



GLOBAL LEADERSHIP REPORT

The C-Suite Agenda

Minjng Journal
INTELLIGENCE

2020

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GLOBAL LEADERSHIP REPORT

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The C-suite Agenda: sustainability reigns supreme

By Tom Butler

The rising prominence of environmental, social and governance indicators as measures of societal impact has led companies across all sectors to evaluate their corporate purpose and contribution. This is to be welcomed. In reading this valuable report, it is clear that sustainability is now front of mind for a mining company's C-suite, as they look beyond the investment community and positively engage with their broader stakeholder base to embed sustainability into corporate strategy. The most interesting aspect of this report is how leaders see their priorities evolving.

SAFETY

For example, leaders say they are preoccupied about safety now, but think it will not be a priority in the future. Perhaps that is because they think that in 10 years' time safety will be "solved" and there will be no more accidents. I hope they are right, but one could argue that unless safety remains a top priority, this will not be the case.

As an industrial activity, the mining industry can be hazardous, and despite the implementation of comprehensive safety management systems fatalities continue to occur. A single fatality is one too many and, to put it simply, as an industry we must improve. This prompted the International Council on Mining and Metals (ICMM) to engage with members to facilitate several honest and open discussions on how performance improvements could be accelerated. The publication of ICMM's 'Preventing Fatalities: Eight lessons learned' paper was the culmination of learnings gathered over several years, with the primary aim of catalysing conversation and igniting debate within the industry.

A key learning is that leadership affects all aspects of organisational performance. Contrary to the traditional 'leader is boss' notion that has prevailed in the industry, the type of leader needed to deliver safe and healthy production is someone who makes these matters personal and leads by example.

For many companies, addressing these issues will require instilling fundamental changes to their values and culture. This means embedding a zero fatalities mindset, stimulating leadership conversations at all



Tom Butler, chief executive, International Council on Mining and Metals

levels and leveraging past experiences. ICMM's eight key learnings are ultimately connected through a strong, organisational culture with safety as a key value. It is therefore vital for this to be in place for any of the lessons learned to be successfully implemented. I hope this is why leaders have ranked safety so low in 10 years' time – because by then it will be embedded as a value in their organisations' culture, both now and in the future.

RESPONSIBLE SOURCING

A second interesting example is how the c-suite see responsible sourcing evolving as a priority. I think this rightly reflects a recognition that there has been a seismic shift in recent years to a 'purpose-first' mentality, with investors, end consumers, and other stakeholders justifiably demanding evidence that critically important raw materials are being produced responsibly. Traditional focus on maximising shareholder value is no longer acceptable and

"In reading this valuable report, it is clear that sustainability is now front of mind for a mining company's C-suite"

companies must show accountability and transparency throughout the supply chain.

The question stakeholders continue to ask is how can this be guaranteed? There are multiple voluntary initiatives which seek to answer this question, including ICMM's Mining Principles which are a condition of our membership and include robust site-level validation of the underlying detailed performance expectations. These principles apply to all members' sites across the world, which equates to roughly 650 assets in over 50 countries. Stakeholders will increasingly demand clarity on equivalency and consolidation of these initiatives, and we are therefore actively engaging with the other initiative owners to assess this.

SOCIAL LICENCE/COMMUNITY ENGAGEMENT

The third interesting feature is that social licence is ranked second, both now and in the future. This reflects how important it is to get this issue right, and how investment of time and effort will continue to be needed as miners move into ever more remote regions in the future.

Although there have been some high profile examples recently of value destruction when the industry got social licence issues wrong, I feel we have made a lot of progress since I started in the industry 20 years ago. A good example surfaced at the start of the COVID-19 pandemic, when we were convening member companies to rapidly share lessons and knowledge as they sought to respond. It was noticeable to me that the companies showing the strongest ability to support the community response were those that

had invested in developing their social performance capacity over the years.

As the industry turns its attention from the 'response' to the 'recovery' phase, it has a vital role to play, both in helping communities and supply-chains rebuild, and to promote long-term economic recovery and social wellbeing. Without vibrant and supportive communities around them, mines will struggle to operate. Some observers are saying that the post pandemic economic recovery phase will last 10 years. Those businesses that are not building and maintaining these vital community relationships during this time will struggle to attract capital in the future.

