

Deloitte.



Tracking the trends 2022

Redefining mining

Deloitte's Global Energy, Resources & Industrials specialists provide comprehensive, integrated solutions to all segments of the Oil, Gas & Chemicals, Power & Utilities, Mining & Metals, and Industrial Products & Construction sectors by offering clients deep industry knowledge and a global network.

Introduction

Redefining mining

What will successful mining and metals companies look like in a low-carbon, low-waste, purpose-driven future?

The beauty of this question is that there is no definitive answer. While the core objective of the mining industry remains unchanged going forward: to extract and provide metals and minerals to downstream sectors, many of the factors that have influenced how mining companies should look, feel, and act in the past, have shifted in recent years.

The way in which companies fulfil this mission is now open to interpretation. And today, there is a rare opportunity for leaders to reorganize, generate new value, and forge partnerships to create a more responsible and attractive future for the industry.

While some early movers saw the need for change coming 10, 15, even 20 years ago and have been redefining their organizations and operations accordingly, for many firms, the necessity for fundamental change only really hit home in 2020-21. The convergence of factors including the ongoing effects of the COVID-19 pandemic on the world of work, continued drive towards digitization, the growing need to integrate ESG commitments with central business functions, and the need to pivot in response to fast-moving business and operating environments, has opened many choices for companies.

Of course, the biggest underlying driver and opportunity for transformation lies in the green energy transition. The 2021 United Nations Climate Change Conference (COP26) held in Glasgow in November, highlighted the mining industry's integral role in supplying the metals and materials critical for a low-carbon future¹. The way in which mining companies position themselves today in preparation for this change, will determine their sustainability, and could make or break their competitive advantage over the next decade.

Change on this scale is undoubtedly daunting, which is why in this, its 14th year, Tracking the trends has focused on effecting transformation. The following 10 trends provide a toolkit to help mining companies start thinking through, and moving towards, their vision of future success.

In them, our global team of experts share insights and case studies designed to get ideas flowing. We explore how to evolve traditional mining and metals businesses through new business models, capital allocation, agile work practices, and data-driven technologies to create organizations fit for the 21st century; ones that can not only survive but profit from whatever the future might throw at them and leave a positive social impact in their wake.

The next decade will be one of the most exciting and transformative in the mining industry's history. We look forward to discussing the trends with you and supporting your company on its journey. Thank you for your ongoing support.

Endnote:

1. Judith Magyar, "COP26 Takeaways: Renewables Replace Fossil Fuels As Metals Become A Major Force", published 28 November 2021 <https://www.forbes.com/sites/sap/2021/11/29/cop26-takeaways-renewables-replace-fossil-fuels-as-metals-become-a-major-force/?sh=948a2f626763>, accessed 3 December 2021.



Trend 5

Evolving mining's world of work

Positioning organizations for an increasingly competitive labor market

Janine Nel, Partner, Consulting, Deloitte Canada

Marcello Cordova Alvestegui, Director, Consulting, Deloitte Chile

Like many industries, the mining sector has felt the lasting effects of COVID-19 on the labor market. Over past months, waves of employees have quit their jobs in 'The Great Resignation,'¹ seeking opportunities that better meet their needs and expectations. This has put extra pressure on organizations to ramp up recruitment and retention efforts, re-evaluate their employee value proposition and transform ways of working.

Digitization and remote working have fueled a fundamental shift in the way employees think about work. Facing an increasingly competitive labor market requires mining and metals companies to position themselves as an attractive sector and employer, capable of meeting evolving priorities.

Social purpose, reimagining work, and building an inclusive leadership culture provide an opportunity for miners to secure a strategic and sustainable advantage through human capital. But will companies take up the challenge? For several decades, miners have found themselves starved of talent, but COVID-19, among other issues, has intensified this challenge.

Make work matter

Mining companies will not realize their full human capital potential unless they evolve to meet two social norms: adapting to the green energy transition and maturing diversity, equity, and inclusion (DEI) within the workforce.

The push for decarbonization and renewable-energy sources provides an opportunity for organizations to reinvigorate their purpose and, in doing so, speak to untapped sources of talent. Greater DEI is crucial to breaking down prejudice and discrimination, and unleashing individual and team potential.

Aligning with a low-carbon future and mining's role in the energy transition will help miners to retain employees with valuable and transferrable skill sets needed for these initiatives, and also to attract new recruits who may not have previously considered a career in mining and metals.

