



**Investor briefing:**

**Sasol shareholders file  
South Africa's first climate  
lobbying resolution**

**JUST SHARE**

**September 2021**



## Sasol shareholders file South Africa's first climate lobbying resolution

---

On 14 September 2021, Just Share and Aeon Investment Management co-filed a non-binding, advisory shareholder resolution at Sasol Limited, for tabling at its 19 November AGM.

The [resolution](#) asks Sasol to improve and expand its disclosure of its direct and indirect climate lobbying, including disclosing the annual membership fees paid to industry associations which are involved in climate lobbying activities.

Climate lobbying shareholder resolutions have been filed annually at fossil fuel companies in other jurisdictions for a number of years, but this is the first time such a resolution has been filed in South Africa. Unlike many other jurisdictions, **South Africa has no legal requirements for disclosure of lobbying activities.**

It is crucial that South Africa urgently achieve policy alignment to support a just transition to a low-carbon, climate-resilient economy, and shareholders and other stakeholders should be made aware of any activities that interfere with climate-aligned national policy-making.

### What is climate lobbying?

Climate lobbying refers to any activity aimed directly or indirectly at influencing national 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.

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. In many instances, this manifests itself in high-level public positions of support for the Paris goals, but “[closed-door undermining of climate action](#)”.

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”.

### Why is lobbying transparency important for democracy?

**Transparency in relation to lobbying is a key element of anti-corruption and integrity in the public sector.** The [OECD](#) states that “although lobbying can be a positive force in democracy, it can also be a mechanism for powerful groups to influence laws and regulations at the expense of the public interest. This may result in undue influence, unfair competition and policy capture, to the detriment of effective policy making.”

In many jurisdictions, government departments are required to publicly disclose information about meetings and other engagements that they have with corporate executives and their representatives. In South Africa, there are no such disclosure requirements.



**Senior business executives, and representatives of industry associations of which they form a part, have access to government officials at the highest levels.** But because there is no obligation on government to disclose these engagements, we can only glean snippets of information from references which make their way into the public domain.

For example, in her answering affidavit in the “Deadly Air” litigation launched by environmental justice NGO groundWork and others against the government last year, Minister of Forestry, Fisheries and the Environment Barbara Creecy, refers to a meeting between herself and Sasol’s Executive VP: Energy Operations, Bernard Klingenberg, on 19 June 2020. The purpose of the meeting was to discuss Sasol’s applications to postpone compliance with legislated air pollution standards. For over a decade, Sasol has argued that it cannot fully comply with these laws. The Department of Forestry, Fisheries and the Environment (DFFE) has continuously granted Sasol postponements for compliance with these laws.

In March 2021, in order to ascertain how often senior government officials meet with representatives of fossil fuel companies and industry associations, Just Share made Promotion of Access to Information Act (PAIA) requests to the DFFE, and to the Department of Mineral Resources and Energy (DMRE). Neither department responded within the legislated period, and DFFE asked Just Share to narrow its request.

DFFE subsequently provided some of the requested information, but stated that it had not provided a comprehensive list of meetings (and the Creecy / Klingenberg meeting referenced above was not listed). **However, even this limited response confirms that industry and industry association representatives meet regularly with senior environment department officials about government policies and legislation.**

**The DMRE responded that “the requested records cannot be found. There are reasonable grounds for believing that the records do not exist”.** Despite several requests, the DMRE has yet to provide the legally-required affidavit or affirmation containing “a full account of all steps taken to find the record in question or to determine whether the record exists, as the case may be, including all communications with every person who conducted the search”.

In jurisdictions like the UK, ministers are required to publicly disclose who they meet with. A [recent analysis](#) of the UK government’s latest [transparency data](#) by investigative media outlet DeSmog, reveals that, from late July 2019 until the end of March 2021, ministers at the UK’s Department for Business, Energy & Industrial Strategy met with fossil fuel and biomass producers nine times as often as with those involved in clean energy production.

## **Sasol’s lobbying activities**

In addition to direct lobbying on climate change, Sasol is a member of – and plays a key role in - a number of industry associations involved in climate lobbying and policy engagement. **For instance, it is chair of the Industry Task Team on Climate Change; chair of the environmental subcommittee of Business Unity South Africa; and a board member of the Minerals Council of South Africa.**

These organisations have consistently and successfully lobbied against the introduction of an effective carbon tax in South Africa (putting a price on carbon is widely seen as the most cost-effective and flexible way to achieve GHG emission reduction).<sup>1</sup> The Minerals Council also appears to lead an initiative called “[Coal Mining Matters](#)”, which aggressively advocates in favour of “clean

---

<sup>1</sup> 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>)



coal technologies”, even though all evidence makes clear that there are no solutions to neutralise all – or even most – of the dire environmental, health, and climate change impacts caused by the mining, production, supply and disposal of coal.<sup>2</sup>

InfluenceMap’s corporate climate lobbying platform finds that Sasol has “a mixed approach when engaging with climate policy”; for instance, despite “broadly positive” top-line communications on climate change, Sasol has “consistently opposed South Africa’s carbon tax, and continues to support a sustained role for natural gas in the energy mix”. It scores Sasol a D+.

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”. The assessment evaluated eleven of the industry associations of which Sasol is a member, and concluded that “all were aligned with Sasol’s principles”.

However, in a review of Sasol’s assessment, [InfluenceMap](#) found: “this audit did not fully disclose its own climate policy positions or those of its industry associations, nor did it disclose its governance of industry association memberships. As such, **Sasol failed to identify and take action on a number of industry associations which appear to engage negatively on climate policy** such as the [American Chemistry Council](#) and the [European Chemical Industry Council \(CEFIC\)](#). In addition, Sasol sits on the board of the [Minerals Council South Africa](#), which appears to be lobbying negatively on South African climate policy”.

In the US, where Sasol is legally required to disclose funds spent on lobbying-related activities, [OpenSecrets](#) calculates, based on data from the US Senate Office of Public Records, that Sasol spent over \$2 million on lobbying from 2016-2019.

## Why did we file a climate lobbying resolution?

Globally, investors are waking up to the role that industry associations have played in frustrating progressive climate policy and slowing down climate action. Increasingly, investors are demanding to know how investee companies address misalignment between their publicly-stated climate commitments – and the Paris goals – and the lobbying activities of their industry associations. Both the [PRI](#) and the [Institutional Investors Group on Climate Change](#), for example, have published their expectations for corporate climate lobbying, and emphasised the importance of transparency and reporting on direct and indirect climate-related lobbying.

Sasol’s 2020 assessment of its alignment with industry associations does not provide enough information for its stakeholders to form an independent view of Sasol’s review process, or its findings.

**It is clear that Sasol will continue to have significant influence over climate policy in South Africa - directly and through its industry associations. Its stakeholders must have confidence that the company is using its influence to align South Africa’s climate policy with the Paris goals. As things stand, the information required to make this assessment is not publicly available.**

It is also important that investors be able to better appraise Sasol’s long-term investment proposition, and its stated commitment to Paris alignment and to a just transition. This resolution requests that Sasol provide its shareholders with information that will help them determine not only whether Sasol’s own climate lobbying positions and activities, and those of its industry associations, are aligned with the Paris goals, but, importantly, the circumstances in which it would discontinue membership of an association on the basis of misalignment with the Paris goals.

---

<sup>2</sup> See for example: <https://lifeaftercoal.org.za/media/news/new-report-why-there-is-no-such-thing-as-clean-coal>; <https://cer.org.za/news/new-report-exposes-myth-of-clean-coal>;