CULTURE/EMPLOYEE ENGAGEMENT

And finally, as I mentioned above, this report shows that executives are prioritising 'Culture and employee engagement' both now and in the future. I have already touched upon culture in the context of safety, but it links to the other two topics explored above as well. People increasingly want to work for purpose driven companies, that operate responsibly, and that have the right values. It takes careful thought and effort to build the right kind of culture to support that – but it will be critical for talent retention to get it right. Some of my members comment that the ratio of "soft" engineers to "hard" engineers needed will change radically in the future as we automate and digitise. We will, as an industry, be competing for talent with Silicon Valley. To win that talent, we need to build a culture that will attract – and we need to communicate beyond our industry about our purpose and about the incredibly positive impact that we have when we get it right.



Image: Luis Tosta on Unsplash



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Aims & methodology

This year's *Mining Journal Intelligence Global Leadership Report (GLR)*, with partners Stratalis and Swann Global, presents 'The C-Suite Agenda'. Here, we have evaluated the top priorities for a mining company both today and in the future (10-year horizon) based on an industry-wide survey and interviews with C-suite members of the world's largest mining companies.

The *Global Leadership Survey* was launched in mid-April this year and marketed heavily across the mining industry until its closure at the end of June. Prior to launching the survey, we approached our global network of journalists not only at *Mining Journal* but also those at Aspermont Media's sister publications in order to establish a list of those challenges that the C-suite at a mining company might be facing today and might take up room on the C-suite Agenda in the future. A total of nineteen challenges were identified and grouped into three separate buckets: '**Traditional Challenges**', '**Transformation**' and '**Trust**'. These issues are colour-coded according to the respective theme throughout this analysis.

We segmented the respondents slightly more than usual and broke the top-level participants into the following groups (including the percentage number of total respondents the respective segment represents).

- ▶ 'Mining/development/exploration company' (62.7%)
- ▶ 'METS company' (31.2%)
- ▶ 'Investor' (6.1%)

'Mining company' respondents were broken down even further according to whether they were a member of the **C-suite** (50.6%) or an **employee** (48.4%).

We then asked the following key questions to each of the different segments in order to assess the current priorities for a mining company today through the lens of different corners of the mining industry:

- ▶ Mining/development/exploration company C-suite: What are the top priorities currently on your agenda?
- ▶ Mining/development/exploration company employee: What do you think the top priorities should currently be on the C-suite agenda at your company?
- ▶ METS company and Investors: What do you think the priorities should currently be for the resources company C-suite executives?

Respondents then had the opportunity to rank the issues for each of the three buckets on a scale of one to five: five being most important, and one being least important. In order to assess the priorities for the future, respondents were asked to consider what these might look like on a 10-year horizon. Each issue was then evaluated with an average score out of five, which led to the creation of hierarchy of priorities both now and in the future.

All-in-all, the industry-wide survey provided the opportunity to synthesise the thoughts of over 365 mining industry professionals, with the overarching objective to determine which issues take precedence on the C-suite Agenda both now and in the future.

The second, core component and challenge of this research involved securing time with C-suite executives from the mining industry's largest companies by market capitalisation.

Mining Journal Intelligence and its research partner, Swann Global, established a list of the top 30 mining companies in the world as of January 2020 by companies by market capitalisation, maintaining a threshold of US\$1 billion. The goal was to secure at least 20 leading C-suite interviews, but the final result encompassed **27 interviews with CEOs or C-suite executives from the world's largest mining companies with an aggregate market capitalisation of more than \$380 billion**. We remain conscious of the industry challenge to ameliorate representation of women in C-suite and indeed chief executive positions.

