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Companies / Energy

## Shareholders grill Sasol over greenhouse gas emissions

Centre for Environmental Rights, Friends of the Earth Mozambique, groundWork and Save the Vaal Environment, among the concerned investors

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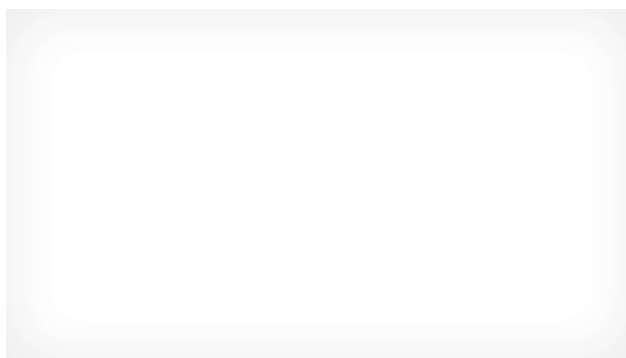
Shareholders representing communities from across SA and Mozambique grilled the Sasol board for two hours at Friday's annual general meeting about the petrochemical group's environmental record and greenhouse gas emissions, which they said presented a major risk for investors and employees.

The strong turnout marks a ratcheting up of engagement following Sasol's refusal to table a resolution submitted by the Raith Foundation at the AGM. The resolution called on Sasol to prepare an annual report detailing how it is assessing and ensuring long-term corporate resilience in a future low-carbon economy. Sasol refused to table the resolution on the basis of legal advice.

Sasol, which produces oil and chemicals from coal and gas, is one of SA's 20 biggest companies and generated headline earnings of R17.8bn in 2018. It is also the biggest contributor to greenhouse gas (GHG) emissions on the JSE, pumping out more emissions each year than Portugal, and has been identified as one of the 100 fossil fuel companies linked to 71% of global industrial greenhouse gas emissions since 1988.

Tracey Davies of Just Share, a shareholder activism and responsible investment organisation, said on Friday that Sasol's failure to set any GHG emission reduction targets means it faces the possibility of some of its most profitable operations becoming stranded assets.

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"This is a major risk for investors and employees," said Davies.

In 2015 the government signed the UN Climate Change Agreement in Paris, which commits to GHG emissions plateauing for 10 years between 2025 and 2035, and then declining.

### 'Cautious and aligned approach'

Sasol has said it is committed to playing its part in SA's transition to a lower-carbon intensive and more climate-change resilient economy. But it says a "cautious and aligned approach should be adopted... one that balances national priorities of reducing unemployment and achieving economic growth with the international commitments negotiated through the UN Framework Convention on Climate Change".

Although Sasol does disclose some details on its GHG emissions, to date it has resisted environmentalists' pressure to set targets for reducing them, which it must do to meet its stated commitment to a more climate-change resilient economy.

On Friday Kathie Satchwell, of the Raith Foundation, slammed the board for not informing shareholders of the foundation's proposed resolution and warned the directors that they could be found liable for not allowing shareholder engagement on the critical issue of climate change.

Joint-CEO Bongani Nqwababa told shareholders the board has a clear position on climate change and had met to discuss the issue on Thursday.

"We need to be very clear about what we're going to do, we hope to have something to show next year," said Nqwababa.

On Friday, shareholders including the Centre for Environmental Rights, Friends of the Earth Mozambique, groundWork and Save the Vaal Environment, said they were concerned about Sasol's environmental impact in Mozambique, the Vaal Triangle and KwaZulu-Natal, and asked whether Sasol was lobbying the government to introduce more lenient emission standards for sulphur dioxide emissions.


Mehluli Ncube, who advises the Eskom pension fund on corporate governance, told the meeting Sasol's remuneration policy had improved, but was concerned that the generous rewards to executives were out of step with the returns to shareholders.

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