Sasol

Detailed assessment of Sasol’s corporate industry association review

September 2021

This document 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 the Appendix, and in our April 2021 report here.

<table>
<thead>
<tr>
<th>Key</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Green</td>
<td>Has broadly met investor expectations in this area.</td>
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</table>

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.

<table>
<thead>
<tr>
<th>Date of Review</th>
<th>Review Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2020</td>
<td>0 / 100</td>
</tr>
<tr>
<td>September 2021</td>
<td>50 / 100</td>
</tr>
</tbody>
</table>

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.
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**

<table>
<thead>
<tr>
<th>To meet investor expectations under this indicator</th>
<th>Sasol</th>
<th>Best Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
<td>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.</td>
<td>Shell 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.</td>
</tr>
</tbody>
</table>

**Industry association climate policy positions and influencing activities**

<table>
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<th>To meet investor expectations under this indicator</th>
<th>Sasol</th>
<th>Best Practice</th>
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</thead>
<tbody>
<tr>
<td>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.</td>
<td>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).</td>
<td>No companies have met investor expectations in this area, although BASF and Shell 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.</td>
</tr>
</tbody>
</table>
### 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.

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Sasol</td>
<td>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.</td>
</tr>
<tr>
<td>Best Practice</td>
<td>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.</td>
</tr>
</tbody>
</table>

### 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.

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<tr>
<th>Company</th>
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<tr>
<td>Sasol</td>
<td>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.</td>
</tr>
<tr>
<td>Best Practice</td>
<td>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.</td>
</tr>
</tbody>
</table>
## 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.

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<tr>
<th>Sasol</th>
<th>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 four memberships to industry associations misaligned with the Paris Agreement (Japan Chemical Industry Association, Verbund der Chemischen Industrie (VCI), Minerals Council of South Africa, American Chemistry Council) 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).</th>
</tr>
</thead>
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<tr>
<td>Best Practice</td>
<td>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.</td>
</tr>
</tbody>
</table>

### 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 ongoing lobbying activities of potentially misaligned industry associations, as well as the company’s alignment and engagement with the industry association concerning these activities.

<table>
<thead>
<tr>
<th>Sasol</th>
<th>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.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best Practice</td>
<td>Shell 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.</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th><strong>Act</strong></th>
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| **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. Total announced in January 2021 that it had decided not to renew its membership to the American Petroleum Institute due to divergences on climate positions. BHP 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. Chevron 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 A: Methodologies for Assessment

Scoring Disclosures and Policy-Alignment

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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.

<table>
<thead>
<tr>
<th>Disclosure Item</th>
<th>Score</th>
<th>InfluenceMap’s Assessment Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate climate policy positions and influencing activities</td>
<td>Green</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Yellow</td>
<td>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.</td>
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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:
<table>
<thead>
<tr>
<th>Alignment Process</th>
<th>Score</th>
<th>InfluenceMap’s Assessment Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify &amp; Assess</td>
<td>Green</td>
<td>The company has identified all cases of misalignment with its industry associations and the Paris Agreement in line with InfluenceMap’s database on corporate lobbying.</td>
</tr>
<tr>
<td></td>
<td>Red</td>
<td>The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap’s database 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).</td>
</tr>
<tr>
<td></td>
<td>Red</td>
<td>The company has not identified key cases of misalignment with the Paris Agreement in line with InfluenceMap’s database 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).</td>
</tr>
<tr>
<td>Monitor &amp; Review</td>
<td>Green</td>
<td>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.</td>
</tr>
<tr>
<td></td>
<td>Red</td>
<td>The company has committed to publish an update to its review of industry associations but not on an annual basis or not specified a timeframe.</td>
</tr>
<tr>
<td></td>
<td>Red</td>
<td>The company has not committed to any follow-up processes as part of its review of industry associations.</td>
</tr>
<tr>
<td>Act</td>
<td>Green</td>
<td>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 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.</td>
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<td></td>
<td>Red</td>
<td>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 database on corporate lobbying, i.e. industry associations with Organization Scores 0-75 in InfluenceMap’s database. 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.</td>
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<tr>
<td></td>
<td>Red</td>
<td>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 database on corporate lobbying, i.e. industry associations with Organization Scores 0-75. The investor expectations outlined by PRI, IIGCC and Ceres 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.</td>
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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.