



# ESG and Mining: Critical conversations with industry leaders

2024

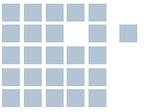


## Contents

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Introduction	1
1. Challenges	3
2. Thinking and Planning	9
3. Role Models	13
4. Evolution	18
5. Technology	22
Conclusion	27
About Odgers Berndtson	28
Our Global Reach	28
Contributors	29
Global Mining & Metals Colleagues	30





# Introduction

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Mining and the valuable commodities it unearths – minerals and metals, including precious metals – are critically important to our everyday lives. As a result, everyone from the mining companies themselves to the end users has an interest in seeing this sector get ESG right.

The good news is that the mining sector has, in many important ways, been a leader in keeping ESG at the forefront of global business strategy.

In fact, the term ESG has become so ingrained in the lexicon of business that few people will remember it was a mining executive – [Jim Cooney](#), a former executive with Placer Dome – who first coined the term “social license to operate” more than a quarter century ago.

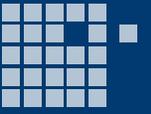
Today, with the global drive to go “green,” mining is keenly focused on finding new ways of extracting the minerals and metals needed to support new technologies in an environmentally sustainable, economically viable manner. This requires mining companies to find new methods to minimise environmental disruption and carbon footprints in long-term, sustainable ways. And they need to do all of this while also becoming more responsive to the needs of investors, shareholders and a host of external stakeholders: communities, Indigenous peoples, NGOs and ESG advocates.



The ESG challenge is not just about profitability; many mining firms believe ESG will be critical to their survival.

And right now, the jury's out on how many mining companies are moving in the right direction. In its [26th annual report](#) on the mining industry, PwC found that given all of the demands being made on their industry right now, 41 per cent of surveyed CEOs fear their companies may not be economically viable in 10 years.

To gain greater insight into the pressures facing the global mining industry, Odgers Berndtson reached out to Board members and executives with mining companies around the world to find out what they see as the foremost ESG challenges facing their companies, how ESG has changed their business strategy, what companies or industries outside mining serve as ESG role models, and how ESG standards might evolve going forward.



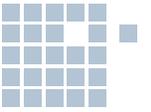
## 1. Challenges

# What are the most significant ESG challenges you are facing right now?

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There was strong agreement across all respondents that the mining industry has, in many respects, “written the book” on ESG.

As an industry with collateral impacts, mining at the project and operating stages has always drawn more than its fair share of attention when it comes to ESG concerns. That gives mining companies insight into challenges that might not be immediately apparent to other industrial sectors.



## How to demonstrate ESG progress made to date

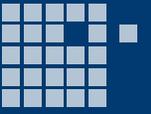
Our respondents believed very strongly that the mining industry has made significant strides towards achieving legitimate ESG standards. However, there was also a consensus that mining companies could do more to communicate their success to date.

“The big challenge now is how we tell our (ESG) story. Especially for organisations that don’t have the right resources. Going forward, Boards will need to play a critical role in keeping ESG front and centre... Leadership at the Board level is also very important.”

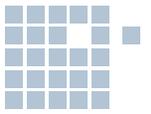
There was also a sense that minimising opposition to projects was not the only dividend that could flow from better communication. Demonstrating ESG progress made to date is an **opportunity to build active support for the industry.**

The respondents believed that all the information mining companies have been required to gather about their ESG performance could significantly change the entire narrative about the mining industry.

“Within the ESG spectrum, how can we effectively demonstrate accomplishments and win the hearts and minds across businesses? The way we can do that through ESG is to measure, manage, and ultimately communicate. Up until now, that was difficult to accomplish. Now, we have the ability to measure, manage, and communicate through the realms of ESG to demonstrate responsible mining development and exploration. If we can achieve that, the upside is massive from a sector that is so penalised in valuation cost of capital, recruitment, and all these other things.”



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## Building trust and confidence with local communities, including Indigenous peoples

Regardless of continent or region, our mining executives and directors recognised that their industry comes with a difficult legacy when it comes to the impact on local communities and in particular, Indigenous peoples. In some instances, this is because mining companies are doing work in countries with layers of pre-existing conflict that can consume best intentions. In other instances, the modern mining industry has been forced to carry the burden of “mining colonialism” from a time when the extraction of valuable commodities in developing countries was directly tied to the colonialist or imperialist aspirations of developed countries.