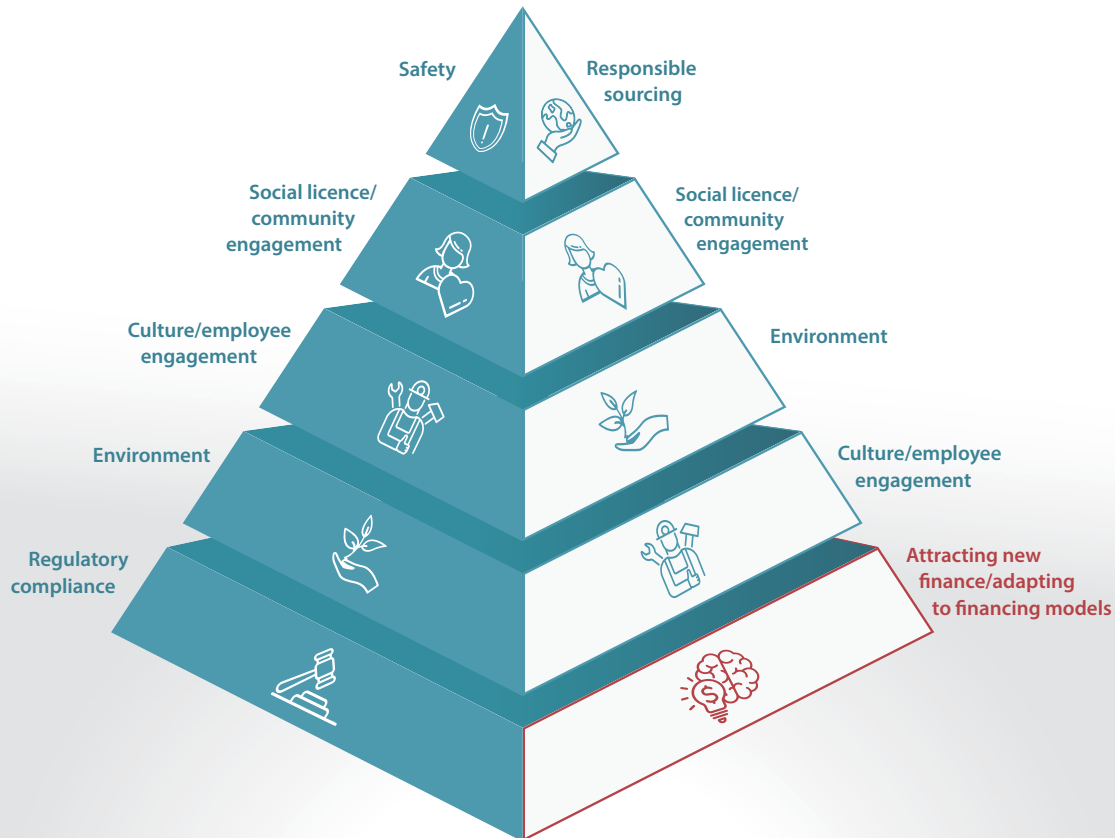
This year, we asked the executives to articulate their top three priorities both now and in the future (for their successor). In perhaps a novel twist, we incorporated these responses into the survey results, with the maximum score of five being allocated to each of the top three priorities the executive interviewees cited both now and in the future. Importantly, only data from the interviews we had already conducted and reviewed at the point in time of evaluating the survey results were incorporated and analysed. Out of the 27 interviews conducted, only four were therefore discounted from the dataset.

All figures were converted to US dollars and market capitalisation for the executive interviews were recorded on July 31, 2020.

The C-suite Agenda

Current priorities

Future priorities



The top five current and future priorities on the C-suite Agenda for mining companies today: this hierarchy is a result of both an industry-wide survey with nearly 400 respondents, and qualitative interviews with 27 executives from leading mining companies with an aggregate market capitalisation of more than US\$380 billion.

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

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The top five priorities on the C-suite Agenda today



1. Safety

Think ‘Safety’ and you’re probably conscious of the physical hazards associated with mining operations. Catastrophic events can – and do – occur as a result of such precarity and have involved majors including Glencore and Vale, making international headlines. Data released by the ICMM in June this year reported that the council’s members recorded a total number of 287 occupational fatalities in 2019, a marked increase from the 50 fatalities recorded in 2018 and 51 fatalities recorded in 2017. Of the 287 occupational fatalities recorded, 250 occurred as a result of the catastrophic collapse of a tailings dam at Vale’s Corrego do Feijão mine in Brumadinho on January 25, 2019.

The selection of ‘Safety’ as the number one priority on the C-suite Agenda in 2020 demonstrated not only are mining leaders aware of the issue but it is on top of their list to fix – no longer can a life be seen as a necessary cost to operate a mine. Conversations with leading executives suggested safety was one of several priorities with which C-suites are simultaneously grappling and that are ultimately all subsumed into the overarching, prevailing theme of ‘trust’.

Our executive interviewees also explained how the COVID-19 pandemic had unearthed a less traditional dimension to the concept of mining safety: the challenge of responding to biological hazards in an industry where physical hazards have typically dominated. For those executive interviewees who selected ‘Safety’ as their top concern, it was clear they were acutely aware of a necessity to re-frame the whole concept and indeed pay more attention to the aspect that has often been lost in the ‘Safety’ rhetoric – health.

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 item on the

successor’s (future) agenda. 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 responsible sourcing.