The link between digital transformation in addressing the concerns of climate change and creating a more attractive

industry for younger generations is clear. In a 2020 survey from Deloitte Insights, almost 70% of executives who reported that their company had a sustainability strategy in place cited digital technologies as a key enabler.²

Realigning work and technology

In the future of work, human potential is entwined with technology. Rearchitecting work creates sustainable value for organizations by intentionally designing new outcomes focused on optimizing the interconnection of humans and work-related technologies.

Effective rearchitecture requires companies to redefine current outcomes, while looking ahead several years to understand and design for how people could interact with technology and with each other. As they do so, new skills and capabilities will emerge, both at a core technical level (e.g., data interpretation) and at a soft, human level (e.g., collaboration); the development of both skill sets is essential for a sustainable future.

As organizations introduce new technologies, roles are evolving rapidly and new jobs previously unassociated with mining are emerging. It's important to consider which skills and capabilities are needed and how companies could build these capabilities in-house, or outsource them to external partners, including the community—a unique opportunity to change the DEI profile across the value chain.

Firms are also still adapting to remote working, and some are looking to place flexible work arrangements and workforce wellbeing at the core of their strategies going forward.

Janine Nel—Partner, Consulting, Deloitte Canada, says, "We're seeing this with a number of clients. For example, in South America, a major mining company is going through an operating model review. The team is reconsidering the necessity for a physical presence at operations and, potentially, consolidating their regional head office operations."

Building a new leadership culture

As the mining industry settles into a 'new normal,' leaders are faced with mounting pressure to avoid falling back into conventional ways of working. Achieving the transition requires them to craft new business models, challenge conventional definitions of productivity, embed a culture of trust, replace hierarchic management with empowered collaboration, and manage the cultural and engagement issues associated with long-term remote working.

Marcello Cordova Alvestegui, Director, Consulting, Deloitte Chile explains: "Understandably, culture is currently a hot topic, with leadership being at the core of this shift as we move from a traditional command-and-control environment to a more inclusive and collaborative style of leadership."

Today, the goal is to hire and integrate diversity of talent and ideas, including people from underrepresented groups, races, those with disabilities, LGBTQIA+ community members, and new generations. Equity is the new key; companies should no longer focus only on hiring and achieving through KPIs. Boosting DEI within the mining sector will make it more attractive to new recruits and also improve retention.

Companies must build the confidence and environment for diverse individuals to develop to their fullest potential and create programs to instill the capabilities needed for the mining operations of tomorrow. More inclusive environments will help to drive out institutionalized harassment and discrimination, incidences of which still plague even the most progressive of firms.

Working collaboratively, and even in partnership with competitors, to promote DEI within the industry will accelerate the uptake of best practices, and consequently improve mining's appeal to diverse talent relative to other industries.

Future bites

As mines shift toward intelligent and remote operations, new roles are emerging. For example, the operations super team lead. This is the first line leader of operational mining super teams, groups of people and intelligent machines working together. The super-team lead serves as the main link between the physical and remote workplace, and can use technology to plan far in advance, conduct streamlined tasks and administration, make strategic decisions, lead, empower, and support the super teams to achieve their work outcomes.

