

Minjng Journal
INTELLIGENCE

The C-Suite Agenda

Research in association
with Swann Group

SWANN

Analysis in association
with Stratalis Group

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The C-Suite Agenda: how we built it

THE C-SUITE AGENDA TEAM

The research is based on a survey of industry professionals — 370 responses were collected for 2020 — and qualitative interviews with C-suite executives from mining's leading companies. This year, we interviewed leading executives from companies with an aggregated market capitalisation of more than \$380 billion. We worked with C-Suite contacts at major mining groups to contribute multiple interviews in this part of the process.

Respondents to the digital survey were asked to build a hierarchy of priorities for today from a list of 19 challenges and opportunities. They were asked to repeat the process with a view to what those priorities would be in 10 years.

Executive interviewees were simply asked two open questions:

- ▾ **What are the top-three priorities on your agenda, today?**
- ▾ **What do you anticipate will be the top-three priorities on your successor's agenda?**

Here, we're presenting only the top-five priorities for today. The analysis of those priorities was carried out by the **Stratalis Group**.

The full *Global Leadership Report: The C-suite Agenda* also carries the views of METS companies, investors and employees on those priorities; the future-looking C-suite Agenda; the most valuable leadership characteristics; and full transcripts of interviews with all major C-suite executives.



Lorraine Meldrum
SWANN GROUP



George Hemingway
STRATALIS GROUP



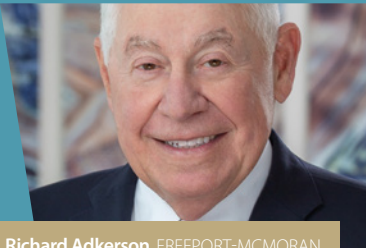
Chris Cann
MINING JOURNAL
INTELLIGENCE



Rebecca Meeson-Frizelle
MINING JOURNAL
INTELLIGENCE

2020: Executive interviewees

We completed interviews with C-suite executives from the world's largest mining companies with an aggregate market capitalisation of more than US\$380 billion.



Richard Adkerson, FREEPORT-MCMORAN,
president and chief executive



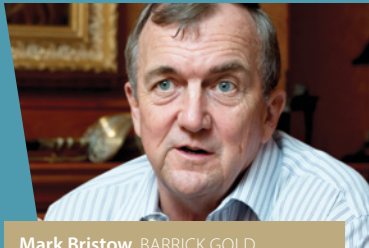
Iván Arriagada, ANTOFAGASTA,
chief executive



Bold Baatar, RIO TINTO,
chief executive, energy and minerals



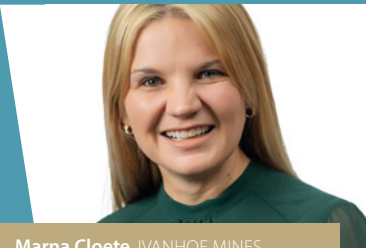
Peter Bradford, IGO,
chief executive and managing director



Mark Bristow, BARRICK GOLD,
president and chief executive



George Burns, ELDORADO GOLD,
president and chief executive



Marna Cloete, IVANHOE MINES,
president and chief financial officer



Andrew Cole, OZ MINERALS,
Managing director and chief executive



Mark Cutifani, ANGLO AMERICAN,
chief executive



Elizabeth Gaines, FORTESCUE METALS
GROUP, Chief executive



Michael Ferraro, ALUMINA,
chief executive and managing director



Ron Hochstein, LUNDIN GOLD,
president, chief executive and director



Nick Holland, GOLD FIELDS,
chief executive and executive director



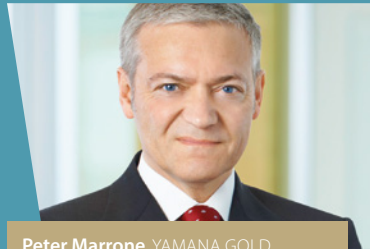
Jake Klein, EVOLUTION MINING,
executive chairman



