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Examples prove mining can set good examples of climate responsibility

A new report by proactive investors group (www.proactiveinvestors.co.uk) to examine the greenhouse gas emissions of the world's three largest mining companies, reports Glencore PLC, BHP Group PLC and Rio Tinto PLC over the past 10 years, since 2013, have collectively reduced their greenhouse gas emissions by a staggering 45% (54.9Mt CO₂ est.) from 121.2 Mt CO₂ est. to 66.3Mt CO₂ est.

Is this a real reduction in emissions or it is simply masking the production reduction of these companies during the period? The question can be investigated in relation to earning of the companies. Less relative earning will show cut or loss of production but higher earning would mean production growth was sustained at the planned level.

Since 2013 the collective underlying earnings (EBITDA) from these three companies is up 4% Y-o-Y, which suggests lower operational levels are not influencing the reduced greenhouse gas emissions. Lesser greenhouse gas production per tonne of produced materials is a good sign for the “ethically responsible” investors as well as for the sustainability of the company.

Which miner is leading the way? BHP Group PLC has increased the amount of EBITDA it generates for every tonne of greenhouse gas it produces by 211% since 2013, while Rio Tinto PLC has increased its EBITDA/t CO₂e by 59% and Glencore by 35%. As a result, BHP Group PLC is the most environmentally efficient major mining company, as it generates the highest level of EBITDA for every tonne of greenhouse gas produced by some way, US\$1,399/t CO₂ est, compared to US\$912/t CO₂ est. for Rio Tinto PLC and US\$477/t CO₂ est. for Glencore.

How it has been possible have the majors improved the environmental footprint of their operations? A large part of this improvement has been driven by a reduction in energy consumption. Since 2013, the three major mining companies have reduced their energy consumption by 27%. That is 285 petajoules of energy, which to give some context is equivalent to 4.5% of the UK's total energy consumption in 2019. Also contributing to this improvement is a change in the energy sources used by the majors with both Rio Tinto and BHP Billiton and increasing their use of hydropower and other renewables and or reducing their use of coal-based power sources. While these companies can still improve, and indeed plan to improve, perhaps the stereotypical view of mining as an industry that is destroying the planet needs to be re-examined vis-à-vis the contribution of the chemical and infrastructure companies.