Total</i> announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. <i>BHP</i> suspended its membership to Queensland Resources Council in 2020 following its ‘Vote Greens Last’ advertising campaign and outlined detailed actions to be taken at four “partly aligned” industry associations. <i>Chevron</i> has not left any industry associations but has disclosed its engagement on specific climate change policy issues with seven industry associations, including details of the results of this engagement.

Appendix B: InfluenceMap methodology for assessment of industry association reviews



Scoring Disclosures and Policy-Alignment

Key	Explanation
	Has broadly met investor expectations in this area.
	Has made some progress on investor expectations in this area, but with significant deficiencies.
	Has fallen short of investor expectations in this area.

Assessing Disclosures

Since BHP's 2017 industry association review, around 20 major global corporates have delivered similar, specific disclosures on their industry association links in response to investor pressure. This positive momentum is undermined, however, if the resulting disclosures are of poor quality.

In its *'Investor Expectations on Corporate Climate Lobbying'* report, the PRI highlights the need for disclosure on the company's positions and activities on climate change policy engagement, as well as the positions and activities of the industry groups it supports. The PRI further requests information on the governance processes and actions taken to ensure alignment between these activities and the company's stated climate goals. *IIGCC* and *Ceres* articulate similar expectations, also requiring companies to disclose a material impact assessment of lobbying by an organization that opposes their public position. InfluenceMap uses the following assessment criteria to test the clarity, accuracy and scope of information provided by companies against four key issues.

Disclosure Item	Score	InfluenceMap's Assessment Criteria
Corporate climate policy positions and influencing activities		The company has disclosed a detailed and clearly referenced breakdown of its own climate policy positions and influencing activities beyond 'top-line' climate statements. This includes descriptions of the company's positions and policy engagement activities on specific items of regulation and legislation which are material to the company's operations, business sector, and/or the region(s) in which it operates.
		The company has disclosed a breakdown of its own climate policy positions and influencing activities. However, the company's description of its positions and policy engagement activities on specific items of regulation and legislation lacks detail, and/or the company has not disclosed its position and engagement activities on key items of regulation and legislation which are material to its operations, business sector, and/or the region(s) in which it operates.

		The company has made no attempt to disclose its climate policy positions and influencing activities, or the company’s disclosure is limited to a brief overview of its ‘top-line’ climate statements and operational commitments without reference to specific items of regulation and legislation.
Industry association climate policy positions and influencing activities		The company has disclosed a detailed and accurate account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, including descriptions of positions and policy engagement activities on specific items of regulation and legislation beyond ‘top-line’ statements.
		The company has disclosed an account of the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, beyond ‘top-line’ statements. However, the disclosure lacks detail on positions and policy engagement activities on specific items of regulation and legislation, and/or does not disclose evidence of negative climate lobbying by one or more of its industry associations.
		The company has not disclosed the climate policy positions and influencing activities of each industry association actively engaged on climate change policy, and/or the company’s disclosure is limited to a brief overview of ‘top-line’ climate statements without reference to specific items of regulation and legislation.
Alignment assessment method		The company has: (1) disclosed a clear and detailed framework for assessing alignment with its industry associations across all relevant areas of policy engagement; (2) consistently applied this framework across <i>all</i> industry associations; and (3) provided a clear and detailed explanation behind each evaluation.
		The company has disclosed a framework for assessing alignment with its industry associations but the disclosure lacks detail regarding <i>one</i> of the above steps (1-3).
		The company has not disclosed a framework for assessing alignment with industry associations, or it has disclosed a framework but the disclosure lacks detail regarding <i>more than one</i> of the above steps (1-3).
Framework for addressing misalignment		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps and clear deadlines for industry associations which do not amend misaligned practices.
		The company has disclosed a clear and detailed framework for addressing misalignments with its industry associations including escalation steps, but there is no clear deadlines for industry associations which do not amend misaligned practices
		The company has not disclosed a framework for addressing misalignments with its industry associations, or the company has disclosed a framework but the steps are ambiguous and lack sufficient detail.

Assessing Policy Alignment Process

As well as transparent disclosures on industry group links and lobbying activities, the investor expectations communicated by IIGCC, CERES and the UN PRI also set out the need for robust processes to ensure alignment between the company’s stated policy positions and the positions and lobbying activities of their industry groups. These processes consist of the following three elements:

Alignment Process	Score	InfluenceMap's Assessment Criteria
Identify & Assess	Green	The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying.
	Yellow	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss up to three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
	Red	The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap's <i>database</i> on corporate lobbying. Companies are scored in this category if they miss one case of misalignment (industry associations with Organization Scores 0-50) or more than three cases of "potential" misalignment (industry associations with Organization Scores 51-75 in InfluenceMap's database).
Monitor & Review	Green	The company has published a review of industry associations on an annual basis, has committed to do so at least once a year, or is/has committed to disclose regular updates on its review and alignment process. Updates should accurately report on relevant material and on-going lobbying activities of potentially misaligned industry associations, as well as the company's alignment and engagement with the industry association concerning these activities.
	Yellow	The company has committed to publish an update to its review of industry associations but not an annual basis or not specified a timeframe.
	Red	The company has not committed to any follow-up processes as part of its review of industry associations.
Act	Green	The company has shown evidence of action to address all cases of misalignment with its industry associations and the Paris Agreement, in line with InfluenceMap's <i>database</i> on corporate lobbying. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Yellow	The company has shown some evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, but has not addressed key cases of misalignment or "potential" misalignment identified by InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap's database. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Steps should include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.
	Red	The company has shown no or limited evidence of action to address cases of misalignment with its industry associations and the Paris Agreement, missing key cases of "material" or "potential" misalignment identified in InfluenceMap's <i>database</i> on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by <i>PRI</i> , <i>IIGCC</i> and <i>Ceres</i> include several steps companies can take to address misalignment. Action will be scored under this category if it does not include terminating memberships or taking specific action to reform the detailed and material lobbying activities undertaken by misaligned organizations.

To assist this assessment, InfluenceMap will be applying its database on corporate and industry group climate change lobbying. This tracks in real-time the detailed climate policy lobbying of around 300 companies and 100 industry associations globally, allowing like-for-like comparisons of organizations' positions on climate policy that are compared to a benchmark of Paris-aligned climate policy. This system can track the evolution of corporate and industry group climate lobbying positions over time.

Appendix C: Sasol’s industry association memberships

The table below provides a ranking of Sasol’s key industry associations by Performance Band, i.e. a measure of direct climate policy engagement (see page 3 for more information on InfluenceMap’s metrics). Detailed profiles for all Sasol’s industry associations can be explored via the links in the table.

Industry Association	Region	Performance Band	Engagement Intensity
International Chamber of Commerce	Global	C	16%
Industry Task Team on Climate Change	South Africa	C	10%
Business Unity South Africa (BUSA)	South Africa	C	29%
European Chemical Industry Council (CEFIC)	Europe	C-	56%
Minerals Council South Africa	South Africa	D	21%
Verband der Chemischen Industrie (VCI)	Europe	D-	39%
Japan Chemical Industry Association	Japan	E+	9%