

12 October 2023



Responsible corporate climate lobbying: how to be a force for good

Just Share is a non-profit shareholder activism organisation.

We use responsible investment and sustainable finance to drive urgent action to combat climate change and reduce inequality.

We believe that the financial sector has the power to contribute to a more just, inclusive and sustainable economy.

Combating climate change and transforming our energy system are key to tackling unacceptable and unsustainable levels of inequality.



What is corporate climate lobbying?

- Any process in which corporate interests seek to influence climate-related policy or climate action.
- Climate policy engagement.
- Action that has implications for realising the **goals of the Paris Agreement**:
 - Hold the increase in global average temperature to well below 2°C above pre-industrial levels & pursue efforts to limit the temperature increase to 1°C above pre-industrial levels = 50% reduction in GHGs by 2030.
 - Increase ability to adapt to climate change, foster climate resilience and low GHG emissions development.
 - Making finance flows consistent with a pathway towards low GHG emissions & climate-resilient development.
- **Positive or negative.**
- USA: lobbying
- SA: engagement



Direct vs indirect lobbying

Direct lobbying

- One-on-one meetings
- Conferences & events
- Informal socialising
- Funding of studies for policy-makers
- Secondment of employees to regulatory departments
- Paying for consultants to work in government departments
- Financing political parties / campaigns / individual politicians

Indirect lobbying (“grassroots lobbying”)

- Corporate disclosures
- Media (including social media, op-eds)
- Voluntary initiatives
- Funding think-tanks
- Mobilising citizen movements







InfluenceMap singles South Africa out as one of 18 examples globally where corporate lobbying has effectively undermined climate action. In the case of South Africa, it has delayed and diluted the implementation of an effective carbon tax.

Why Does Climate Lobbying Matter?

Since the Kyoto Protocol of 1997, implementation of climate-motivated policy has been hindered worldwide by corporate lobbying



Source: InfluenceMap (2020) "Corporate Lobbying: How Companies Really Impact Progress on Climate"



Lobbying represents potentially the greatest impact a company has on climate change.



IM InfluenceMap

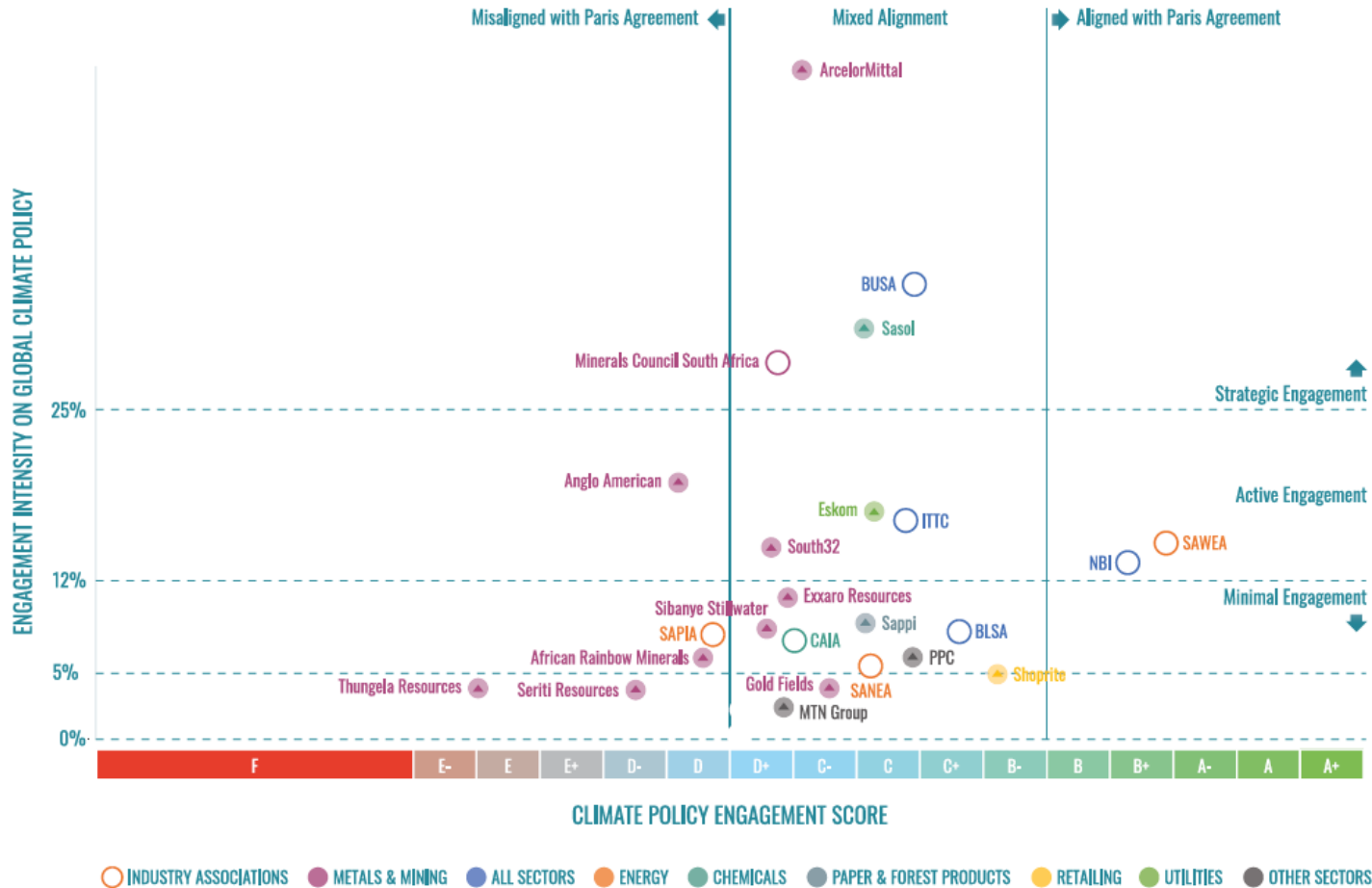
Climate Policy Engagement in South Africa