Above and beyond traditional worker safety efforts, all industries, ranging from automotive to aviation,



“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

are struggling with the same challenges due to COVID-19. Companies cannot operate without often-wary employees, unions, and regulators 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, 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.



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

—Richard Young, Teranga Gold



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

—Jake Klein, Evolution Mining



GLOBAL LEADERSHIP SURVEY

The outlook for 2030

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The outlook for 2030

We asked exploration/development/mining company C-suite executives (survey) as well as C-suite executives from some of the world's biggest mining companies what they thought the C-suite Agenda would look like in the future – based on a 10-year horizon.

Major executive interviewees were only asked for their top three priorities, which generated a standalone hierarchy for this group. This compared to the survey respondents, who were given the option of ranking multiple issues.

Consider the C-suite Agenda in 10 years' time and the picture becomes remarkably different from what it is now.

'Trust' issues continued to reign supreme. Yet, while 'Social licence/community engagement', 'Environment' and 'Culture/employee engagement' remained within at least the top three issues on the future C-suite Agenda, 'Safety' – on top of the current

C-suite Agenda across the board for resources company – was relegated to second-last position in the survey and did not feature on the list for our executive interviewees.

"It is likely that 'Safety' is top of today's priorities perhaps because COVID-19 is such a strong factor in our lives right now. People are surely answering with this top of mind," chief executive of executive search consultancy Swann Global, Lorraine Meldrum, said.

"Certainly, we hope the pandemic can be controlled and a vaccine created sooner rather than later, which is perhaps why it becomes less of a priority in the future, while people are still thinking of safety in these terms."

However, Meldrum added that just because 'Safety' becomes less of a priority in the future, this does not mean it could not rear its head again following another act of nature or pivotal industry event, which could ultimately force the mining industry to rethink its procedures and how it operates. Meldrum cited the 2006 Beaconsfield mine collapse in Tasmania, Australia, which generated huge media interest and revealed significant malpractice and oversight in terms of safety protocols.

Like 'Safety', another issue that did a complete 180 degree about face in its ranking on the current and future C-suite Agenda was 'Responsible Sourcing'. In the 'Stakeholder Comparisons' chapter, we remarked how METS companies and investors agreed this issue should dominate the current C-suite Agenda, while findings showed the mining C-suite was relatively unenthusiastic. However, 'Responsible Sourcing' took the top spot for the mining C-suite in the future.

"At the end of the day, we're living in a world where around 1 billion people with iPhones have

"Just because 'Safety' becomes less of priority in the future, this does not mean it could not rear its head again following another act of nature or pivotal industry event, which could ultimately force the mining industry to rethink its procedures and how it operates"

Current vs future priorities: C-suite respondents

Ranking	Top current priorities	Top future priorities
1	Safety	Responsible sourcing
2	Social licence/community engagement	Social licence/community engagement
3	Culture/employee engagement	Environment
4	Environment	Culture/employee engagement
5	Regulatory compliance	Attracting finance/adapting to financing models

Traditional Challenges Transformation Trust

Current vs future priorities: Executive interviewees only

Ranking	Current priorities	Future priorities
1	Safety	Environment
2	Social licence/ community engagement	Attracting new talent and closing skills gap
3	Culture/employee engagement	Growth
4	Environment	Social licence/ community engagement
5	Growth	Adapting to digitalisation/ automation

Traditional Challenges Transformation Trust

a say, one way or another, as to whether or not Apple uses your [company's] iron ore or your steel in the manufacturing process of a handset," George Hemingway, partner and head of innovation with global consultancy, Stratalis, said.

Going forward, the message was that mining companies would no longer be able to afford to put less traditional trust issues such as 'responsible sourcing' on the backburner. In order to stay relevant in an era where the concept of 'social responsibility' is becoming ever-more pervasive, executives needed to respond to the increasing demands from consumers, shareholders and regulators for a higher degree of sustainability and traceability of product.

As Evolution Mining chief executive Jake Klein explained, ESG is going to be "an increasingly critical filter through which shareholders look at a company".

"Going forward, the message was that mining companies would no longer be able to afford to put less traditional trust issues such as 'Responsible sourcing' on the backburner"

"You're going to be held more and more to account on your ESG performance. It's not going to be a 'nice-to-have'; it's going to be an essential part of a company's ability to attract shareholders," he said.

The prioritisation of 'Responsible sourcing' in the future is symbolic of the ever-growing focus on the wider theme of 'sustainability' in mining.

