Regulatory trends in the world and in South Africa: Environmental and social aspects affecting the agricultural sector.

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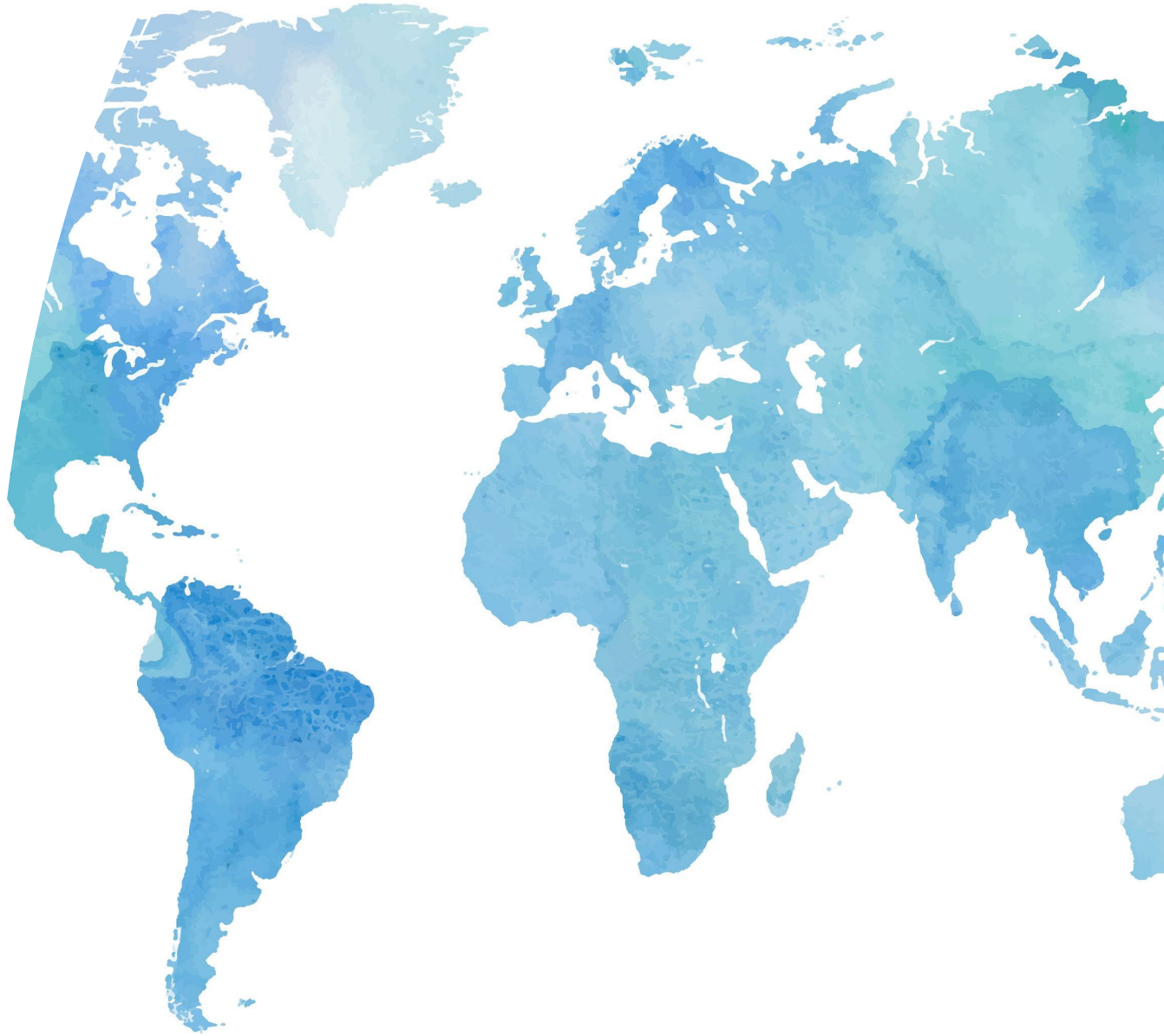


Topics for discussion

- Background
- International trends
  - ESG
    - Emissions
    - Biodiversity
- National trends
- Proposed Legislative and Policy changes:
  - Labour law amendments
  - National Water Amendment Bill
  - Land reform and expropriation

Background

- The world has indeed become very small.
- Political decisions impact on the world economy and have ripple effects around the globe.
- U.S. tariffs and the wars in Ukraine and Iran illustrate this clearly.
- Politics and policy cannot be separated.



International trends

- According to UN Trade and Development (UNTAD), 2025 was characterised by geopolitical tensions, shifting supply chains, accelerating digital and green transitions and tighter national regulations.
- International policy in 2026 is driven by transactional, multipolar geopolitics, marked by rising protectionism, technological competition, and climate urgency.
- There is a shift away from ideological alliances towards national interest.
- We are living through an era defined by geopolitical shifts, climate disruption and artificial intelligence.
- The geopolitical shifts together with the climate crisis is leading to price volatility, supply chain constraints, and an accelerated transition toward sustainable production for many commodities, including fertiliser.