Greg Lang, NOVAGOLD,
president and chief executive



Anthony Makuch, KIRKLAND LAKE GOLD,
president and chief executive



Peter Marrone, YAMANA GOLD,
executive chairman



Christian Milau, EQUINOX GOLD,
chief executive



Vitaly Nesis, POLYMETAL INTERNATIONAL,
chief executive



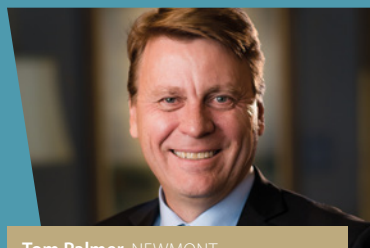
Mosaed Al-Ohali, MA'ADEN,
chief executive



Kevin O'Kane, SSR MINING, senior vice
president and chief operating officer



Petter Østbø, EUROCHEM,
chief executive



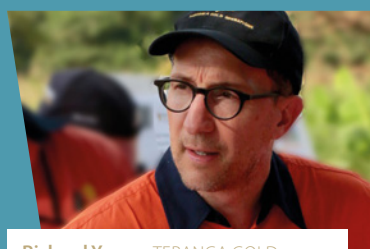
Tom Palmer, NEWMONT,
president and chief executive



Mikael Staffas, BOLIDEN,
president and chief executive



Michael Steinmann, PAN AMERICAN
SILVER, president and chief executive



Richard Young, TERANGA GOLD,
president and chief executive



The C-suite Agenda

Summary

Global pandemics have changed the nature of work. Tailings dam failures have become existential threats to individual companies and the industry. Activist investors have emerged to drive sustainability agendas. Around the world, populist leaders are eager to cast the industry as scapegoats for societal ills. A long-awaited recession is underway and uncertainty is building within the world's two largest economies and source of minerals demand. How are mining company executives responding to these turbulent times and what is the path to success across a multitude of present and future challenges?

This year's *Global Leadership Report: The C-suite Agenda*, has verified in definitive terms what the industry and the ecosystem have been sensing for some time: in these transformational times, if anything is certain it is that nothing is certain at all.

Through in-depth discussions with a panel of leading C-suite executives, supported by a global survey with leaders from hundreds of mining companies, original equipment manufacturers (OEMs), service providers and investors, three consistent themes around what matter to CEOs today, and what will matter in the future, emerged:



1. Trust is the new competitive advantage

This report's suite interviews with more than 25 leaders across some of the biggest mining companies in the world highlighted the importance of 'Trust' as a critical element for sustainable success and the differentiator between companies that would flourish or struggle. Successfully navigating all five of our top C-suite Agenda elements, ranging from 'Safety to 'Community/employee engagement', on a path from business-stoppers to success-drivers relies on a social contract based on trust. This challenge of

'Trust' has been increasing in prominence in the last few years, as miners struggle to build trust with communities and regulators through greenhouse gas (GHG) reduction efforts; with employees and emerging talent through investments in safety and digital programs and with investors, like the Church of England, through initiatives based on transparency and shared guidelines, such as those spearheaded by International Council of Mining and Metals (ICMM).

What has increased the prominence of trust, as shown in this report? Three things seem most evident; increasing shareholder and fund activism, the focus on global tailings dam failures and the unexpected challenges brought on by COVID-19 have all contributed to an increasing awareness that the playbook for success is being rewritten in months rather than decades and that trust is a necessary element.



2. Digital is dead! Long live digital!

Despite investments from mining companies, OEMs and consultants, the long-awaited "digital revolution" has not produced promised results. Responses from CEOs and executives interviewed for this report indicate both a frustration with and an acknowledgment of, the importance of technology, innovation and digital efforts.

Many mining executives viewed the past few years as a disappointment in terms of realising results from digital and technology efforts. While the recent reshuffling of innovation, technology and digital leadership positions across most, if not all, of the major mining companies is evidence of this wavering confidence, our executive panels did indicate a general belief that the future will require a technologically 'different' mining company. They opine that the winners of tomorrow will successfully operate in an autonomous, mechanised and digital manner, persist in technology investment despite disappointing initial outcomes and navigate cooled

“These new applications of technology have the power to heighten the human potential in the industry”

investor enthusiasm towards transformation through global recessions.