'Culture/employee engagement' and 'Social licence/community engagement' remained top-five priorities both today and tomorrow, according to C-suite survey respondents. However, when this grouping's top five priorities in the future is considered against those of our executive interviewees, 'Social licence/community engagement' and 'Environment' represented the only commonality.

'Attracting new talent/closing the skills gap' came in second place for our executive interviewees in terms of their top priorities in the future, having only featured in ninth position on the opposing hierarchy for the broader catch of C-suite respondents.

Executive interviewees talked quite generally around this issue, not least in terms of recognising

Movement in current vs future priorities: C-suite respondents

Ranking	Current priorities	2030*	Future priorities	Today*
1	Safety	▼ 17	Responsible sourcing	▲ 15
2	Social licence/community engagement	Nil	Social licence/community engagement	Nil
3	Culture/employee engagement	▼ 1	Environment	▲ 1
4	Environment	▲ 1	Culture/employee engagement	▼ 1
5	Regulatory compliance	▼ 4	Attracting finance/adapting to financing models	▲ 1

Traditional Challenges Transformation Trust

*Reflects movement in ranking on the C-suite Agenda hierarchy, which represents a total of 19 issues across the themes of 'Traditional challenges', 'Transformation' and 'Trust'.

“In order to stay relevant in an era where the concept of ‘social responsibility’ is becoming ever-more pervasive, executives needed to respond to the increasing demands from consumers, shareholders and regulators for a higher degree of sustainability and traceability of product”

the need to contribute to diversification of the mining industry on the basis of attracting more women, and young people, especially graduates. However, a number of executives also cited the need to prioritise this issue as a means of addressing other issues on the future C-suite Agenda, namely ‘Adapting to digitalisation and automation’ and the industry gradually transforming operations into ‘digital mines’ –

a concept the hierarchy of the current C-suite Agenda suggests may have been slow to gain traction among the wider industry.

“Dealing with the workforce of the future will really be about technology and AI,” Fortescue Metals Group chief executive Elizabeth Gaines said.

“The workforce future leaders are overseeing is likely to look significantly different to the one we look after today. The automation of mining is well underway and AI is also being deployed, and if this expands then the scale and skills of the resources workforce will be transformed.

“It could lead to less people, at least on site. But it will definitely need different skills and different analytical capabilities.”

‘Growth’ – an issue that was otherwise very low on the list of future priorities for C-suite survey respondents in the future – emerged in third position for executive interviewees. Mining executives have recognised they must think ahead and build options for the future, through both inorganic and organic opportunities. Their challenge will be selling these growth plans to investors as both opportunities and insurance policies in an industry based on finite resources, to free up the capital necessary to pursue them.



Image: Noah Buscher on Unsplash



EXECUTIVE INTERVIEWS

Richard Adkerson, Freeport-McMoRan

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Lorraine Meldrum, Swann

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Richard Adkerson

FREEPORT-MCMORAN

President and chief executive

Age: 73

COMPANY PROFILE

Primary listing NYSE

Headquarters Phoenix, US

Market cap \$18.6 billion

Regional focus Global

Commodity Diversified

Production for
calendar year
2019
Copper: 1.4Mt
Gold: 882,000oz
Molybdenum: 40,816t



What are the top three priorities on your agenda today?

The world has changed significantly since this interview, and we have been dealing with the major challenges associated with the COVID-19 pandemic. Our company's overriding focus is on the health, safety and well-being of our global workforce, their families and the communities where we operate. We have implemented multiple measures to keep our employees safe, ranging from comprehensive protocols for working safely in our operations to working remotely whenever practicable to severely restricting in-person meetings and travel. We also have procured medical and non-medical supplies, including face shields, goggles, protective suits and elastomeric masks / respirators, to support the needs of health-care facilities in our communities.

We have proactively adjusted our capital and operating spending, our mine plans, and management of our financial affairs to protect the liquidity of our company and preserve our highly valuable long-lived assets.

We are confident we are positioned to overcome near-term challenges that suddenly emerged and remain confident about the long-term positive future of our business.

