

THE ENERGY TRANSITION IS SHINING A NEW LIGHT ON METALS

The transition to a low carbon future is very metal intensive and commodity trading houses play a crucial role. The demand for the most common ferrous and non-ferrous metals and concentrates – aluminium, copper, nickel, cobalt, tin, platinum group metals and iron ore – is expected to continue growing as the metals and mining sectors have become key enablers of the transition; and their complex journey from extraction to end consumer has gained public attention.

Amidst growing consumer expectations and recent disruptions in supply chains caused by the Covid-19 pandemic, trading houses are rapidly rethinking how they produce and supply products and services sustainably, leading to an evolution in commodity markets. In addition to ensuring their supply chains achieve high standards in sustainability, traceability, and social governance, they are responding to closer scrutiny by increasing transparency as well as implementing and reporting on ambitious ESG and climate policies. Metal merchants and mining companies alike are also adapting their business strategies and operating models to meet these new

requirements, aligning improved operational practices with financing required to make them attractive to investors, governments and society.

Innovation will be key to transforming mineral supply chains. For example, the world's leading steel producers have been investing in R&D to meet their 2030+ climate targets by addressing their Scope 1, 2 and 3 emissions. Meeting these ambitious targets will require technological innovation, and the adoption of green energy sources, such as hydrogen, as well as high-quality iron ore feedstock, to achieve a lower carbon footprint. New technologies for managing water use and waste will also be critical. However, technological innovation alone is not enough. The adoption of more sustainable practices across metals value chains is fundamental in ensuring the energy transition is indeed clean.

Mineral producing countries have an opportunity to set themselves on a green, resilient and inclusive development path. To achieve this, they must commit to ensure a more accountable supply chain. For example, the Democratic Republic of Congo produces 71% of the world's cobalt,

a key component in batteries, and is working hard with the miners to ensure better traceability and sourcing practices of these much-needed metals. Mining companies, traders and governments must continue to strive to address the issues around responsible sourcing and sustainability to ensure countries and their people can benefit from their mineral resources and support the world's demand for transition metals.

The business-as-usual model is no longer an option. As governments set policies to address climate change, metal producers and traders are adapting and pulling together geologists, engineers, ESG and finance experts to deliver a more sustainable metals sector that will help us achieve our climate goals and protect our planet. ■

Daniele La Porta

Global Head of ESG & Sustainability,
Gerald Group



GERMAN VERSION



FRENCH VERSION