Analysis of South African industry's advocacy on climate-related policy and the energy transition

February 2023



South African Companies and Associations Compared on Climate Policy Engagement



InfluenceMap conclusion

Climate policy leadership amongst the South African corporate sector is critical for unblocking the country's path to net zero. This includes concerted efforts by South Africa's most powerful companies to audit and align their climate policy engagement activities, including ensuring key cross-sector industry associations are advocating for policy aligned with the advice of the Intergovernmental Panel on Climate Change.



Carbon tax

- Carbon tax discussion paper first published 2010.
- Implementation of the carbon tax only in 2019 after push-back:
 - Phased approach (with **tax-free allowances of between 60% and 95%** to 2022);
 - Low escalation rate.
- Feb 2022: finance minister announced **1st phase extension until 2026**.
- 2022 proposed amendments to the Carbon Tax Act.
- Despite extensive prior lobbying and significant concessions achieved as a result, business submissions (**BUSA, BLSA, Energy Council of SA**):
 - Tax increases must be based on current CPI +2% structure until at least 2023.
 - Current allowances must be retained until 2030 and other supporting measures must be introduced to encourage decarbonization and growth.
 - Only consider higher carbon tax post-2035, “the exact date of which should be informed by a more tailed analysis of viable mitigation and socio-economic considerations”.



Treasury says business's carbon tax call shows a lack of vision

Business has called for a reduction in the 2026 and 2030 carbon tax proposals, saying they are too steep and too soon

 BL PREMIUM

21 SEPTEMBER 2022 - 13:03 by LINDA ENSOR

UPDATED 21 SEPTEMBER 2022 - 23:00

22 Aug

Sasol warns carbon tax poses big risk to its business, and it may have to scale back

Bloomberg NEWS Paul Burkhardt

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ANALYSIS | Business wants Treasury to ease up on carbon tax hikes. But is that a bad idea?

news24 Lameez Omarjee

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BUSA, BLSA "joint position" on delaying carbon tax compromises corporate SA's climate credibility

22ND SEPTEMBER 2022

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Minerals Council calls on Govt to consider changes to proposed carbon tax amendments

By David McKay - Sep 14, 2022

JAMES REELER: Business plea to soften carbon tax is a false economy

Those arguing for a watered-down Carbon Tax Bill are using it as a delaying tactic — they are among the high emitters

21 SEPTEMBER 2022 - 16:31 by JAMES REELER

UPDATED 21 SEPTEMBER 2022 - 17:11

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ANALYSIS | Business wants Treasury to ease up on carbon tax hikes. But is that a bad idea?