In past down cycles innovation efforts would have been shuttered, but our research indicates that this time around, executives instead will pivot these digital efforts to address: 1) *Safety and licence to operate* challenges through tailings monitoring and greenhouse gas mitigation efforts; 2) the *Challenge of talent* through capability building and worker enhancement initiatives; and 3) *Resolving safety issues*, especially due to COVID-19.

These new applications of technology have the power to heighten the human potential in the industry. In fact, recent efforts indicate that many companies are *accelerating* aspects of their digital roadmaps as they redefine what “essential” means for workers on site and in the home office. Unlike in the past, where automation was considered king, miners are realising that it is data, and the convergence of it into systems, that may be the first powerful tool they have to manage exploration shortfalls and the emerging supply crunch, properly analyse tailings risks and improve operating performance. Digital still matters but balancing the promise of technology with the value of humanity is considered increasingly important to the executive.



3. The Challenge of Talent

This year’s survey highlights the absolute acceptance by CEOs, OEMs and others that the mining industry, once inward-looking, no longer exists in a bubble. No area is more reflective of this than the challenge of

recruiting, retaining and reskilling talent. In a socially considerate, transparent and digital post-COVID world, finding employees with needed skills that prefer to join the mining industry is becoming a bottleneck to transformation.

Mining company leaders are seeing this as more than just a temporary issue, but as the key to resolving a significant future risk. While finding new graduates to join the industry is needed to amplify transformational capabilities, especially in digital and technology areas, the lack of new talent also impacts the trust that society has in the sector. Mining is viewed by many as an industry that does more harm than good and mining executives view the recruiting of young, diverse talent that reflects the broader makeup of society as an important lever to not only changing this perception but to creating real meaningful growth for the industry.

As is clear, talent is a critical enabler for mining companies to address Transformation and Trust challenges that they face; one that CEOs indicate will require industry-wide collaboration and messaging to be successful.

