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GLOBAL COMPANIES ROLLING BACK RENEWABLE ENERGY COMMITMENTS:

IMPLICATIONS FOR EMISSIONS REPORTING, LEGAL COMPLIANCE, AND AFRICA'S REGULATORY LANDSCAPE

INTRODUCTION

The global energy landscape is witnessing a significant shift as major corporations, including energy giants like BP, scale back their renewable energy commitments. BP, for instance, has recently revised its strategy by reducing its 2030 emissions reduction target from 40% to 20-30% and increasing investments in oil and gas exploration. This pivot reflects a broader trend among corporations prioritizing fossil fuel investments over renewable energy projects, driven by market pressures, geopolitical uncertainties, and changing regulatory landscapes

This rollback has profound implications for corporate sustainability frameworks, particularly emissions reporting. Emissions reporting is central to Environmental, Social, and Governance (ESG) compliance and corporate accountability. It provides stakeholders with transparency about a company's environmental impact, while aligning business operations with global climate goals. However, as companies scale back renewable energy investments, their ability to meet emissions reduction targets—especially Scope 3 emissions—faces significant challenges, potentially undermining their ESG commitments and exposing them to reputational and regulatory risks

These developments underscore the tension between short-term financial priorities and long-term sustainability goals in the corporate world. As fossil fuel investments rise, the global push for decarbonization risks losing momentum at a critical juncture in the fight against climate change.

CORPORATE ROLLBACKS AND SCOPE 3 EMISSIONS: A REGULATORY CHALLENGE

Scope 3 emissions, as defined by the Greenhouse Gas Protocol, represent all indirect emissions across a company's value chain, including upstream activities (e.g., raw material extraction) and downstream processes (e.g., product use and disposal). These emissions are often the largest contributor to a company's carbon footprint, accounting for up to 90% in sectors like energy and manufacturing. Properly addressing these emissions is critical for achieving corporate decarbonization goals and aligning with frameworks such as the Science Based Targets initiative (SBTi).

Scope 3 emissions are also central to corporate sustainability reporting. Regulatory frameworks like the EU's Corporate Sustainability Reporting Directive (CSRD) require detailed disclosures on these emissions to ensure transparency and accountability As global climate policies tighten, Scope 3 reporting has become a key metric for evaluating corporate environmental performance.

The recent trend of corporate rollbacks on renewable energy commitments has significant implications for Scope 3 emissions reporting. For example, BP's decision to scale back its renewable energy investments; while increasing fossil fuel production reflects a broader industry shift. These rollbacks undermine efforts to decarbonize supply chains, which are critical for reducing upstream emissions from activities like material sourcing and transportation

Renewable energy investments play a crucial role in reducing Scope 3 emissions. Companies that procure clean energy through Power Purchase Agreements (PPAs) or Energy Attribute Certificates (EACs) can indirectly lower the carbon

intensity of their suppliers. However, as corporations like BP redirect resources toward fossil fuels, suppliers are less incentivized to transition to renewable energy sources. This perpetuates reliance on carbon-intensive processes across value chains.

Additionally, the rollback of key policies such as the Inflation Reduction Act (IRA) in the United States has created financial barriers for renewable energy adoption. Without federal incentives to offset the high upfront costs of clean energy projects, many businesses may find it economically unfeasible to invest in renewables. This not only inflates Scope 3 emissions, but also complicates compliance with international reporting standards.

The rollback of renewable energy commitments exposes companies to heightened regulatory risks. In regions like the European Union, stringent frameworks such as the Carbon Border Adjustment Mechanism (CBAM) penalize imports with high embedded carbon footprints. Companies scaling back their decarbonization efforts risk higher tariffs and restricted market access due to inflated Scope 3 emissions.

In the U.S., recent policy shifts under Project 2025 propose dismantling federal offices that promote clean energy technologies. While this may reduce short-term regulatory pressures on corporations, it creates long-term uncertainty as state-level climate policies gain prominence. For example, California's climate laws continue to enforce strict emissions reporting requirements despite federal rollbacks.

Greenwashing allegations also present a significant legal challenge. Companies that fail to report accurate Scope 3 data or exaggerate their sustainability achievements face reputational damage and potential litigation under consumer protection laws. Moreover, non-compliance with international standards could lead to financial penalties or exclusion from global markets.

Corporate rollbacks on renewable energy not only hinder progress on decarbonization, but also increase exposure to regulatory risks. As governments worldwide enforce stricter disclosure requirements, companies must prioritize investments in clean energy solutions or face significant legal and financial consequences.