ESG

- Environmental, social and governance (ESG) is now an integral part of good corporate governance.
- International ESG trends are shifting from voluntary disclosures to mandatory, regulated reporting, heavily focused on data-driven accuracy, biodiversity, and supply chain transparency.
- Future ESG trends:
  - Organisations will likely have to disclose any climate risks they are responsible for in future.
  - Executives may well be held liable in future for non-compliance with ESG regulation.
  - As net-zero emissions become more prevalent carbon offsets will become mainstream.



ESG

- There is likely to be intensified greenwashing scrutiny in the future.
- There will also be more focus on social impact monitoring and measurement going forward.
- Biodiversity integration into corporate strategies is set to gain significant momentum from 2025 onwa

- **Emissions**
- The production of fertilizers is emission intensive. It is estimated that 1.3% of global CO2 emissions come from the production of mineral fertilizers. (Int Fertiliser Association).
- Then there are the indirect emissions that are released when fertilisers get applied in the field.
- The fertilizer industry globally is under pressure to reduce its carbon footprint.
- Production of nitrogen fertilizer (ammonia) is also highly energy-intensive.
- New policies from governments are increasingly pushing toward reduced synthetic fertilizer use and encouraging organic alternatives.



ESG

- The EU's new Carbon Border Adjustment Mechanism (CBAM) puts a price on emissions associated with fertilizers produced in countries outside the EU and imported into the EU.
- CBAM includes process emissions from fertilizer production as well as indirect emissions from electricity used in production.
- Although the food sector is not directly included in CBAM's initial phases, its high emissions and energy intensity mean it could face indirect impacts, potentially raising costs and reducing export competitiveness if it does not adapt in time.
- According to an April 2025 TIPS (Trade, Industry and Policy Strategies) report: Synthetic nitrogen fertilizer, applied to crops like maize, sorghum, wheat and sugarcane, is a major contributor of emissions in the sector. As per Climate Watch data (2024), in South Africa fertilizer use in agriculture amounted to 1.3 million tonnes.
- Climate Change Act (2024) sets out sectoral emissions targets and mandates greenhouse gas reporting, covering agriculture and related sectors.