“Now, when you ask somebody about the big ESG challenges, the money conflict will not be something people talk about. But the link between mining colonialism and conflict cannot be ignored. We tend to operate in environments where governance is weak. And there’s often local conflict between individual groups, or conflict

between the government and the local population, which can be a disruption to mining projects.”

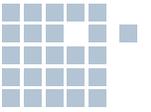
Many of our respondents suggested that early, intensive education and outreach are going to be a critical challenge in the years to come.

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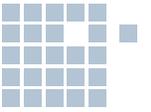
“In the US, local communities generally don’t want mining in their backyard. And it’s largely because they don’t understand it. They don’t know what it means. It’s an education process and getting people, the right people, to go in and properly educate the communities about how this can be done responsibly.”



## Convincing corporate end users of commodities to help improve the ESG performance of mining companies

The metals and minerals that come from mining have become essential constituent ingredients in the devices and technologies the world needs to achieve its decarbonisation goals: silica to make silicon for solar panels; lithium, manganese, cobalt, graphite, and nickel for EV batteries; and other rare earth elements for smart phones and computer hard drives. However, our respondents were concerned that many of the companies that need these commodities are not doing enough to support the mining industry to meet ESG targets.

“So, my biggest thing is that end users will have to start paying for ESG. Big tech and manufacturing companies have to start to take their trillion-dollar market caps and put it into ESG at the raw material level. These companies make an absolute fortune off things like the internet. Well, what is the internet based on? What are devices based on? What are the 5G networks based on? Mining.”



## Navigating the myriad of ESG definitions, reporting requirements, and standards in different countries around the world

Mining is a truly multinational industry and, of course, each country has a different legal and environmental context. Any mining company operating in more than one jurisdiction faces a challenge to identify and meet standards and requirements that could be considerably different.

“One of the key things that needs to evolve is consistency across ESG requirements. Right now, different countries have different standards, and so standardising a

lot of the ESG requirements would be really helpful. One of the things we have found is that reporting of greenhouse gas emissions can be quite different depending on geography. Reporting on human rights can be quite different depending on the jurisdiction that you’re dealing with. And figuring out a way to standardise reporting across geographies would be quite valuable as we look forward.”

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## 2. Thinking and Planning

# How has ESG changed your thinking and planning on a go-forward basis?

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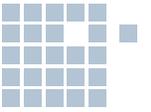
For many respondents, ESG has gone from being an ‘add-on’ or collateral responsibility to a core element in all aspects of the industry – from the conception and planning of projects, through operation and reporting.

## Acquiring a deeper, broader understanding of what ESG means for the industry

For obvious reasons, the mining industry has focused on the environmental impact of its projects. However, as regulations and reporting requirements become broader and more detailed, mining companies have access to much more information about ESG performance than ever before.

“(Our thinking about ESG) is more solidified from where it was 18 months or two years ago. The ISSB (International Sustainability Standards Board) and regulators are providing more information to us about what we need to do. Mining companies are using a wider lens to look at this issue, looking at all impacts and how they are interconnected to business, as opposed to a ‘siloeed approach’ which is the traditional approach. ESG is now a consideration in everything, including compensation and the recruitment and retention of talent.”





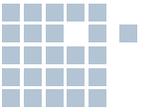
## There is a new awareness that those directly impacted by mining projects must be involved on the frontlines of planning and operation

With greater attention on ESG in mining comes greater public awareness. Now all constituencies – investors, shareholders, local communities, and NGOs – are not only deeply concerned about the impact of mining projects but also knowledgeable about the regulatory framework. And they expect to be involved at the earliest possible stages of any project.

“Today, what stakeholders are saying to us is ‘we want to be part of crafting the solution with you.’ It is no longer sufficient for us to

lock ourselves in a dark room and work very hard at coming up with the solutions to ESG problems and telling the world, ‘Don’t you like the solution? Isn’t it amazing?’ We went from ‘tell me’ to ‘show me’ to ‘involve me.’ In the ‘involve me’ world, we’re going to have to build new muscles that we don’t currently have for how we work collaboratively with people to craft solutions to ESG challenges, allow ourselves to be influenced by them, and influence others in their thinking.”