Expanding existing operations/brownfield operations

The most significant issue on the agenda for us is transitioning the Grasberg copper-gold mine in Papua, Indonesia, from one of the industry's largest open-pit mines into one of the industry's largest and most important underground operations. We have developed infrastructure for our new underground mines in Papua over the past 15 years. Mining in the massive Grasberg pit was completed in December 2019. Underground mining now is ramping up, consistent with our established plans. Ultimately, we will provide more than 200,000 tonnes per day from the two new underground deposits to current mill facilities. Sustainable production will exceed 1.5 billion pounds of copper and 1.5 million ounces of gold over the next several years. The infrastructure development was a major undertaking. There will be multiple headings within these two mineralisation systems, which now are being commissioned. We expect to have five or more in the Grasberg Block Cave and at least three in the Deep Mill Level Zone mine – so this will not be a single mine, but rather a collection of mines underground with common infrastructure.

The infrastructure we developed had to accommodate extraordinarily large volumes, unlike anything ever done in our industry. Our team faced

significant challenges in developing access to the ore bodies with massive ventilation, crushing and ore delivery systems, plus the capability to move people around safely. Using our decades of experience in block-cave mining and state-of-the art modern technology, we have met these challenges and now have the basic infrastructure in place.

Mining is now ramping up on schedule. This is critically important to our company because it will double our cash flows, even at today's copper prices, with lower costs over a long-term life.

Growth

Another priority is our Lone Star development in eastern Arizona, which is adjacent to our existing Safford mine and near our Morenci mine, the largest mine in North America. Our initial copper leach project involves mining the oxide cap of what our exploration efforts are indicating to be a very large sulphide deposit at depth. We are able to process ore from this new mine using the available infrastructure from Safford.

That initial project is not huge, about \$850 million in capital with about 90 percent spent through the first quarter of 2020. The initial Lone Star development will produce 200Mlb (900,000t) per annum. This development is very attractive economically, but it is just the first phase of its ultimate potential. What is really exciting is the initial mining will expose what looks to be a huge sulphide resource, which our team believes potentially could be a cornerstone asset for our company in the future.

The Lone Star project has a fantastic risk profile for us given its location in a welcoming community in a region of Eastern Arizona where we have been operating for decades. Our operations at Morenci

literally go back to the 19th century. We have a track record of efficient and responsible operations in that part of the world. For an industry lacking world-class development opportunities, this one stands out, being situated in the U.S. where we own the land in full, where the state and local governments are fair and supportive, and importantly in today's world, where the community accepts us. There are few potentially large-scale opportunities in the world where you can tick all these boxes.

This is an area with historical copper mining operations. The resource has been known for a long time, but the overburden and the copper price had previously restricted development. We found we could deal with the overburden material by mining it as an oxide because of our nearby existing production facilities. So, the stars and the moon finally aligned for Lone Star. We expect it to be significant for our long-term future.

Adapting to digitalisation/automation

The third area, applying technology in innovative ways, is exciting. When I visit our mines implementing this initiative, I am impressed by how our teams are taking advantage of the evolving availability and application of data and analytics to transform an old industry like mining. We tested our data and analytics at one of our older, modest-sized mines in northwest Arizona called Bagdad.

The approach we used there was to combine data analytics, artificial intelligence and machine learning, with an agile way of working. That means bringing together operators in the field with teams who can take data collected by remote sensing infrastructure, process it and adjust operational aspects in real time to improve efficiency, from mining to processing to concentrating.



Image: Freeport McMoRan

The test case at Bagdad resulted in a 15 percent efficiency improvement. We now have applied this process at a much larger scale at Morenci and at our mines in the Americas. We bring data, analytics and people together in teams who have not previously worked so closely together.

It has created an environment of excitement within our company, with people talking about new ways of working where operators can share information among themselves, supervisors, other departments and data analysts. This information is applied in increasingly efficient ways to increase production and lower costs without a significant capital requirement.

What do you anticipate will be the top three priorities on your successor's agenda (10-year horizon)?

M&A

We currently are looking into a timeframe beyond the current initiatives, which will generate much higher cash flows from significant increases in production volumes in a short period. As cash flows increase, the question becomes, "What's next, and how will we manage success?"

We are committed to managing the impending substantially higher cash flows prudently through strengthening our balance sheet and assessing economically attractive investments for organic growth while enhancing shareholder returns – all in an environment where copper resources will become increasingly scarce. We will keep focus on getting more from our existing assets by working them harder, in large part by using technology.

All of this will occur during a time when it will be necessary to consider how our company will fit in a world where I believe there will be an increasing occurrence of M&A transactions.