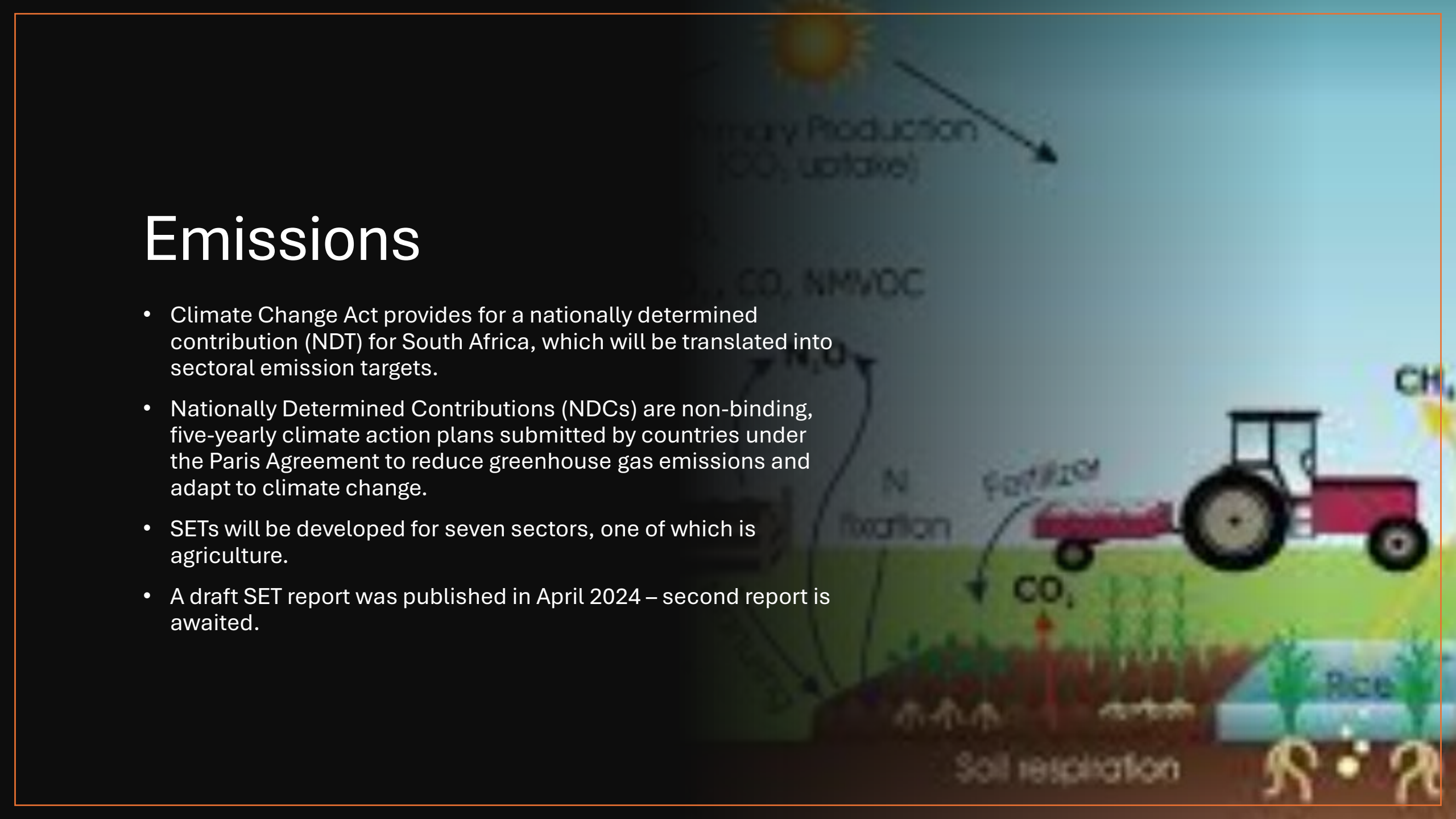
Water

- The use of fertilizer, through nutrient runoff and leaching of nitrogen and phosphorus, can cause eutrophication, algal blooms and oxygen depletion in water bodies.
- The National Water Act treats nitrogen and phosphorus from fertilisers as “waste” when they enter water systems.
- It imposes a legal duty to prevent and remedy such pollution and requires authorisation for activities that risk nutrient discharge.
- The Amendment Bill strengthens pollution control by tightening discharge definitions and introducing a “fit and proper person” test disqualifying polluters from licences.



Emissions

- Climate Change Act provides for a nationally determined contribution (NDT) for South Africa, which will be translated into sectoral emission targets.
- Nationally Determined Contributions (NDCs) are non-binding, five-yearly climate action plans submitted by countries under the Paris Agreement to reduce greenhouse gas emissions and adapt to climate change.
- SETs will be developed for seven sectors, one of which is agriculture.
- A draft SET report was published in April 2024 – second report is awaited.



National Water Amendment Bill

- The Bill was tabled in Parliament on 21 January 2026.
- No NEDLAC process has been followed.
- Agbiz has requested that BUSA initiate a NEDLAC process.
- The Bill explicitly seeks to prohibit private water trading, which has been used by farmers and industries to secure water rights.
- The Bill also holds serious implications for existing lawful use and may lead to a situation where it may no longer be possible to submit new applications for the registration (and declaration) of pre-commencement ELUs.
- Bill also allows for transfer of water between catchments, provinces and sectors.
- Agbiz has commented and is pushing for a NEDLAC process on the Bill.



Labour law

- The ILO is a tripartite U.N. agency, that brings together governments, employers and workers of 187 Member States, to set labour standards, develop policies and devise programmes promoting decent work.
- The ILO makes conventions on labour practices that often find their way into our legislation.
- The latest International Labour Organization (ILO) convention is Convention No. 192 (C192) on biological hazards, adopted in June 2025 to protect workers from biohazards.
- Other recent, landmark conventions include C190 (2019) on ending violence and harassment in the world of work and the 2022 elevation of safe working conditions to a fundamental principle.



Labour law amendments

- On 26 February 2026, the Minister of Employment and Labour published the Employment Law Amendment Bill, and the Labour Relations Amendment Bill 2025 for public comment. The Bills seek to amend the Basic Conditions of Employment Act, 1997, the Employment Equity Act, 1998, the Labour Relations Act, 1995, the National Minimum Wage Act, 2018, and the Unemployment Insurance Act, 2001.
- Some of the most important amendments include:
  - The exclusion of newly established employers employing fewer than 50 employees from bargaining council terms and conditions for the first two years of operation.
  - Employers will be allowed to dismiss probationary employees within the first three months — or within a longer "reasonable" probation period — without facing claims of unfair dismissal.



Legislative changes: Labour law amendments



- Sectoral determinations to apply to a broader category of employees, specifically so-called on-call employees, gig workers, freelancers, and on-demand contractors .
- Increasing severance pay going forward to two weeks per year worked.
- Allowing recognised union representatives to accompany labour inspectors during inspections.
- To clarify that deferred payments (such as retirement fund contributions) are excluded from the wage calculation made to employees are not taken into account when calculating compliance with the national minimum wage.

Land reform

- Amendment of section 25 of the Constitution
- Expropriation without compensation – Ekurhuleni-case.
- Redistribution Bill: Equitable Access to land: expropriation and land ceilings.
- Uncertainty around land rights is not good for investment, when farmers do not expand and invest, they also don't buy inputs such as fertilizer.



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Conclusion

- It is important for any sector to keep an eye on regulatory trends, both internationally and locally.
- Regulatory trends are influenced by politics.
- Current trends that can impact on the fertiliser industry include ESG-related developments, and more specifically emissions, biodiversity, water reform, labour law changes and land reform developments.

Thank you!

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