news24 Lameez Omarjee

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Impacts on other members

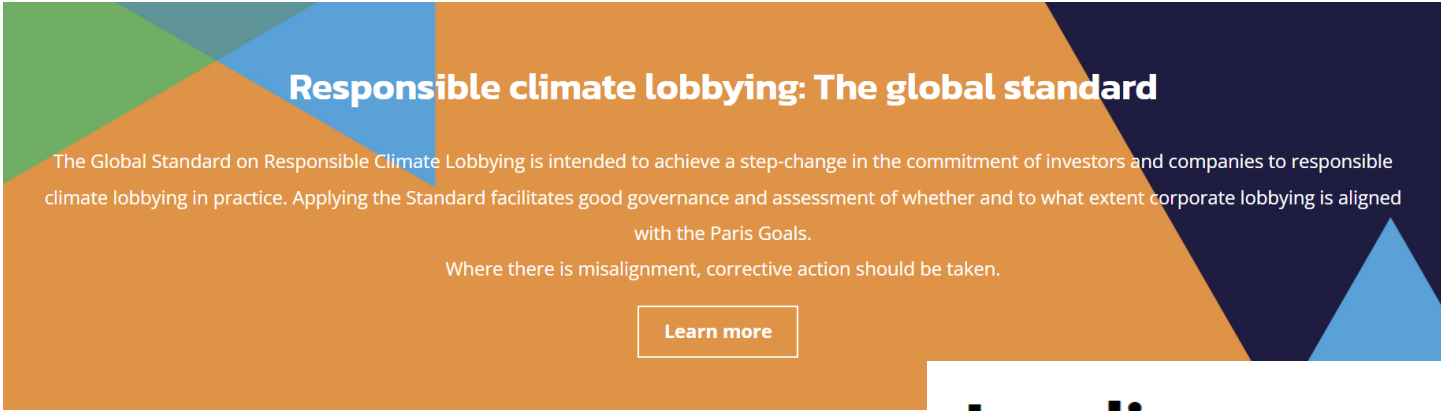
- Asset managers which have signed up to global climate commitments such as Climate Action 100+ & Net Zero Asset Managers Initiative.
- Banks which have made fossil fuel phase-out commitments.
- Insurance companies which are already reporting results being impacted by increased climate-related claims.

*Corporate engagement on climate policy is a double-edged sword. It can play a critical role in helping governments create practical climate policy solutions, but negative and resistant corporate interest can hinder policy action that aims to mitigate the impacts of climate change.**

[*190126_original_corporate-climate-lobbying.pdf \(ap7.se\)](#)



No lobbying regulation or transparency rules in SA



Responsible climate lobbying: The global standard

The Global Standard on Responsible Climate Lobbying is intended to achieve a step-change in the commitment of investors and companies to responsible climate lobbying in practice. Applying the Standard facilitates good governance and assessment of whether and to what extent corporate lobbying is aligned with the Paris Goals.

Where there is misalignment, corrective action should be taken.

[Learn more](#)



CA100+ Investor Hub

Investor Resources on Corporate Climate Policy Engagement

Leading the way for a better tomorrow

JSE Sustainability Disclosure Guidance

June 2022



www.jse.co.za



Disclosure Indicator 7 Climate policy engagement

Sub-indicator 7.1

The company has a Paris-Agreement-aligned climate lobbying position and all of its direct lobbying activities are aligned with this.

Metric a): The company has a specific commitment/position statement to conduct all of its lobbying in line with the goals of the Paris Agreement.

Metric b): The company lists its climate-related lobbying activities, e.g. meetings, policy submissions, etc.

Sub-indicator 7.2

The company has Paris-Agreement-aligned lobbying expectations for its trade associations, and it discloses its trade association memberships.

Metric a): The company has a specific commitment to ensure that the trade associations the company is a member of lobby in line with the goals of the Paris Agreement.

Metric b): The company discloses its trade associations memberships.

Sub-indicator 7.3

The company has a process to ensure its trade associations lobby in accordance with the Paris Agreement.

Metric a): The company conducts and publishes a review of its trade associations' climate positions/alignment with the Paris Agreement.

Metric b): The company explains what actions it took as a result of this review.



Transparency is key

- Just Share & amaBhungane have submitted **PAIA requests** to industry associations, government departments & Sasol.
- The PAIA requests seek details of closed-door meetings and other interactions between government officials and private industry representatives relating to:
 - South Africa's policy and regulatory approach to climate change mitigation and adaptation;
 - South Africa's energy mix;
 - the just transition to a low-carbon economy; and
 - any associated infrastructure and resource exploration activities.
- **Seek to promote transparency through public disclosure of direct engagements that shape South Africa's decision-making on key issues that are of crucial public concern.**
- This is to safeguard against attempts by private industry actors – in particular from the fossil fuel industry – to shape government laws and policies in the interests of corporations instead of the public.



*Lobbying exists everywhere and can play an important role in democratic participation and governance. When carried out transparently, lobbying can be a legitimate way for stakeholders to participate actively in the political process of law and policymaking. It is also an avenue for providing lawmakers with important information and insights into issues in which they are not experts, enhancing their ability to make informed, implementable decisions. However, much of this theoretical justification for lobbying as a healthy part of the political process is undermined by **the realities of who has access to policymakers, and the resources to influence their behaviour.***







THANK YOU