Whenever you are in an industry with attractive economics and scarce assets, like our copper industry will be in the future, M&A deals will be inevitable. The range of actions open to Freeport will be broad, ranging from a focus on our company's large and financially attractive portfolio of undeveloped reserves and resources through organic growth to finding opportunities for our shareholders through participating in some form of consolidation in the copper industry. As we have built Freeport to be "Foremost in Copper" by compiling a large set of low-cost, long-lived assets and a team with unmatched technical and management capabilities

in the copper industry, all our stakeholders can look forward to a bright future.

I fully expect exciting opportunities will emerge during my remaining tenure as CEO and will persist to be on the agenda of my successor.

Social licence/community engagement

We are focused on meeting the expectations of all stakeholders in our company, including our shareholders. Success starts with addressing the health, safety and welfare of our workers. The issues of income inequality and equitable treatment of a diverse workforce is a global issue. We are tackling the financial aspects of the issue by paying fair compensation for workers to be able to support their families and by developing a workplace where workers have personal satisfaction in what they do so they can grow and achieve.

We must continue to strive to improve the living standards and economic sustainability of local communities where we operate. Our mines are located remotely, and experience has taught me that a miner will not be successful if the local community does not share in that success. That is challenging, but it will be of growing importance for all companies. Governments can have different priorities than communities, but companies like Freeport must strive to meet both sets of priorities – a real challenge in an environment of growing resource nationalism around the globe.

Environment

The focus on environmental issues is only going to grow. People are increasingly concerned about – and demand – quality of air and water resources. They also are concerned about the effects of climate change. While this can present operational problems for miners, these concerns fundamentally are good for everyone. Our goal is to be a company that is developing and extracting resources in the most environmentally friendly way possible. As I reflect on my 30 years as an employee, I have seen Freeport make major progress toward achieving this goal, yet know more is required. We are committed to a path of continual improvement in environmental management. We now must work with society to reduce carbon emissions materially. Copper is positioned as a metal to promote climate change, which makes our work as a major copper producer even more significant.

All these issues require exceptionally qualified and thoughtful management to address them on a global stage and in local applications.



Lorraine Meldrum

SWANN

Chief executive

Age: 70

COMPANY PROFILE

Primary listing

Private

Headquarters

Melbourne, Australia

Market cap

Private

Regional focus

Global

Commodity

Service provider

What do you understand as the top three priorities for resources company C-suite executives today?

Social licence/community engagement

ESG (Environmental, Social and Governance) is going to be a very big concern going forward, not only in the immediate future, but in the longer term as well. Companies need to have a better understanding of what ESG entails.

I noticed some articles in the media recently which sought to establish those companies that were genuinely focused on sustainability or that demonstrated integrity in their supply chains. I think it's very important to consider where the goods we all use come from, where the commodities that make up those goods come from, how they're mined, where they're mined, and how resources companies take care of community issues.

We've recently been conducting a search for a role that called for experience in addressing issues around modern slavery. Those sorts of things are becoming part of the general language these days, which we've not seen before. Modern slavery is a term that we had not seen in a position description until a few years ago. However, a mining company should be concerned about these things, I believe.

As an executive search and advisory group, we should be following these issues and be aware of how our own processes affect our client's business. We have to be mindful of the type of skills

that we're providing for our clients so that they can fulfil their commitments with regards to ESG. It's very important.

The future of energy

To reiterate my earlier point, those in the C-suite must concern themselves more with finding ways to source the energy needed to continue mining commodities.

There are no easy solutions here. Greener, cleaner energy sources play a role, as will greater efficiency in the way we use energy. But they can only be part of the solution. And as we all know, green energy relies on mining for materials such as lithium and aluminium. A key challenge for our industry is to explain all this to people outside of our sector in an accessible and palatable way.

Culture/employee engagement

I think this third issue is so very important, particularly in the ongoing pandemic. I know

“We have to be mindful of the type of skills that we're providing for our clients so that they can fulfil their commitments with regards to ESG”

“It’s all very well for companies and media to talk about how coal is bad, and we shouldn’t continue mining it in order to generate electricity. But we can’t just stop, and we can’t just cut it off, because there isn’t enough wind power and solar power to sustain the energy industry”

internally, within Swann, we are pretty good at communicating. We are very aware of the need to create forums with available technology to allow the kind of ‘around the water-cooler’ kitchen discussion that the team would normally have. These avenues allow us to have a little bit of fun and a few laughs – the kind of communication that is missed when we are all working remotely.

