

Mining executives can use inspiring climate narratives to engage stakeholders

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11 Feb 2020

Too often mining companies frame their "climate narrative" around compliance. Instead they should aspire to be more inspiring. Only then will their climate-related efforts get the attention and appreciation they deserve. By considering three key questions, mining company executives can improve the quality of their engagement and the impact of their efforts.



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1. What are the expectations of our internal and external stakeholders?
2. Which disclosure standards and initiatives do we want to adopt?
3. How can we shape a narrative about our company that is engaging, appealing, coherent and credible?

Because mining companies operate in a complex ecosystem of employees, communities, partners, customers, industry associations, investors and government regulators, they need to nurture a strong internal and external narrative. The foundation of this narrative is a shared sense of purpose and values among employees that animate the company's climate-change efforts, a well-articulated vision for how the company will tackle climate change, and a robust disclosure framework with clear, independently verifiable practices to set objectives and assess progress on sustainability goals.

This ecosystem includes industry associations that give recommendations on what and how to disclose (e.g., the Task Force of Climate-related Financial Disclosures (TCFD) and the Climate Disclosure Standards Board (CDSB), groups that evaluate and score how well companies address climate impacts and adhere to reporting initiatives (e.g., the Transition Pathway Initiative and CDP -- formerly the Carbon Disclosure Project), and investor coalitions that require companies to achieve certain scores or ranking (e.g., The Global Investor Coalition on Climate Change and The Institutional Investors Group on Climate Change (IIGCC)).

For example, CDP focuses on climate change, water, forests and supply chains. Based on a company questionnaire, it calculates a CDP score and publishes an “A-list”. More than 6,300 companies participated in 2017, and investors use the CDP score in their decision making. The impact of these scoring systems is enormous and growing. In 2017 the investors that utilised the CDP score had \$87 trillion in assets under management.

But to truly engage and convey an inspiring narrative, mining companies need to do more than be transparent, they need to demonstrate their leadership on these issues whenever possible. For example, BHP has committed to setting public goals in 2020 on reducing greenhouse gas emissions, and it plans to tie executive pay more closely to environmental-responsibility targets.

By engaging this ecosystem of partners, customers, industry associations, investors and government regulators, mining companies put themselves in a position to react nimbly to new sustainability challenges and build an uncertainty advantage. For example, by participating in government and cross-industry collaborations, mining companies can help shape the sustainability agenda instead of just reacting.

Holistically managing climate risk

Umicore is a great example of a company that has focused on all three key priorities--developing a climate-conscious, scenario-based business strategy, climate-proofing the operations, and engaging stakeholders with an inspiring narrative—as it transformed itself from a mining player to a materials-tech leader. It sold off most of its copper and zinc smelters and acquired capabilities and technologies centered on primary metals recycling. As early as 2013, it was operating at the frontier of the clean-tech economy, generating €2.4bn in revenues and significantly reducing the impact of metal-related emissions on air and water. That year, it ranked #1 on the Global 100 index of the world’s most sustainable companies—something that surely grabbed the attention of investors, employees and customers.

Looking forward into the 2020s, more companies will need to follow the lead of companies such as Umicore. Indeed, we’d argue that any remaining climate-change skeptics in the mining industry have a very precarious future given the reality of climate change and its escalating costs. Regulators and shareholders also have a role to play in supporting companies in their efforts to tackle climate-change issues. But make no mistake, the bulk of the responsibility lies with mining executives themselves. There is no time to waste.

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