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EY Global Climate Action Barometer 2024

Assessing climate risk disclosure progress in the mining sector

The better the question. The better the answer.
The better the world works.

> Despite the market’s growing familiarity with sustainability-related expectations, the mining sector is stepping up its efforts to meet rising expectations on climate risk transparency. Analysis from the EY Global Climate Action Barometer 2024* showed that mining outpaced all other sectors in y-o-y improvements, with its quality score increasing by 7%, reaching 58% in 2024, and coverage expanding from 93% to 99% — but this is still a low bar for a leading sector. With time running out to keep global warming on a below 2°C trajectory, stakeholders are now expecting companies to embed a genuine, rigorous culture of continuous improvement in relation to climate action.

The report evaluated how the mining sector performed against the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD):

Governance

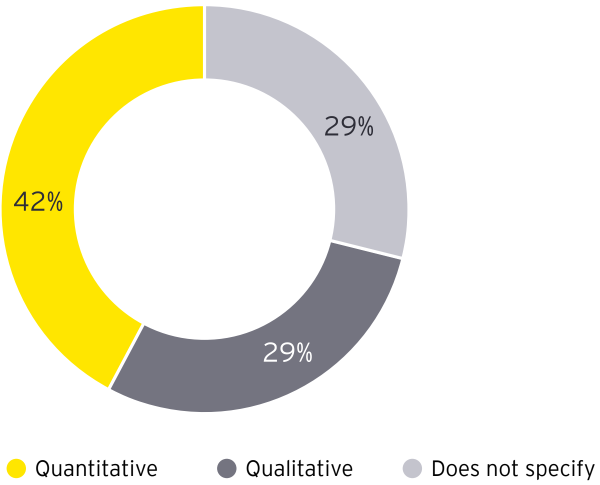
The mining sector performed relatively better on the governance pillar this year with a quality score of 59, ~ 5% higher than the cross sector average on a y-o-y basis. Leading mining firms are integrating climate risk governance into their annual financial reports, describing board-management interactions, the role of committees in climate oversight, skills and competencies required at the board level to oversee climate-related risks and opportunities and mechanisms for linking performance against climate targets to executive compensation.

* The EY Global Climate Action Barometer 2024 examines disclosures from 1,411 companies across 51 countries operating in 13 sectors, including 52 companies from the mining sector, spanning various geographies and market capitalizations during the 2023/2024 reporting year

Strategy

The mining sector trails others in conducting quantitative scenario analysis, with ~42% of companies providing quantitative analysis, ~5% lower than the cross-sector average. The complexity of mining operations, lack of standardized calculation methodologies, and the variability in ore body characteristics and mining methods, which necessitate tailored approaches, along with the need for more sophisticated data and modeling capabilities pose challenges to progress in this area.

Scenario analysis by mining companies



Source: EY Global Climate Action Barometer 2024

Decarbonization strategy disclosed by various sectors

Source: EY Global Climate Action Barometer 2024

Miners are increasingly focusing on developing transition plans aimed at achieving a net-zero future, in response to growing pressure to reduce carbon emissions. As a result, ~70% of companies in the sector have begun to disclose their decarbonization strategies and more than half of the companies have started to actively engage with regulators, industry peers and other associations in accordance with their transition plans.

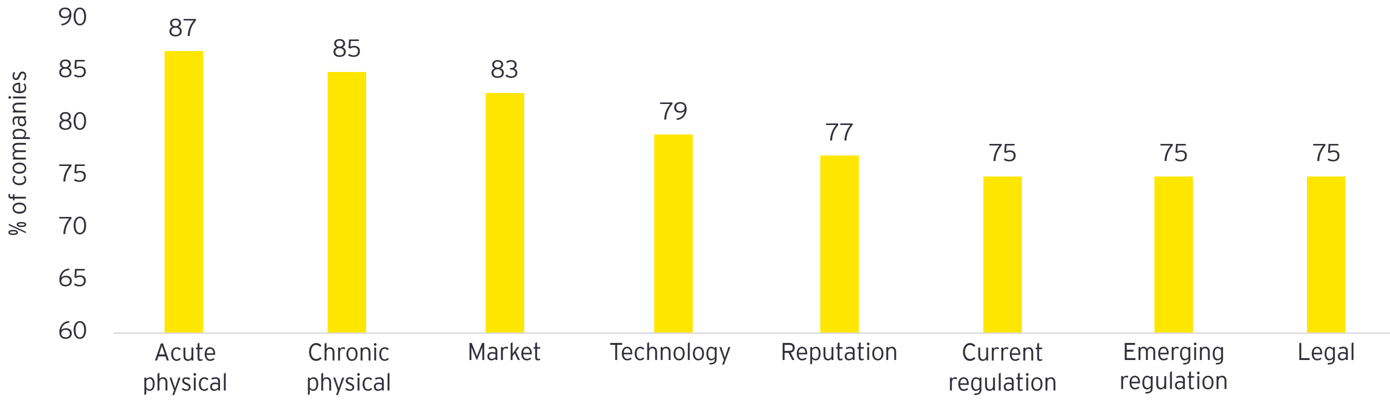
However, the mining sector is not adequately referencing the financial risk of climate change in its financial statements. Only 12% are currently disclosing the quantifiable impacts of climate on their business, despite the sector being highly exposed to transition risk. The International Sustainability Standards Board (ISSB) is developing guidance to help companies incorporate climate risk into financial statements.

