

Natural Resources Forum: ESG Week 2021**Panel 8: Company Case Studies**

Moderator: John Merry, Principal Environmental Scientist, SRK Consulting

Panelists:

1. Mark Selby, Chairman & CEO, Canada Nickel Company
2. Alex Čaičics, Group Head of ESG and Sustainability Communications, Polyus
3. Andy Morrison, Chairman, Spinnaker Acquisitions Plc

Canada Nickel: Shift to decarbonisation

For Canada Nickel, one of the largest nickel discoveries rapidly advancing towards production, the ESG challenge represents an ESG opportunity, as the shift towards decarbonisation presents a huge opportunity for Nickel, and Canada Nickel hopes to be in a position to deliver a net zero cobalt and net zero iron product to market.

Mark Selby of Canada Nickel Company noted that there are very few locations worldwide that have access to low carbon electricity, and that are easily accessible by road and rail to avoid airborne transport. Mark commented that when the EU introduces carbon based taxes on metals producers, lower carbon producers will benefit from a premium. There is also scope for a demand premium - the electric vehicle supply chain is keen to access a lower carbon supply, and this will generate significant competition, with the tiny fraction of assets that can deliver zero carbon in a position to blaze the trail going forward.

Polyus: Building a climate strategy and preparing for climate change

Polyus, the world's largest gold miner by reserves, has recently committed to net zero by 2050 along with other members of the International Council on Mining and Metals (ICMM). However, Alex Čaičics of Polyus noted the importance of implementing shorter term steps – the company hopes to become carbon neutral earlier than 2050, and is focusing on decarbonisation in the meantime. To this end, Polyus has conducted a pilot climate risk assessment at one of its production assets to assess the most material risks caused by global warming to the company's assets. The risk assessment is helping the company work out what it needs to do and how it can best prepare itself for climate change.

Polyus operates in a very water rich area, with wide availability of hydropower. Since 2015 Polyus has invested in developing the power grids in the region, and in 2021 Polyus became the first mining company to cover all its operational electricity with hydropower and IREC certificates. The issue of melting permafrost is one Polyus is looking at closely – Alex commented that there is a stereotype of Russia being a cold country, however Siberia in Russia is warming faster than anywhere else in the world, so this has been a focus for the company's climate risk assessment. An interesting result from the assessment is that, due to the nature of the soil around Polyus' assets and hard rock content, Polyus is less at risk, however the company continues to monitor permafrost closely.

Spinnaker Acquisitions: Seeking opportunities

Purpose-built cash shell Spinnaker Acquisitions believes that financial markets can play a pivotal role in the transition to a greener, more sustainable economy, by enabling the reallocation of capital towards the opportunities these present. Andy Morrison of Spinnaker Acquisitions noted that the company is seeing a good environment with lots of people looking for funding, as well as excellent ideas among early-stage projects, however the ESG investment community is looking for big projects. Andy explained that the projects that gain most traction are the ones that individuals can rate to in a meaningful way, so projects with a consumer angle are of interest to a wider audience.

Spinnaker is well placed to make impact by taking on one business. In particular, Spinnaker Acquisitions look for projects that would qualify for the LSE's green economy mark – particularly critical metals required for the transition to sustainability. Andy noted that there is a big opportunity to play catchup in this area, and the mining sector has scope to play a greater role in the green economy.

Compiled by Hudson Sandler

