

An ESG Armageddon, Net Zero Carbon and other “planning dilemmas” – Part 3

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ESG Concerns – The Warning!

Well, I thought I had this article on “ESG Concerns” well planned out in my head. Hmm. That was until I read an InvestorIntel article comment that predicted that the journey that the US was about to embark on to resolve the critical minerals supply shortage was going to bring on a version of environmental Armageddon the likes of which the world had never seen before. Well, the Western World anyway. Gobsmailed, non-plussed, astounded, the comment will not get out of my head. I wanted to write this piece on ESG in a balanced, unbiased, and impartial way but sorry. The only way to get your thoughts out of my head is to, well, just tell it like it is. And I do not care if you disagree with me. I have had 50 years in this space, so I should know my stuff. Here goes.

For starters, I want you to ask yourselves, **what is ESG?** How would you define it? I have asked many professional people this question and have received many different answers, although, seem to share a common link. The link being “your social license to operate”. Well, that’s about as useful as an ashtray on a motorbike. Social Licence? Where do you get one? The Tax Office? The Department of Justice? Let me give you a hint. There is no such thing as a Social License. It’s a misnomer. You can’t get one. But wait a minute, you are sure in trouble if you lose it.

So, what then is ESG? It’s a term that implies that it is a measure of your environmental, social, and governance

performance. How do you measure that? I'll get back later with my experience. But first, I want to paint a picture of how you lose it. I want to introduce a concept very much related to risk management. Outrage! Remember this term. It is the major factor that can shut down a business. If you think I am wrong, think about Black Lives Matter – classic Outrage. #MeToo – classic Outrage. Cancel Culture – classic outrage. All starting from sometimes apparently innocuous events. Now think about the masses of eco-warriors out there waiting for the opportunity to shut down fossil fuels, waiting for any negative ESG related type event, no matter how small, especially if on US soil. If you think I'm not serious about outrage, that is what has stopped coal seam methane extraction across most of Australia. I know. I was on the receiving end. And once it starts, it accelerates like a snowball down a hill. You cannot stop it. So, what are our critical minerals people going to do about outrage? Easy. Don't light the fuse! Easier said than done.

Back to the ESG Armageddon theory. I can only assume that such twisted views stem from the reports of Chinese developments of critical minerals and downstream value-adding processes causing massive pollution. Reports, by the way, I have seen from in-country experience, that are vastly exaggerated. Sure, their performance hasn't been exemplary, but let's not call the kettle black. We do have a history of our own. The present day ESG standards of the US, Australia, the Western World really are top notch and why some folks think that this will disastrously change as we expand our critical minerals industries has me, well, gobsmacked, non-plussed and astounded! But that doesn't help our cause when the eco-warriors are waiting. What should we do? Where do we go from here?

An anecdote. The now passed Technical Director of English China Clays was asked that very question in relation to a project that had been in difficulties. Where do we go from here? Jim Gwilliam

was his name and he answered by telling the story of a recent driving holiday in rural Ireland. It was night, dark, and they were lost! But they saw lights in the distance and headed towards them. It was a quaint, little Irish pub. Jim and his wife entered and he asked: "How do we get to there?" The barkeep was quite direct in his response. "If you want to get to there, it's best not to start from here!" That's your ESG social license in a nutshell. Don't get yourself in the position of losing it! Start now! Aim to do whatever you need to do to keep it.

OK. I promised you my views.

If you can't measure it, you can't control it (or manage). How do you measure your ESG performance? Well for starters, don't wait for the regulator. They only issue speeding fines. Not the best way to keep the eco-warriors at bay! Well, you do have the mining regulations, the rule book, as a reference, but that's only a minimum acceptable standard. And that's only for the E and the S that relates to Safety. The G is covered in statutory business/accounting/stock market requirements. But and a big but, is how do you deal with the honesty, the transparency, and the use of this information to let the S-holders know the real truth.

Update. The "[Battle of the ESG Titans](#)" (*hosted by the [Critical Minerals Institute](#)) brought into thinking the EID (Equality, Inclusion, Diversity) discussion. I think this is the new issue that is being brought to the fore as the ammunition that could be used to negate the development of new resources. Really! Why is equality important when you are underground driving a mud truck? Who cares if you are male, or female? Does it make a difference? Does it really matter if you employ more or less locals? Well, the answer is yes to all questions. But only when your community says it matters. That is why you can be racist

and employ predominately local for example. The bigger question is who is your community and how much influence are you going to allow them to bring to bear on you? Again, the answer is whoever wants to. I am seething here saying that the social media universe that has enveloped us, stifled us, set us free, keeps us together whilst alienating us whenever it chooses, is a huge ESG issue. No, it's THE ESG issue that we have to manage. Remember Outrage. A negative E can result in Outrage if the social media wants it. A negative S can, just as a negative G can. Outrage is the No 1 enemy and you cannot fight it. But you can prevent it from happening to you. Stay tuned.

As I progress through this series of articles relating to the Net Zero Carbon dilemma, I will research and publish links to the various online articles that I find on the issue. Some will be positive detailing how we can try to achieve the goal and some maybe negative. You can decide on whether the article influences your thinking.

Article: [How much energy will the world need?](#)

Mark Mills, Senior Fellow, Manhattan Institute

My Comment: For those wishing to visualise the resources requirements into the future.

Website: [Carbon Engineering Ltd.](#)

Carbon Engineering Ltd. is a Canadian-based clean energy company focusing on the commercialisation of Direct Air Capture (DAC) technology that captures carbon dioxide (CO₂) directly from the atmosphere. To access this video, [click here](#)

My Comment: Looks like technology that will depend on the key costs of energy, hydrogen and the rationale around carbon credits/cost. I'll keep an eye.

So, see you next article where I'll try to keep you away from the Outrage. Well, at least minimise the probability of you being in the firing line.