> “As we shift from an environment of voluntary to mandatory reporting, the focus on credible transition planning will escalate and should be leveraged as a competitive advantage.
>
> **Fiona A Hancock, Climate Change and Sustainability Services Partner, Ernst & Young Australia**

Risk management

Mining companies are increasingly recognizing both physical (such as impact of extreme weather events on operations) and transition risks (such as legal, market, policy and regulatory risks) associated with climate change, with 87% of mining companies conducting a risk analysis and more than 30% of companies qualitatively disclosing climate risks.

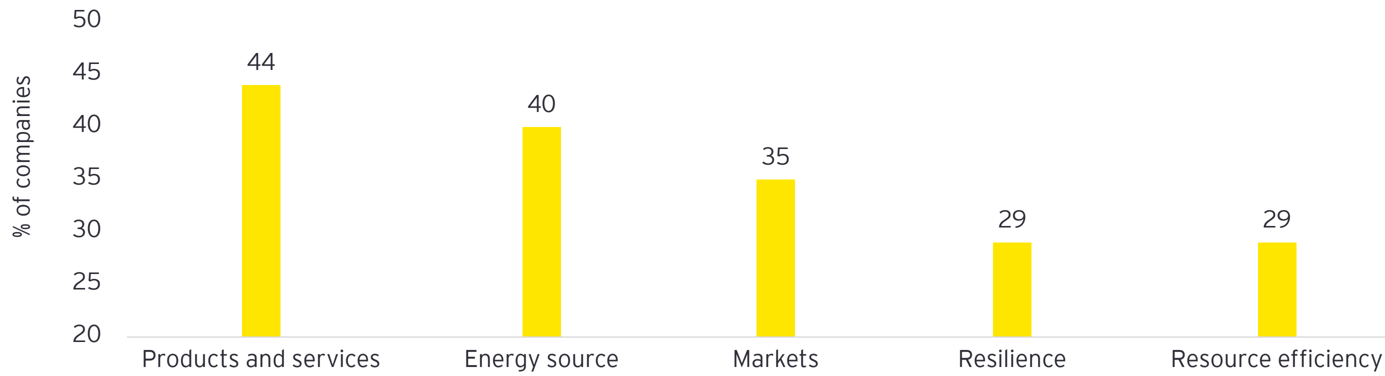
Common risk types disclosed by mining companies



Source: EY Global Climate Action Barometer 2024

Meanwhile, 75% of miners disclosed opportunity types, with products and services supporting low-carbon future (such as electric vehicles, metals recycling) being the most frequently reported opportunity. There is scope for companies to evaluate whether they are fully addressing all the opportunities arising from the transition to a net-zero economy.

Common opportunity types disclosed by mining companies



Source: EY Global Climate Action Barometer 2024

Metrics and targets

The mining sector is leading in the "metrics and targets" pillar, with a quality score of 60 and a coverage score of 99, outperforming the cross-sector average. According to the EY Business Risks and Opportunities Study 2025, more than half of mining executives are 'very confident' in their ability to meet Scope 1 and 2 emissions reduction targets within their set time frame.

The majority of decarbonization efforts are currently concentrated on Scope 2, with low-carbon electricity accounting for nearly 40% of all initiatives. However, Scope 3 emissions remain underreported. Only about one-fifth of mining companies have set Scope 3 reduction targets, with disclosures mostly related to business travel, purchased goods and capital goods. Improved data collection mechanisms and greater collaboration across supply chains are critical to advancing transparency and accountability in this area.

Call to actions

Keep sustainability at the core of business strategy

- Integrate sustainability into core business strategy and processes by breaking down silos and embedding climate risk mitigation and adaptation into every business decision.
- Strengthen board representation through dedicated sustainability governance or link executive remuneration to ESG targets.
- Equip board members with the skills and training to effectively govern transition strategies.

Improve disclosure quality

- Prioritize strengthening data governance and control environments to enhance the quality of climate-related disclosures. Conduct annual reviews to enable accurate and consistent data capture and technology solutions such as data analytics tools to improve data management and reporting.
- Disclose how climate considerations influence major decisions, such as capex, M&A and mine closure.

Enhance quantitative analysis to capture climate risks

- Utilize low, medium and high emissions scenarios, including tipping points, to estimate potential operation and financial impacts.
- Conduct a comprehensive climate risk assessment (CRA) to anticipate disruptions and strengthen long-term resilience.
- Use geospatial data and climate models to assess site-specific risks (e.g., drought, flooding).
- Incorporate transition-risk metrics into investment decision-making process.

Conclusion

In short, the mining sector has made good progress in improving climate-related financial disclosures, but it needs to move faster to meet decarbonization goals. Companies should adopt quantitative analysis to better understand climate change risks and opportunities, connecting this to their financial reports. They should also look for new business models, operational changes and access to grants and green financing. By including scenario analysis in their long-term operational and financial planning and learning from leading practices across sectors, miners can improve the clarity and credibility of their climate disclosures, positioning themselves as leaders in sustainability and driving long-term value for all stakeholders.

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How EY's Global Mining & Metals team can help you
The transition to a low-carbon future demands that mining and metals companies reshape their role in what will be a new energy world. Bolder strategies that embrace digital innovation can help overcome productivity and cost pressures, create long-term value and secure a stronger LTO. EY's Global Mining & Metals team brings together the breadth of experience and talent needed to approach the entire transformation process. By considering four key pillars of change – structure and culture, customers, technology, and skills and capabilities – we can help you adapt for today and reap the opportunities of tomorrow. And together we can build a better working world.

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