

Sasol

Detailed assessment of Sasol’s corporate industry association review

September 2022

This document outlines a detailed breakdown of InfluenceMap’s assessment of the company’s corporate disclosure on industry association climate policy engagement, using the traffic-light assessment framework summarized below. Further detail on the assessment methodology is available in the Appendix, and on our CA100+ Investor Hub [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 undertaken three 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
August 2022	57 / 100

This assessment focuses solely on Sasol’s disclosure on industry associations and climate policy engagement, which can be [found here](#). This assessment does not include an analysis of the company’s direct climate policy engagement, which can be found on InfluenceMap’s online profile of Sasol [here](#). Applying the traffic-light framework outlined above, the table below summarizes the company’s performance under the seven indicators which form InfluenceMap’s assessment.

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

Sasol's 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	<p>Sasol has disclosed a breakdown of its direct and indirect policy advocacy on some key policies, beyond top-line statements. The company disclosed both its positions on, and engagement with, key legislation including: the South African Carbon Tax; EU Delegated Acts on Fischer-Tropsch low-carbon products; the South African Oil and Gas Draft Discussion Document; and German and EU greenhouse gas allocation methodologies.</p> <p>However, Sasol has not disclosed a clear position on the South African Climate Change Bill and carbon budget legislation, despite disclosing that it has engaged extensively on the policy. InfluenceMap analysis indicates that the company has consistently supported mandatory carbon budgets under the Climate Change Bill (e.g. 2021 Climate Change Report). The company has also omitted its negative advocacy on the EU Renewable Energy Directive, including in a November 2021 consultation response.</p>
Best Practice	<p><i>Shell</i> has disclosed case studies of its direct climate policy engagement in the EU and US. These case studies include Shell's positions on, and engagement with, specific items of EU and US regulation and legislation. The 2022 review also includes clear references to additional resources on Shell's corporate website, including advocacy updates on specific government policy consultations and links to public submissions via the EU Transparency Register and the US Lobbying Disclosure Act.</p>

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.

<p>Sasol</p>	<p>Sasol has disclosed an account of the climate policy positions of its industry associations, however much of its disclosure is limited to top-line statements. The company did disclose the positions of some associations on specific climate-related regulations and legislation, including the South African Carbon Tax, China's Emissions Trading System (ETS), the EU ETS, and Germany's Renewable Electricity Levy. However, its reporting on positions on climate-related regulations is not consistent across its industry associations, and its disclosures on specific policy engagement lacks detail.</p> <p>Sasol has not disclosed a full and accurate account of its associations' climate policy positions, overlooking key cases of negative climate policy engagement. For example, Verband der Chemischen Industrie (VCI) <i>opposed</i> the EU's Carbon Border Adjustment Mechanism and advocated for a climate club as an alternative in a June 2022 report, and Cefic supported <i>weakening</i> the EU Renewable Energy Directive's Delegated Act on Renewable Fuels of Non-Biological Origin in July 2022.</p>
<p>Best Practice</p>	<p>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.</p>

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.

<p>Sasol</p>	<p>Sasol has disclosed a clear and detailed framework for assessing alignment with its industry associations. Sasol assessed its associations against its 'Principles for Responsible Climate-Related Advocacy', which included five criteria categories: support for climate science, the Paris Agreement, carbon pricing, low-carbon energy solutions, and transparency.</p> <p>Sasol also disclosed the criteria its industry associations must meet to be considered "Aligned", "Partially Aligned", and "Not Aligned", and provided a clear and detailed explanation behind each evaluation where it detailed alignment against each criteria.</p>
<p>Best Practice</p>	<p><i>BASF</i> 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.</p>

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.

<p>Sasol</p>	<p>Sasol has disclosed a framework to address potential cases of misalignment. The company states that, when it identifies a case of misalignment, Sasol voices its views and reserves the right to publicly communicate its position. Sasol states it may also consider termination of membership to misaligned associations should membership no longer be in the company’s best interest.</p> <p>However, Sasol does not disclose clear deadlines for industry associations which do not amend misaligned practices.</p>
<p>Best Practice</p>	<p><i>BHP</i> 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.</p>