Even though the Swann team is spread around the world, we communicate electronically, frequently. We know we’re possibly not going to get together physically anytime soon. So, electronic forms of communication become even more important. We need to manage it appropriately and use it to keep everybody informed. Early in this lockdown situation I made a little Zoom video for each individual staff member, just ten or fifteen minutes, in order to talk to each person. I then sent that recording to them so they could open at whatever time of the day it was and basically have me talk to them as an individual. I think that type of communication is quite important, so people know they’re not just one of a number.

Now, if that was BHP, of course a company of that scale doesn’t have the ability to do that. However, we’re a smallish team and we’re capable of that kind of communication. Each of the leaders in the various locations that Swann operates has communication often with their respective team. One of the things that I’ve said during my virtual coffees that I have with people around the globe has been how important it is and how fortunate we are to have these modern communication tools. If I think about



Image: Swann

the global financial crisis of 2008-2009, we didn't have the technology then that we have these days to support us through such situations.

So, we're fortunate that we're able to have these virtual coffees and say hi to people in person, even if it's virtually, and again we're fortunate to have the latest technology for communication. When you interview people for senior roles, it's important that people have the technical skills and the IQ that is required to run big teams, to manage a project, or whatever it might be. That's a very strong aspect of what Swann works on when we do our assessment of candidates.

I don't always see what goes on internally at our clients' companies, but my impression is that the communication is reasonably good within a mining company and I think they are making concerted efforts to reach out to their employees during the COVID-19 pandemic especially.

What do you envisage being the top three priorities for resources company C-suite executives in the future (10-year horizon)?

Culture/employee engagement

I think it's pleasing to see that diversity and inclusion is certainly a big part of our language these days. Wherever possible, we try to include at least two women in any shortlist that we present to clients, because it's been proven many times over that this has a very positive effect, financially and morally, on mining companies. This needs to continue so that in 10 years' time, or in the future, this becomes the norm rather than something out of the ordinary and that companies therefore become much more successful.

It's probably a generational change, too. I liken it to giving up smoking: 20 years ago, smoking was still almost acceptable. But now, of course, it's a new generation and smoking is not acceptable.

So, I think we can achieve more diversity across boards and management teams. By that, I mean, diversity of age, diversity of thinking, diversity of culture, as well as diversity of gender. This will be so much more beneficial to a company in 10 years' time and for the future of mining companies more generally. We need to be nurturing those people now so that companies and mining in general will benefit in the future. I think communication is essential here: it needs to be very clear and strong around these issues.

In terms of engagement and support, at Swann, we are very conscious of how we treat our staff,

“Wherever possible, we try to include at least two women in any shortlist that we present to clients, because it's been proven many times over that this has a very positive effect, financially and morally, on mining companies”

as well as how we treat our candidates, not least because we're changing lives in a lot of cases by asking someone to move themselves and their families to another part of the world, perhaps. So, we are always very conscious of candidates and their families and I think it's important to keep that focus on your people.

The future of energy

I fear for the travel industry because it will take the travel industry long time to recover from this pandemic. It is an expensive industry to run. My background is actually in the travel industry, so I have an empathy for those who work in that sector and an understanding of what these impacts will be. This also rolls into energy.

Social licence/community engagement

Consideration of ESG issues and the communities where we operate, or rather, where mining companies operate – I keep saying we, because the mining industry is what we do – will continue to be important.

Companies need to think about how they will re-establish the natural environment that was there before it came along and how they will provide work for local communities. I think that will still be important and perhaps more so in the future, because a lot of commodities are located in developing countries. They need the money that mining brings them in order to look after their people and to further their national interests.

ESG will always be a key factor when it comes to working with the local communities and governments to eradicate issues such as corruption and modern slavery.

GLOBAL LEADERSHIP REPORT

Minjng Journal
Intelligence

As the mining industry faces down the threat presented by COVID-19 – a second ‘Black Swan’ event in just over a decade – there remains an undercurrent of enduring challenges that executives have been tackling over a number of years. Some of these relate to the ‘transformation’ of the industry (think digitalisation), some to the growing expectations of all stakeholders **and the need to establish ‘trust’** (think social licence), and these are on top of the usual crop of more ‘traditional’ issues (think reserve replacement).

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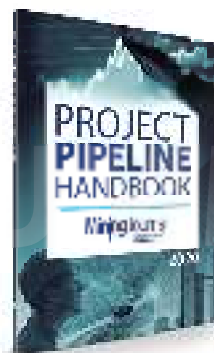
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