LEGAL AND REGULATORY IMPLICATIONS FOR AFRICA'S LANDSCAPE

Africa's climate governance framework is undergoing rapid transformation, driven by both international obligations and domestic imperatives to address energy poverty and climate vulnerability. South Africa's recent publication exemplifies this evolution. The report, covering emissions data from 2000 to 2022, aligns with the United Nations Framework Convention on Climate Change (UNFCCC) requirements and forms the basis for the country's First Biennial Transparency Report. By mandating detailed sectoral and gas-specific disclosures, the NIR underscores Africa's growing emphasis on robust emissions reporting as a foundation for climate policy. Similarly, Rwanda's Energy Feed-in Tariff Regulations (2012), which catalyzed a 1,200% increase in electricity access by incentivizing renewable energy investments, demonstrates how legislative frameworks can drive decarbonization These initiatives reflect a broader continental trend toward integrating emissions transparency into national development agendas, even as global corporations scale back renewable commitments.

However, challenges persist. Only 35% of African countries have fully domesticated the Paris Agreement, limiting the enforceability of emissions reduction targets. The African Continental Free Trade Agreement (AfCFTA) and the Convention of the African Energy Commission provide regional scaffolding for climate action, but implementation gaps remain. For instance, while Mauritania's $34 billion green hydrogen project signals ambition, inconsistent adoption of

UNFCCC reporting standards across the continent risks fragmenting accountability. These disparities highlight the urgency of harmonizing emissions reporting frameworks to counterbalance corporate fossil fuel reinvestments.

African jurisdictions are increasingly leveraging litigation and regulatory mechanisms to hold corporations accountable for climate harms. The landmark Cancel Coal case (Africa Climate Alliance v. Minister of Mineral Resources and Energy, 2024) marked a watershed moment. South Africa's High Court invalidated the government's plan to procure 1,500 MW of new coal-fired power, ruling it unconstitutional due to its disregard for children's rights to a healthy environment and failure to consider renewable alternative. The judgment established a precedent that fossil fuel investments violating constitutional rights can be challenged through judicial review, directly countering corporate rollbacks.

Complementing judicial activism, legislative tools like Kenya's Environmental Management and Coordination Act mandate rigorous Environmental Impact Assessments (EIAs) for renewable projects, addressing rights violations such as land dispossession and loss of livelihoods. For example, protests against renewable installations in Kenya—sparked by inadequate community consultation—have delayed projects, underscoring the financial and reputational risks for companies bypassing due diligence. Similarly, Uganda's National Climate Change Act (2021) imposes sanctions on private entities whose actions undermine climate goals, creating a deterrent against greenwashing. Such cases emphasize that corporate retreat from renewables may expose firms to litigation under both local and foreign jurisdictions.

Africa's evolving legal landscape presents both a shield and a sword against corporate fossil fuel retrenchment. While emissions reporting frameworks like South Africa's NIR enhance transparency, judicial precedents and stringent regulations—such as Uganda's sanctions regime and Kenya's EIA

requirements—raise the stakes for non-compliance. For multinationals scaling back renewables, these developments signal that Africa is no longer a passive recipient of extractive policies, but an active enforcer of climate justice.

POLICY AND LEGAL CONSIDERATIONS FOR AFRICAN STAKEHOLDERS

The global trend of corporations scaling back renewable energy commitments presents African regulators with both challenges and opportunities to recalibrate climate governance frameworks. As multinational energy firms pivot toward fossil fuel investments exemplified by BP's strategic reversal African nations must strengthen domestic legislation to safeguard long-term decarbonization goals. For instance, Rwanda's Energy Feed-in Tariff Regulations (2012) demonstrate how targeted policies can accelerate renewable energy adoption, boosting electricity access from 6% to 75% over 15 years, while attracting projects like the 145MW Ruzizi III hydropower plant. Similarly, Nigeria's $4 billion solar initiative led by Coscharis Technologies underscores the importance of legal frameworks that incentivize private-sector green investments through tax concessions and streamlined permitting.

Africa's fossil fuel exporters face mounting legal and diplomatic pressures as international climate agreements prioritize emissions reductions. The continent holds 9.5% of global oil reserves and 8% of natural gas reserves, yet 38 African nations remain net energy importers, exposing them to volatile prices and balance-of-payment crises. While countries like Nigeria and Uganda advocate for a Òphase-downÓ rather than a Òphase-outÓ of fossil fuels—emphasizing their role in bridging energy access gaps—this stance risks alienating international partners demanding stricter climate compliance. The African Energy Chamber warns that conceding to external agendas could undermine economic sovereignty, as fossil fuels remain vital for industrialization and electrification.