COVID-19 pandemic

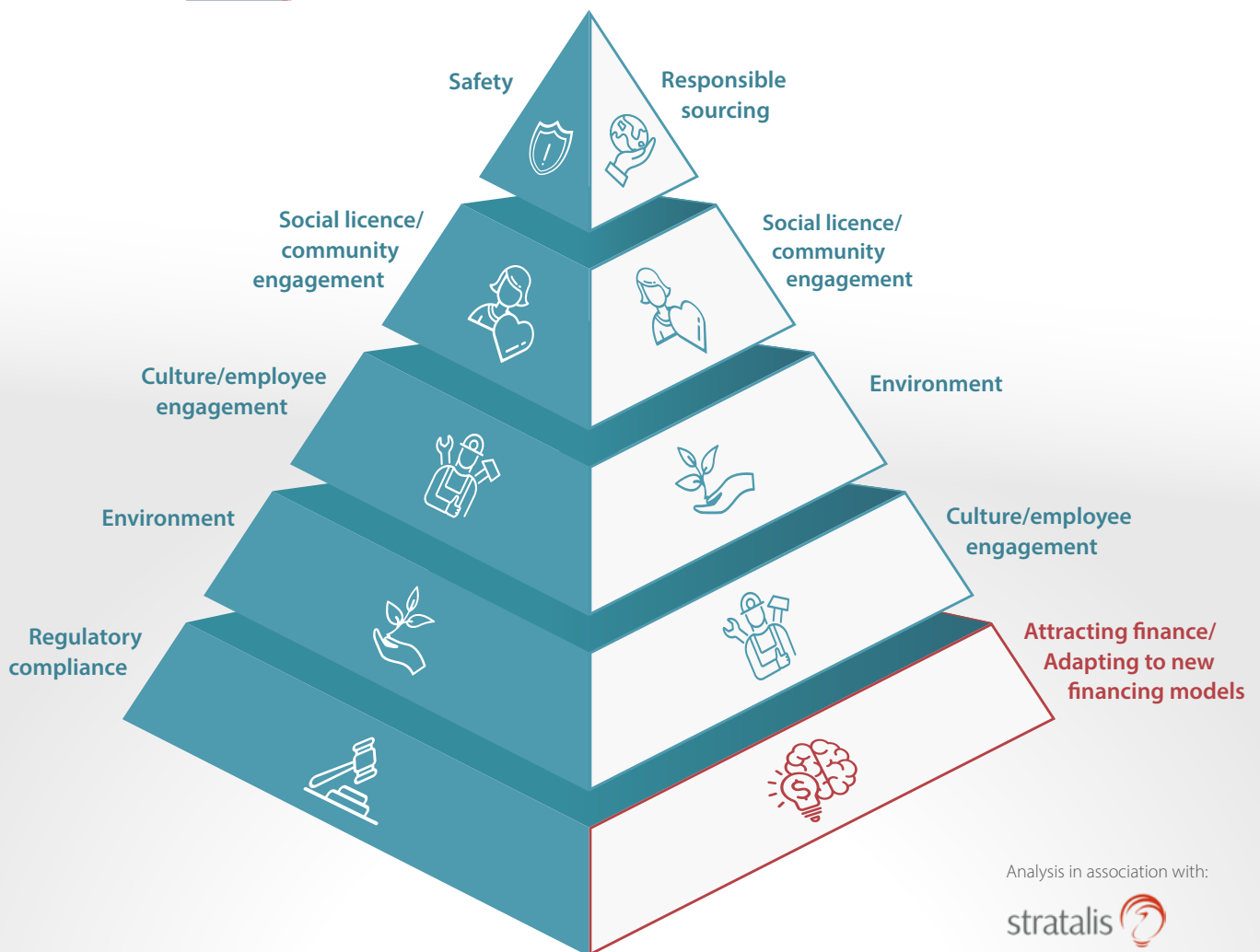
As indicated above, no report produced in 2020 can ignore the dramatic impacts the COVID-19 pandemic has had on the mining industry, as well as on the personal and professional lives of those who work within it. With few exceptions, the pandemic has served to accentuate and accelerate the social, economic and technological changes that the industry was undergoing. A global recession that might have been delayed for a while, has come. The move to remote work and digital technologies, a “nice to have” set of capabilities for many mining companies, are becoming “must have” efforts as roadmaps accelerate. Most importantly, the trust-gap that exists between companies, employees and governments is only magnified when revenues, taxes and jobs, the foundation of the social contract that makes mining so critical to economies, is at risk.

“A long-awaited recession is underway and uncertainty is building within the world’s two largest economies and source of minerals demand”

The C-Suite Agenda

Current priorities

Future priorities



The C-Suite Agenda Priority Pyramid is the culmination of more than six months of research and analysis by the **Mining Journal Intelligence, Swann Group** and **Stratalis Group** partnership.

All Current and Future priorities were classified as Trust issues, besides 'Attracting finance/Adapting to new financing models', which was a Traditional challenge.

1. Safety

What does it mean?

Safety has always been a hot-button issue for the mining industry, but its top-spot on the list of current C-suite challenges is all-the-more surprising given that the C-suite view it as a second-to-last items on the successor's agendas. The reason for this glaring difference is likely driven by a number of factors, including the proximity of COVID-19 and the belief that many of today's safety challenges will be addressed by emerging technologies and replaced with other trust-based issues, such as sustainable sourcing.

Above and beyond traditional worker safety efforts, all industries, ranging from automotive to aviation, are struggling with the same challenges due to COVID-19. Companies cannot operate without employees, unions, and regulators — often wary of the mining companies — seeking proof that they will be protected. The more trusted mining companies, with a stronger employee-management bond, will respond in more agile and effective ways to both present and future health and safety challenges and reap productivity rewards.