Sourcing talent for the mining organizations of tomorrow

- **Define purpose:** Putting social purpose at the heart of corporate messaging and recruitment efforts will help miners resonate with younger generations and diverse talent, many of whom have new skill sets vital to the future of mining.
- **Reshape the social impact agenda:** Beyond talent, mining and metals organizations must reconsider their social impact agenda to improve corporate brand and stakeholder buy-in. Studies show the impact this can have on consumer choices, where 87% of respondents said they would buy a product based on the company's stand for a societal issue. This trend is even higher among millennials and zoomers who also look at corporate social purpose when choosing a workplace, with 64% considering a company's social and environmental commitments before employment.³
- **Consider introducing hybrid or permanent virtual/remote work arrangements:** Virtual/remote work has become a hiring and retention appeal and will allow miners to leverage skills in geographies where they previously lacked them. Remote-job postings on LinkedIn increased more than five times between March and December 2021, and 46% of workers are planning to move to a new location in the next year because they can now work remotely.⁴ According to LinkedIn data, since April 2020, internal-mobility hiring has also increased by almost 20% year-on-year,⁵ demonstrating the need to adapt virtual/remote work practices for employee value proposition.
- **Rethink the skills required:** Review the required skills for different roles and consider how recruits could potentially be sourced from other industries. Looking to adjacent industries for talent could provide access to a wider pool of applicants and support culture change and new performance standards within teams.
- **Consider technologies, HR and training requirements that can widen talent pool:** Including reskilling and training programs that can deliver or support workforce needs and broaden new opportunities. Deloitte's Human Capital Trends 2020 survey found that, while 74% of organizations surveyed said that reskilling the workforce is important for their success, only 9% said they are ready to address this issue.⁶
- **Reduce labor barriers for underrepresented groups:** To foster a more diverse workforce, mining companies must lower barriers for under-represented talent, including women, immigrants, and those with disabilities. Indigenous communities account for a valuable and, in many cases, untapped source of talent, not just for blue-collar positions but for management positions too. By creating partnerships with community organizations and schools, mining companies could access this valuable source of local knowledge.
- **Speculate to accumulate:** Mining and metals organizations should actively seek to improve quality of life for marginalized groups in remote communities, for example, by reinvigorating the pursuit of reconciliation with Indigenous people or providing essential services to remote communities. Financial, physical, and social resources provided for citizens will eventually trickle back to organization in the form of human capital.

Endnotes:

1. Abhinav Chugh, "What is 'The great resignation'? An expert explains," World Economic Forum, 29 November 2021 <https://www.weforum.org/agenda/2021/11/what-is-the-great-resignation-and-what-can-we-learn-from-it/>, accessed 1 December 2021.
2. "Deloitte Study: Navigating the energy transition from disruption to growth," Deloitte, published 27 May 2020 <https://www2.deloitte.com/us/en/pages/about-deloitte/articles/press-releases/navigating-energy-transition-disruption-growth.html>, accessed 22 October 2021.
3. Cheryl Goodman, "How companies can strategically build purposeful corporate social responsibility programs in five steps," Forbes Communications Council, published 12 March 2021 <https://www.forbes.com/sites/forbescommunicationscouncil/2021/03/12/how-companies-can-strategically-build-purposeful-corporate-social-responsibility-programs-in-five-steps/?sh=2397ea8c3a99>, accessed 22 October 2021.
4. "The next great disruption is hybrid work – are we ready?" <https://www.microsoft.com/en-us/worklab/work-trend-index/hybrid-work> Microsoft, published 22 March 2021, accessed 18 October 2021.
5. Gopika Maya Santhosh, "Where internal mobility is most common since COVID-19: Top countries, industries, and jobs," LinkedIn, published 28 October 2020 <https://business.linkedin.com/talent-solutions/blog/trends-and-research/2020/where-internal-mobility-is-most-common>, accessed 18 October 2021.
6. "2020 Deloitte Global Human Capital Trends: The social enterprise at work: Paradox as a path forward," Deloitte Energy, Resources & Industrials, published 2020 <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/human-capital/us-report-2020-eri-hc-trends.pdf>, accessed 22 October 2021.

