

Towards a sustainable low-carbon future

By [Mongezi Vetli](#)

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The Covid-19 pandemic has taken us back to a time where the world didn't have poor air quality and greenhouse gases. As countries worldwide went into lockdown, a noticeable difference in our environment began to emerge. After many years, the Himalayas Mountains have become visible from kilometres away due to a reduction in air pollution. This has allowed us to look at what the future could hold if we all work towards a more sustainable future.



Mongezi Vetli, executive head of sustainability, Exxaro

While we have reached a good place in reducing our carbon footprint, this needs to be taken further to support climate action. We need to continue building on our current progress to support the transition into a low carbon future while not losing momentum.

With many people being forced to work from home and practice social distancing, our carbon emissions have dropped drastically, but it has also put a lot more strain on our power supply. Implementing a strategy that will meet the demands of an ever-expanding population while remaining conscious to climate change and the risk that it continues to pose is, therefore, of the utmost importance.

The reality is that we cannot separate sustainable energy security and climate change. The two are interlinked and reliant on one another. The greenhouse gas emissions released through fossil-fuel generated power is one of the biggest contributors to increased global temperatures. Unfortunately, a stable power supply is essential in allowing an economy to function and thrive. We, therefore, need a reliable and sustainable solution to providing power without harming our environment even further.

Transition to low carbon future

The physical and transitional impacts of climate change is a serious threat to our business and society. It requires immediate action to reduce the effects both locally and globally. We are aware of the role that fossil fuel-generated power has in releasing greenhouse gases and contributing to climate change. Therefore, we have taken a strategic decision to develop the necessary policies and programmes to begin the transition to a low carbon future. On 12 March 2020, we published our climate change position statement, which contains our aspirational target to be carbon neutral by 2050.

A decrease in the share of coal in the global energy mix is predicted in the long-term, but this doesn't mean that it will no longer be a source of energy. It will remain relevant in the production of electricity in South Africa for the foreseeable future. This ties in perfectly with the Just Energy Transition initiative that we are a part of with industry groups. We believe that renewable energy resources can play a significant role in the supply power in Africa, provide greater economic participation and security of previously marginalised communities and access to affordable energy while keeping our communities healthy and resilient to the impact of climate change.

Our strategy, therefore, is to future-proof our business and communities so that they can adapt to impending physical and transitional change due to energy transition and rising global temperatures. This has allowed us to investigate low carbon options that can be implemented as we make the transition to energy that is less reliant on coal. This is not something that happens overnight. It requires dedication, a lot of research and a team to execute the strategy with the innovation and integrity needed to ensure that we follow the most ethical path possible.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD allows us to further enhance our climate change disclosure by analysing the financial implications associated with climate change risks, as well as opportunities. Together, we share a 2050 goal of becoming carbon neutral – keeping temperature increases below 2°C as per the Paris Agreement to limit global warming.

As we strive towards powering better lives in Africa and beyond, it is imperative that we carefully consider our prospects to ensure they align with our climate change initiatives. These have been well-received by our peers and industry leaders, so much so that we achieved a B-management score for climate change and water management in the carbon disclosure project of 2018. We also received a number one ranking in ESG during 2019, in recognition of our efforts to reduce our carbon emissions footprint.

Even with the achievements mentioned above, we have still opted to re-evaluate our strategic direction through engagement with our stakeholders to develop a strategy that enables a low-carbon economy while still meeting the current energy demand. Our chosen course is to diversify our portfolio to maximise our existing options further while incorporating innovative solutions.

Our updated strategy addresses the pressure associated with making a move to a low-carbon future which includes transitional, physical, and financial risks. Considering this, we have developed a new vision statement that aligns with this low-carbon purpose: Resources powering a clean world.

Building a resilient business

A critical part of our climate change adaption journey is operational resilience. This refers to our ability to withstand changes in the global economy by managing our portfolio of projects, as well as capital allocation. This means that we need to climate-proof our business by finding ways to incorporate an eco-friendlier approach to supplying power.

We have, however, started incorporating small-scale renewable energy solutions to our existing portfolio to support our

aspirational target of being carbon neutral by 2050. As one of the major coal suppliers in South Africa, we are committed to doing our part in achieving this milestone. An example of this, and a step in the right direction, is our recent acquisition of the remaining 50% of Cennergi which owns and operate the Tsitsikamma Community and Amakhala Emoyeni wind farms in the Eastern Cape.

We are dedicated to powering possibility, and we firmly believe that by embarking on a Just Energy Transition process, as well as the internal strategies that we have put into place, we can alleviate the pressure on our environment and reduce the effects of global warming.

ABOUT THE AUTHOR

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