The more future-focused mining companies recognise that the challenge of 'Safety' goes beyond preventing accidents and deaths, but from building a community of trust between themselves and their employees. This approach requires mining companies to redefine 'essential' work, from pit to port to support and to minimise the risks that employees take every day. More critically, this needs to be done in a holistic and transparent way that engages employees, unions, communities, and regulators with a clear message; we put people over profits. Companies that fail to execute on this may find themselves challenged to restart should safety or health challenges re-emerge.

What the C-suite said

“Health and safety of our personnel and contractors is always a high priority. However, in this new world with the COVID-19 pandemic, this aspect takes on a whole new perspective.”



Ron Hochstein, LUNDIN GOLD



Richard Young, TERANGA GOLD

“COVID-19 has [...] put a spotlight on our commitment to the wellbeing of our employees.”

“Over time, deaths from occupational health can actually be a lot higher than deaths from accidents.”



Jake Klein, EVOLUTION MINING

2. Social licence/ community engagement

What does it mean?

The theme of 'Trust' dominated the *Global Leadership Report*. And, if 'Trust' is the key to competitive advantage, 'Social licence/community engagement' is the lock it opens. A broad term that encompasses the human and societal 'permission to play' that drives political and regulatory acceptance, it has been the aim of more socially aware mining companies for the past decade.

Even the largest mining companies view 'Social licence/community engagement' as transactional and local, specific to a mine, region or country and focused on the community around the mine itself. With this scope, they manage local stakeholders with various degrees of success. With the exception of well-publicised blunders, the industry has improved its interaction with communities in recent years.

But the emerging challenge is not whether or not miners grasp the importance of social licence, but whether they are looking broadly and holistically enough at the potential 'showstopper' risks occurring outside the 'four walls' of their perceived mining environment. In a world of interconnected, activist-driven movements, mining companies may find themselves impacted by challenges outside their field of vision. In response to social demands, consumer-facing companies like Apple are insisting on sustainability measures that mining companies cannot presently meet. Environmental activists, far removed from the local communities in which miners operate, are launching national campaigns to protect communities and wildlife. Politicians are suing natural resource companies to serve their own agendas. These actions, which could impact any miner, cannot be addressed by any one company and certainly not with hyper-local stakeholder management.

To succeed in the more dynamic and volatile social framework of the 2020s, the mining industry will need to engage more broadly, and to do so in a united way. Hyper-local community engagement, efforts to reduce greenhouse gases (GHG) and water management, will quickly become 'table stakes' in a world that has come to expect these as commonplace from retailers, airlines and clothing companies.

The industry will need to unite around a shared message and appeal to the consumers, manufacturers, and stakeholders outside the traditional comfort zone.

What the C-suite said

“Regular communication and strong local relationships have become vitally important during this COVID-19 pandemic.”



Christian Milau, EQUINOX GOLD



Mark Bristow, BARRICK GOLD

“We convinced everyone, including the local authorities around our mines, to set protocols. They were largely the same as those Randgold Resources (which merged with Barrick Gold in 2018) established to deal with the Ebola outbreaks (in central Africa between 2013 and 2016) and included temperature screening, screening questionnaires and then isolation and tracing at the first suspicion of infection.”

“When the virus emerged, we established a \$6 million fund to help the communities that live near our mining operations in the province of Choapa and in the Antofagasta Region.”



Ivan Arriagada, ANTOFAGASTA

3. Culture/employee engagement

What does it mean?

The prominence of 'Culture/employee engagement' in the minds of executives reflects a mindset shared by leaders from many industries. Peter Drucker's saying, "Culture eats strategy for breakfast", is no less important in mining today than when it was popularised by Mark Fields at the Ford Motor Company. Culture is key to solving the challenge of attracting talent, enabling digital transformation, and perhaps, even creating a community of trust.

As the executive interviewees indicated, none of the above statements were a surprise to the C-suite members from major miners. Nonetheless, one would be hard-pressed to find a major properly structured culturally to enable transformation, or to appeal to the same workforce that would work at Google or Citi.