Policy Alignment Process

Identify & Assess	
<p>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 <i>database</i> on corporate lobbying.</p>	
Sasol	<p>Sasol's 2022 industry association review states that it has assessed 23 industry associations. Sasol states that it found two associations to be 'Not Aligned' with its Principles for Responsible Climate-related Advocacy (American Fuel & Petrochemical Manufacturers, International Association of Oil & Gas Producers), however it did not include an in-depth breakdown of their positions in its 2022 review as the company had already terminated its membership with the associations. Sasol also found 12 associations to be 'Partially Aligned', including (American Chemistry Council, American Cleaning Institute, Associazione Industriale Cagliari, Associazione Industriale Siracusa, ChemCoast Laatzten, Chemical and Allied Industries' Association (CAIA), Industrial Task Team on Climate Change (ITTCC), Entwicklungsgesellschaft Westholstein, International Chamber of Commerce (ICC), Louisiana Chemical Association (LCA), Minerals Council of South Africa, Unternehmensverband Unterelbe Westküste/Heide e.V. (UVUW)). 7 of these industry associations are not currently covered by InfluenceMap's database.</p> <p>InfluenceMap analysis indicates that the company likely has at least 3 memberships to industry associations with climate policy engagement misaligned with the Paris Agreement (Minerals Council South Africa (MINCOSA), Verband der Chemischen Industrie (VCI), South African Petroleum Industry Association) and at least 6 memberships to industry associations with climate policy engagement potentially misaligned with the Paris Agreement (American Chemistry Council, Business Unity South Africa (BUSA), European Chemical Industry Council (CEFIC), Industry Task Team on Climate Change, Japan Chemical Industry Association (JCIA), International Chamber of Commerce). The company identified VCI and SAPIA as 'Aligned', and MINCOSA as 'Partially Aligned'. InfluenceMap analysis finds that these associations have engaged negatively on climate-related policies:</p> <ul style="list-style-type: none"> ■ Verband der Chemischen Industrie (VCI): VCI <i>opposed</i> the EU's Carbon Border Adjustment Mechanism and advocated for a climate club as an alternative in a June 2022 report. The association was also <i>unsupportive</i> of making Fit for 55 measures more stringent, stating that they were "too ambitious" in a July 2022 position statement. In a June 2022 press release, VCI President Christian Kullmann supported diversifying Europe's energy mix away from Russia fossil fuels by supporting the use of existing coal infrastructure. ■ Minerals Council South Africa (MINCOSA): In a September 2022 press release, MINCOSA released a joint statement in which it <i>advocated</i> for policymakers to weaken South Africa's carbon tax. In the statement, the association supported the extension of phase 1 of the tax, supported the extension of allowance to 2030, and advocated for a delay in increasing the carbon price until post-2035. In a May 2022 annual report, MINCOSA was <i>unsupportive</i> of increased ambition in South Africa's carbon dioxide reduction targets under its new Nationally Determined Contribution (NDC), stating that the goals threaten the coal industry. ■ South African Petroleum Industry Association (SAPIA): In a September 2022 press release, SAPIA released a joint statement in which it <i>advocated</i> for policymakers to weaken South Africa's carbon tax. In the statement, the association supported the extension of phase 1 of the tax, supported the extension of allowance to 2030, and advocated for a delay in increasing the carbon price until post-2035.
Best Practice	<p>Enel is the only company to meet investor expectations in this area, identifying all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap's database, although the company does not disclose additional details of why they are not fully aligned. InfluenceMap analysis indicates that most companies have missed key cases of misalignment with industry associations lobbying counter to the goals of the Paris Agreement.</p>

Monitor & Review	
<p>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.</p>	
Sasol	<p>Sasol has disclosed three reviews of its industry association memberships in 2020, 2021, 2022. The company states that it has enhanced monitoring, assessment, and disclosures on its alignment with industry association by considering third-party assessments of its associations on an annual basis.</p>
Best Practice	<p><i>Shell</i> publishes detailed assessments of its industry association memberships at two-year intervals, with detailed updates on misaligned industry associations each year. Shell has published two full reviews of its industry associations (2019, 2021) and two review updates (2020, 2022). The review updates include actions taken within each industry association, key changes to the associations' climate positions, and detailed next steps. Shell has committed to publish its next update in 2023.</p>

Act	
<p>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 <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.</p>	
Sasol	<p>Sasol appears to have addressed some cases of misalignment with its industry associations. Sasol stated that it had previously exited the American Fuel & Petrochemical Manufacturers and the International Association of Oil & Gas Producers, and that it had found both to be 'not aligned' with its assessment criteria.</p> <p>Where the company found "partial alignment" with industry associations on a specific policy area, it stated that it will further engage with the association to better understand positions and seek alignment. 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).</p>
Best Practice	<p>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. Similarly, <i>General Motors</i> has disclosed that it has not financially contributed to advocacy campaigns against the Build Back Better Act by the Business Roundtable and US Chamber, and has publicly advocated a supportive position to ensure its stance is differentiated from them.</p>

Appendix A: Methodologies for Assessment

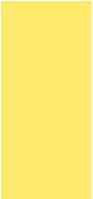
Scoring Disclosures and Policy-Alignment

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 55 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 misalignment 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 400 companies and 200 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.