

Case study

Harmony Gold Mining Company Limited



GICS SECTOR Materials

ANNUAL REVENUE US \$1,272,390,000¹

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|---|--|---|
| Emissions reduction target ² | Absolute targets—by 2025, 22% reduction of Scope 2 emissions from a 2015 baseline. By 2045, 90% reduction of Scope 1 and 2 emissions from 2015 baseline. | |
| Reported emissions (2015) | Scope 1 | 66,902 metric tons CO ₂ e |
| | Scope 2 (location-based) | 2,686,401 metric tons CO ₂ e |
| Baseline emissions (2015) | As above | |

Harmony is a gold mining and exploration company with operations in South Africa and Papua New Guinea. The company highlights that it aims to set a precedent for the South African mining industry in renewable energy investment and GHG emissions reduction and plans to obtain at least 50% of its future electricity from renewable sources. It discloses that it anticipates setting a science based target within the next two years.

Harmony reports that it uses an internal price on carbon based on the carbon tax due to be implemented in South Africa in 2017. According to its disclosure, it will not be exposed to the tax directly until 2020, but has assumed an internal price into the planning of its operations from 2016 nevertheless. Internalizing a price on carbon has shown the company that some of its “more marginal assets will no longer be profitable” in the future once carbon taxation begins. It notes that this is one of the reasons it has decided to shift its business strategy to reducing its emissions and energy intensive assets.

The company highlights that it uses the price to:

- “Understand the influence of carbon pricing on the economies and viability of Harmony’s business
- Adapt to the effects of a changing climate
- Drive investment in emission reduction projects
- Reduce risks and identify opportunities
- Ensure the long term sustainability of the business in the green economy
- Position itself for the potential impacts of climate change”

Additionally, Harmony discloses that the effects of climate change pose potential risks for Harmony’s operations, particularly in terms of potential water shortages. This has also influenced the company’s strategy in this area, leading to investments and technical changes that maximize recovery of water for re-use in some of its major mines, for example. In 2015, Harmony invested in 12 energy and water management projects, and has 19 ongoing projects that it reports will help save 64,040 MWh per year. It further reports that the 17 energy efficiency projects planned for 2016 will save 82,301 MWh per year. It plans to utilize the internal price on carbon to help create the investment case for these projects and will be able to report on the success of this strategy in future disclosures. ▼

¹ All annual revenue in USD, 2016 disclosure year. Retrieved September 15, 2016 from Bloomberg terminal.

² Companies may have other emissions reduction targets in addition to those listed in these studies.