The challenge is one of balance: how does one balance existing management philosophies and engineering cultures well suited to risk reduction and projects that can be predictably engineered, with the requirements of massive digital and operational innovation? Such transformation projects, whether they be Vale's Powershift programme or BHP's autonomy efforts, require companies to develop cultures capable of making rapid, agile, imperfect decisions necessary for the development of uncertain technologies suited for transformational, systemic change.

For miners, especially larger ones, to succeed in this regard they will need to develop cultures that are comfortable with ambiguity, experimentation, and learning. These environments, which often run counter to the traditional 'engineering-driven' view of mining, challenge companies to focus on discovering uncertainties within projects instead of attempting to eliminate them beforehand and to focus on portfolios of multiple options over one 'proven' solution. These systems also require miners to simplify budgeting, procurement and approval processes designed for risk reduction rather than speed. Culturally, this type of thinking is typically foreign to most miners outside of the areas of exploration and geology, where living with unknowns and ambiguity is second nature.

As a bonus, these types of environments are also what emerging talent — especially in the technology, digital and innovation sectors — seeks. By enabling cultures of experimentation and openness, mining companies will not just enable transformation, they will attract talent.

What the C-suite said

“If we told people three months ago our entire leadership team and technical support staff would all work 100% remotely, in a flexible way and manage to be just as — if not more — productive and continue to build social connections, I think we would have been laughed at. Whereas, not only is that a reality but there’s more headroom than we thought in this space. We have to provide more flexibility for the workforce — the people who work with us. It is about giving the individual more choice about how they want to live and work.”



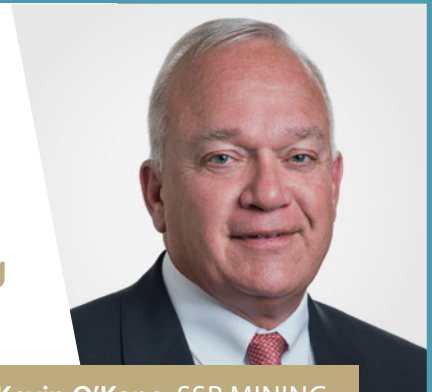
Andrew Cole, OZ MINERALS



Mark Bristow, BARRICK GOLD

“This is about creating a modern way of working. We have a weekly call with these teams and every evening I have a summary of the state of all operations and relevant administrative developments. Our communication was already virtual before the COVID-19 crisis.”

“We are connecting virtually and doing various activities so employees feel connected to the company and their teams. In this way, we are learning more about the people we work with and getting a deeper connection in a new way of working that didn’t exist before. Connecting people with a common agenda is enabling us to see a new level of leadership and who true leaders are.”



Kevin O’Kane, SSR MINING

4. Environment

What does it mean?

There is no better example in mining of the shifting priorities and emerging power of society, stakeholders and stockholders than the speed at which the industry has adopted and invested in GHG reduction efforts. Like tailings, long a second (or third)-tier topic in the mining industry, GHG reduction and energy have become a simultaneous rallying cry and warning for many companies.

In this area, the majors deserve some credit. Companies as wide-ranging as Barrick Gold, Vale and BHP have all made commitments to lower their emissions, improve sustainability efforts, and invest in remedying the riskiest and most impactful areas of their operations.

The challenge — for which there is no simple solution, will be three-fold: time, fatigue and failure. Efforts to improve sustainability, especially in the areas of GHG reduction, energy, water and tailings, will take time; years, if not decades. While this time horizon is comfortable for mine planners, it is less so for most CEOs, who must respond to down-cycles in quarters, not years.

And just as innovation, automation, digital and tailings have emerged — and in some cases diminished — as topics of interest, so too may sustainability.

Then, finally, the near-inevitable failure or catastrophes of one mining company, no matter how small, may cause ripple effects within society for the players who are attempting to become good corporate citizens.

