

Feb 9, 2023

Industry Lobbying Imbalance Putting South Africa's Climate Goals At Risk

New analysis shows how major businesses and industry groups are engaging on climate policy

New analysis of climate policy lobbying in South Africa shows that oppositional industry voices are significantly more engaged than pro-climate corporations on key policies – the Climate Change Bill and the Carbon Tax Act – resulting in them being watered down or delayed.

The *research*, by climate think tank InfluenceMap, analyzed the policy engagement of 16 major companies and 12 industry associations, including **Eskom**, **Sasol**, **Minerals Council South Africa (MCSA)**, and **Business Unity South Africa (BUSA)**.

It focuses on corporate engagement with key climate policies designed to help deliver on South Africa's net zero by 2050 commitment.
















The analysis highlights how the mining sector is the most oppositional on climate change advocacy, and continues to strongly support the role of coal in the future energy mix.

It also shows:

- The **South African Carbon Tax** attracted the most engagement of all the policies analyzed, with a majority of the lobbying activity being negative. This advocacy included pushing for extra tax allowances, lower tax rates, and delaying the timeframe. Some of the strongest opponents to the tax have been chemicals company **Sasol** and industry associations **BUSA**, **MCSA**, and the **South African Petroleum Industry Association**.
- The **Climate Change Bill**, South Africa's landmark climate legislation, has seen attempts to weaken its penalties for emitters who exceed their carbon budgets. This change has been advocated for by **Eskom**, **BUSA**, **MCSA**, and the **Chemical and Allied Industries' Association**.
- The two largest emitting companies in South Africa, **Eskom** and **Sasol**, scored C and C- respectively on InfluenceMap's A-to-F system for tracking corporate lobbying on climate policy. This indicates mixed engagement on climate policy. For example, **Eskom** has supported policy to accelerate the uptake of renewables, however advocates for a continued role for fossil gas and coal. **Sasol** has expressed positive positions on carbon pricing but has also advocated to weaken the ambitious Carbon Tax. These two companies registered the most active engagement of those headquartered in South Africa.
- Despite nearly 75% of industry supporting renewable energy development in South Africa, certain sectors continue to strongly advocate for a continued role of coal and fossil gas in the energy mix. The mining industry was the strongest supporter for the continued use of coal as an energy source in South Africa, including **Anglo American**, **South32**, and **Exxaro Resources**.

- More than half of the companies analyzed for the report have at least one membership to an industry association with climate policy engagement misaligned with the Paris Agreement (ranked as 'D' or below on InfluenceMap's database). **South32** (4), **Anglo American** (4), and **ArcelorMittal** (6) have the most memberships to climate-obstructive associations – these three companies do not have HQs in South Africa and possess memberships to industry associations in other regions.

Climate Policy Engagement Scores

Company	Sector	HQ Country	Performance Band (A+ to F)
Shoprite Holdings Ltd	Retailing		B-
PPC	Construction Materials		C
Eskom	Utilities		C
Sappi	Paper and Forest Products		C
Sasol	Energy/Chemicals		C-
Exxaro Resources	Metals & Mining		C-
Gold Fields	Metals & Mining		C-
ArcelorMittal	Metals & Mining		D+
Sibanye Stillwater	Metals & Mining		D+
South32	Metals & Mining		D+
MTN	Telecommunications		D+
African Rainbow Minerals	Metals & Mining		D
Anglo American	Metals & Mining		D
Seriti Resources	Metals & Mining		D-
Thungela Resources	Metals & Mining		E-
Steinhoff International	Retailing		n/a ¹

¹ Where limited evidence has been collected on a company's direct climate policy engagement, the Performance Band is n/a.

South Africa's energy system currently relies on coal for **70%** of its energy production. The country experiences increasingly severe rolling blackouts and is aiming to transition its energy mix away from coal under the Just Transition Energy Partnership signed at COP26.

According to Climate Action Tracker, the country's current climate policies are "insufficient" to limit warming to 1.5°C.

InfluenceMap Analyst Ciara Ellis said: "South Africa is not only vulnerable to the physical effects of climate change, but it's also enduring a severe energy crisis within a system that relies heavily on coal."

“Despite this, key parts of the country’s business community continues to support a continued role for fossil fuels like coal and gas.

“While there is relatively limited transparency on climate policy engagement in South Africa, this report shows which companies are doing the most to hold back climate action.

“This negative lobbying appears to have successfully weakened key climate policies, which will end up making it harder for the country to achieve its long-term targets.”

The report identifies the potential for positive climate voices to emerge within the corporate sector, noting that several companies appeared to have either none or very limited engagement with specific climate policies.

One of the difficulties noted in carrying out the research, however, is that there is a lack of lobbying transparency regulations in South Africa, leaving non-public engagement pathways open to industry.

InfluenceMap’s global analysis has often found a strong correlation between a failure by governments to act on climate, and a powerful fossil fuel lobby alongside limited transparency around the policy process, resulting in ‘policy capture’.

In responding to the report, **Head of Stewardship at Old Mutual Investment Group, Nicole Martens, said:** *“We find the contents to be an invaluable source of data on the status quo, and a particularly useful tool for use in constructive, solutions-focused engagement with portfolio companies and industry associations. The report highlights a number of the constraints facing South Africa’s largest emitters in their transition journeys – including those obstacles which are self-created– and presents a clear imperative for investors to act.”*

Head of Sustainability at Investec, Tanya Dos Santos, said: *“Dialogue and action on South Africa’s climate goals has never been more important than it is right now. The more we collaborate and engage on climate policies and developments, the greater the chance that we will actually meet our climate ambitions - as individuals, as a company, as a sector and as a country. We may disagree on how we get there and which pathway to follow but we must hold each other accountable for promises made and for ensuring we balance all perspectives as we accelerate the just energy transition.”*

Climate Risk Analyst at shareholder activist organization Just Share, Emma Schuster, said: *“This report demonstrates how negative climate lobbying in South Africa requires a much higher level of scrutiny locally. The damaging impact of this obstruction is ever more stark, given the country’s longstanding, intersecting crises of energy, jobs, and growth. And yet, as the report finds, transparency and disclosure on companies’ climate policy engagement activities in South Africa is still limited. In fact, in many cases, it is non-existent. The report also confirms how negative climate lobbying is often outsourced to industry associations, while the companies themselves publicly proclaim their support for the Paris Agreement.”*

Full report, graphics, and quotes at this landing page.

For further information or to arrange interviews, please contact:

Simon Cullen, Media Manager, InfluenceMap

E : simon.cullen@influencemap.org

About InfluenceMap

InfluenceMap is a London-based think tank with offices in Tokyo, Seoul, and New York. It provides data driven analysis on issues related to energy and climate change. Our metrics for measuring corporate influence over climate policy are used by investors, including the global Climate Action 100+ investor engagement process.