Global contacts

Rajeev Chopra

Global Leader—Energy, Resources & Industrials

Deloitte Touche Tohmatsu Limited

+44 20 7007 2933

r Chopra@deloitte.co.uk

Andrew Swart

Global Sector Leader—Global Mining & Metals

Deloitte Touche Tohmatsu Limited

+1 416 813 2335

aswart@deloitte.ca

Regional/Country Mining & Metals Leaders

Africa

Andrew Lane

+27 11 517 4221

alane@deloitte.co.za

Ecuador

Jorge Brito

+59 32 381 5100

jorgebrito@deloitte.com

Argentina

Alejandro Jaceniuk

+54 11 4320 2700 ext. 4923

ajaceniuk@deloitte.com

France

Veronique Laurent

+33 1 5561 6109

vlaurent@deloitte.fr

Australia

Steven Walsh

+61 8 9365 7097

swalsh@deloitte.com.au

Francophone Africa

Damien Jacquart

+33 1 55 61 64 89

djacquart@deloitte.fr

Brazil

Patricia Muricy

+55 21 3981 0490

pmuricy@deloitte.com

India

Rakesh Surana

+91 22 6122 8160

rvsurana@deloitte.com

Canada

Andrew Swart

+1 416 813 2335

aswart@deloitte.ca

Indonesia

Ali Henry

+62 21 2992 3100

ahery@deloitte.com

Chile

Dominic Collins

+5 622 729 8089

dcollins@deloitte.com

Japan

Yuichi Shibata

+81 80 9087 4406

yuishibata@tohatsu.co.jp

China

Kevin Bin Xu

+86 10 8520 7147

kxu@deloitte.com.cn

Mexico

Valeria Vazquez

+52.55.50807548; ext 548

vavazquez@deloittemx.com

Colombia

Andres Roa

+57 1 426 2008

andresroa@deloitte.com

Peru

Karla Velásquez

+51 1 211 8559

kvelasquez@deloitte.com

Poland

Zbig Majtyka

+48 32 508 0333

zmajtyka@deloittece.com

Russia – CIS

Andrei Shvetsov

+74957870600; ext 5188

ashvetsov@deloitte.ru

Southeast Asia

Jiak See Ng

+65 93 877 958

jsng@deloitte.com

Switzerland

Geoff Pinnock

+41 58 279 6066

gmpinnock@deloitte.ch

Turkey

Elif Dusmez Tek

+90 312 295 47 00

etek@deloitte.com

United Arab Emirates

Bart Cornelissen

+971 4 376 8888

bpcornelissen@deloitte.com

United Kingdom

Roman Webber

+44 20 7007 1806

rwebber@deloitte.co.uk

United States

Amy Chronis

+1 713 982 4315

achronis@deloitte.com

Authors

Trend 1: Aligning capital allocation to ESG

Andrew Swart | Global Mining & Metals Leader, Deloitte Touche Tohmatsu Limited | aswart@deloitte.ca

Andrew Lane | Energy, Resources & Industrials Leader, Deloitte Africa | alane@deloitte.co.za

Trend 2: Reshaping traditional value chains

Andrew Lane | Energy, Resources & Industrials Leader, Deloitte Africa | alane@deloitte.co.za

John O'Brien | Partner, Financial advisory, Deloitte Australia | johnobrien@deloitte.com.au

Trend 3: Operating in the new super-cycle

Roman Webber | Mining & Metals Leader, Deloitte North South Europe: UK | rwebber@deloitte.co.uk

Valeria Vazquez | Mining & Metals Leader, Deloitte Mexico | vavazquez@deloittemx.com

Trend 4: Embedding ESG into organizations

Henry Stoch | Sustainability Leader, Deloitte Canada | hstoch@deloitte.ca

Harsha Desai | Associate Director, Consulting, Deloitte Africa | hardesai@deloitte.co.za

Trend 5: Evolving mining's world of work

Janine Nel | Partner, Consulting, Deloitte Canada | jnel@deloitte.ca

Marcello Cordova Alvestegui | Director, Consulting, Deloitte Chile | macordova@DELOITTE.com

Trend 6: Establishing a new paradigm for Indigenous relations

Professor Deen Sanders OAM | Lead Partner, Integrity, Deloitte Australia | deensanders@deloitte.com.au

Joe Hedger | Partner, Indigenous Services Group, Deloitte Australia | jhedger@deloitte.com.au

Jason Rasevych | Partner, National Indigenous Services Leader, Deloitte Canada | jrasevych@deloitte.ca

Trend 7: Continuing the journey toward innovation-led organizations

Steven Walsh | Mining & Metals Leader, Deloitte Australia | swalsh@deloitte.com.au

Roland Labuhn | Partner, Consulting, Deloitte Canada | rlabuhn@deloitte.ca

Trend 8: Unlocking value through integrated operations

Eamonn Treacy | Director, Consulting, Deloitte Canada | etreacy@deloitte.ca

Dominic Collins | Energy, Resources & Industrials Leader, Deloitte Chile | dcollins@deloitte.com

Trend 9: Closing the IT-OT vulnerability gap

René Waslo | Global Risk Advisory Leader, Energy, Resources & Industrials, Deloitte US | rwaslo@deloitte.com

Andrew Kwong | Partner, Risk Advisory, Deloitte Canada | akwong@deloitte.ca

Trend 10: Preparing operations for climate change

John O'Brien | Partner, Financial Advisory, Deloitte Australia | johnobrien@deloitte.com.au

Patricia Muricy | Mining & Metals Leader, Deloitte Brazil | pmuricy@deloitte.com



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s more than 345,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.