Preparing for these challenges is no small task. CEOs will align their actions with the metrics they have been given. Consistency of purpose and vision can only be achieved through boards with a clear and consistent mindset and by activist investors and funds who provide 'cover' for CEOs to make longer-term investments at the expense of short-term returns. More challenging will be crafting an industry narrative for the 'many' that builds enough trust with society to overcome the shortcomings of the 'few'.

What the C-suite said

“There is a community and shareholder expectation that enterprises that emit greenhouses gases should be doing better on the environmental emissions front. Certainly, we don’t want to be part of a legacy that has continued to negatively impact the environment.”



Mike Ferarro, ALUMINA



“Globally, and certainly in our sector there is a genuine desire to meet emissions targets and continue to reduce them once those targets are met, but it’s about building credibility into plans to actually get there.”

Elizabeth Gaines, FORTESCUE METALS GROUP

“A lot of attention is given to the sustainability aspects of the business, particularly climate-change management. For Polymetal, the challenge and the opportunity is to rapidly adapt and exploit the shifting views around what is acceptable and what is appropriate in terms of a mining company’s environmental impact.”



Vitaly Nesis, POLYMETAL

5. Regulatory compliance

What does it mean?

Much like privacy and security regulations in the banking industry, the mining industry has been overwhelmed by the addition of new regulations across multiple aspects of its business, most prominently in areas of safety and permitting. Given shifting socio-political priorities and emerging awareness of environmental impacts, this is unsurprising, but represents an administrative challenge and business risk that CEOs are concerned about.

As with the banking industry, mining companies can look to emerging technologies to meet these challenges. In the world of tailings for example, new sensors and automation, data collection and machine learning can address the regulatory requirements while reducing the administrative burden of compliance. Such technologies are readily available, although investment in them remains piecemeal for the time being.

More concerning are challenges around permitting, especially in difficult jurisdictions. As indicated in past years and within this year's Global Leadership Survey, C-suite executives remain concerned about dwindling reserves, exploration shortfalls and eventual production declines. One solution to this is to open new mines, and quickly, however this is proving more difficult than many CEOs would like.

One might expect the greatest challenges would lie in emerging economies, especially of the third world, but this is not the case. Instead, we are observing that damaged bonds of trust between the mining industry, regulators and society they serve, are causing challenges in jurisdictions within more advanced economies.

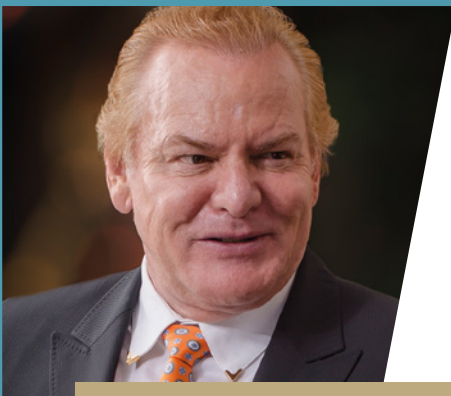
While there is no simple solution, companies able to engender greater trust in these advanced economies, especially around issues related to sustainability, may be able to draw a 'green line' between themselves and their peers and create a future advantage from a present-day risk.

What the C-suite said

“The system for issuing permits in the jurisdictions we’re active is not working, even compared to how it used to work. It’s not that it was good and it has become more difficult, it’s that it wasn’t good in the first place and has become even more difficult. It’s become a bureaucratic hazard.”



Mikael Staffas, BOLIDEN



Nick Holland, GOLD FIELDS

“We’ve invested previously in places like Venezuela, Mali, Kyrgyzstan, China, and the Philippines. We’re busy leaving a lot of places where it’s very hard to do business. This is often the case in mining because it’s very capital intensive, with long lead times. You don’t need an added layer of risk in the form of volatile policies and regulations.”

“We’ve been communicating almost daily [during COVID-19] with community leaders, the unions, health authorities, all the way up to the central government in places like Mexico and Brazil to ensure, firstly, that we’re communicating our enhanced health and safety protocols so that people know what we’re doing, and to make sure we’re abiding by restrictions and rules that are changing frequently as the situation unfolds.”



Christian Milau, EQUINOX GOLD