Legally, African nations must navigate complex trade negotiations to protect their right to exploit hydrocarbon resources, while adhering to global climate frameworks. For example, Zambia's Pan-African School of Thought proposal highlights the need for homegrown policy models that reject Euro-centric climate strategies and prioritize energy security. Simultaneously, countries like Mauritania are pioneering hybrid approaches, such as a $34 billion green hydrogen project, which balances fossil fuel revenues with renewable energy investments. These efforts require robust legal safeguards to prevent disputes over resource sovereignty, particularly as entities like the EU's Corporate Sustainability Reporting Directive impose extraterritorial emissions standards on multinational firms operating in Africa

Africa's disproportionate vulnerability to climate change—despite contributing less than 4% of global emissions—positions the continent as a moral and strategic leader in advocating for equitable climate accountability. The Convention of the African Energy Commission and the Good Financial Governance in Africa initiative exemplify regional efforts to audit green finance flows and ensure transparency in climate-related expenditures. Supreme audit institutions (SAIs) and public accounts committees are increasingly scrutinizing government spending on renewable projects, as seen in Nigeria's enhanced Environmental Impact Assessment (EIA) compliance monitoring.

At the international level, African negotiators can leverage platforms like COP28 to demand stricter enforcement of Scope 3 emissions reporting for multinational corporations. By domesticating global treaties such as the Paris Agreement into national law—a step yet to be taken by most African states—policymakers could legally bind foreign firms to disclose and mitigate value-chain emissions linked to African operations. Additionally, proposals for a Pan-African Climate Litigation Fund could empower civil society groups to challenge corporate greenwashing

through regional courts, building on precedents like Kenya's landmark climate liability cases.

African policymakers can respond to global corporate rollbacks on renewable energy commitments by implementing the following policy and legal considerations:

1. **Strengthen Renewable Energy Targets:** Enact binding climate laws that mandate renewable energy adoption, ensuring that companies operating in Africa adhere to these standards. For example, Rwanda's Energy Feed-in Tariff Regulations have successfully accelerated renewable energy projects.
2. **Enhance Energy Sector Reforms:** Implement reforms to make the energy sector more efficient and utilities more robust. This includes transparent and competitive tendering processes for new generation capacity and cost-recovery mechanisms for utilities.
3. **Promote Regional Electricity Trade:** Encourage regional electricity trade to facilitate the integration of variable renewable energy into weak grids, enhancing energy security and reducing reliance on fossil fuels.
4. **Leverage International Partnerships:** Collaborate with global partners to secure financing and technology transfers that support renewable energy projects. The Mission 300 initiative, backed by the African Development Bank and World Bank, aims to provide electricity access to 300 million Africans by 2030.
5. **Develop Green Hydrogen Strategies:** Implement strategies like the African Green Hydrogen Strategy to leverage green hydrogen as a clean energy source, reducing dependency on traditional energy sources.
6. **Adopt Energy Efficiency Measures:** Implement the African Energy Efficiency Strategy and Action Plan to enhance energy productivity across sectors.

CONCLUSION

Corporate rollbacks on renewable energy commitments pose significant long-term risks to global climate action. By deprioritizing decarbonization efforts, companies not only exacerbate greenhouse gas emissions, but also undermine the global objective of limiting global warming to 1.5¡C, as outlined in the Paris Agreement. These reversals amplify transition risks, including reputational damage, regulatory penalties, and stranded asset liabilities, which could destabilize markets and reduce investor confidence. Moreover, marginalized communities—already disproportionately affected by climate change—will bear the brunt of these decisions, further deepening global inequalities. Without sustained corporate commitment to renewable energy, the pathway to a low-carbon economy becomes increasingly uncertain.

To mitigate these risks, stronger legal frameworks are essential for holding corporations accountable for their climate commitments. Governments and regulatory bodies must enforce mandatory climate-related disclosures, such as those required under the EU's Corporate Sustainability Reporting Directive and the SEC's proposed climate risk disclosure rules. These frameworks should include stricter Scope 3 emissions reporting requirements to ensure that companies address their carbon footprint across the entire value chain. Additionally, penalties for greenwashing and non-compliance must be robust to deter misleading claims about sustainability efforts.

Africa has a unique opportunity to influence the global response to corporate emissions rollbacks. As a continent disproportionately impacted by climate change; yet rich in renewable energy resources, Africa can leverage its position to advocate for equitable climate accountability measures. African nations can push for stricter international regulations on Scope 3 emissions reporting at

forums like COP28, while demanding technology transfers and financial support for renewable energy projects.

Corporate reversals on climate action jeopardize not only environmental sustainability but also economic stability and social equity. Stronger legal frameworks are urgently needed to ensure that corporations remain accountable for their emissions reduction commitments.

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