## ESG has amplified the need for the big players in the industry to step up and help smaller, junior companies meet new reporting requirements and standards

As ESG standards become more complex, the more time, money, and human resources are needed to meet reporting requirements and project planning demands. Unfortunately, respondents acknowledged that smaller, junior firms are struggling to meet those new requirements and demands. And when those companies run into ESG problems, there is a threat to the entire industry.

“I would suggest that many juniors have been a long, long way off the mark. The problem is the entire industry is actually only as strong as the weakest link. And so, what I’m seeing is that (the juniors) performance hasn’t been that great. Actually, the industry often gets defined by the junior performance.”

Going forward, many respondents believed it was in the best interests of the industry, and its principal advocates, to help smaller firms

navigate ESG requirements and standards for the benefit of all mining companies.

“I think the International Council on Mining and Metals needs to really play a role in putting their arms around the juniors to bring them into the ESG fold. But I also think

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**“The industry often gets defined by the junior performance.”**

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there’s a narrative with investors to say, ‘how do you then reward those juniors that do play ball?’ We need some incentives so that the juniors that meet the standards receive support or funding to help grow their business. It needs to be a coordinated effort. At this stage, it’s the large caps and the mid tiers doing a huge amount of work.”

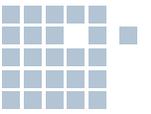


### 3. Role Models

# What other companies or industries may serve as role models for mining companies?

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Although respondents were united in their belief that the mining industry has drawn more attention and has been working to improve ESG performance longer than many other industries, some examples have been set by other companies in different industries.

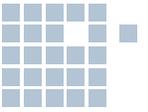


## The oil and gas sector shares many of the same burdens and has demonstrated some best practices in ESG

Several respondents identified oil and gas as a sector that has struggled with the same scrutiny as mining. Drilling holes to extract fossil fuels shares some of the same collateral concerns as mining. However, the intense global focus on the need for decarbonisation has put oil and gas very much on the hot seat.

“Oil and gas are always having to answer to external groups. And often, that’s when your skills become sharpest, when you’re at the frontline, because you’ve dealt with the troubles or the challenges. I’m not saying oil and gas is a good or bad sector. I’m saying that it’s faced a lot of challenges over the years.”

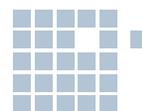
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## **Manufacturing companies have demonstrated a broad awareness of ESG concerns and the importance of concepts such as the “circular economy”**

While mining draws ESG scrutiny because of the invasive nature of its operations, at the other end of the production spectrum, manufacturing often draws similar scrutiny. **Shoppers have become increasingly informed about ESG** and how it connects to everything from fast fashion to post-recycled products. As a result, manufacturers have begun to aggressively promote the progressive aspects of their products.

“I think some of the areas of the fashion industry and – let people raise their eyebrows – the way they source from a supply chain point of view, could educate us. That industry is doing a huge amount to change the narrative and the way people see them from an ESG point of view.”



## Big players in health care demonstrated the need for corporate interests to put people before profits at a time of great need

Respondents noted that in an age of multiple existential threats – disease, climate change, geopolitical uncertainty, and war – concerns are raised whenever an industry profits in the face of suffering. Several respondents noted specific instances when the **need to maximise profits was downplayed** so that a greater good could be pursued.

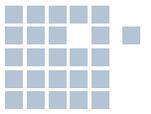
“Many people have forgotten that AstraZeneca made zero cent profit from the COVID vaccine in contrast to other vaccine providers. AstraZeneca said, ‘this is a public good, we’re going to make no profit from a COVID vaccine.’ Now, in the last one to two years, especially since the Ukraine war, metal prices

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“I think we should have been better at sharing the results of those profits.”

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have gone up drastically. And you saw huge profits for our industry. This was very controversial but we did not step back and say, ‘Can we distribute some of the super profits back to society in some way? Because these gains come from war.’ I think we should have been better at sharing the results of those profits.”



## Industries and companies that looked outside their normal area of expertise to find ways to improve the lives of people impacted by their operations

Along with the discussion of whether there was a way to redistribute profits triggered by events like war, some respondents applauded companies that took a broad activist approach to helping people that are important to business success, both as employees and customers.

“The first role model was Procter & Gamble. They set goals that seemed outside of operations in terms of potable water through the P&G Children’s Safe Drinking Water Program and the P&G Domestic Program for personal hygiene kits. I think they set an example of how one ought to think about these things.”



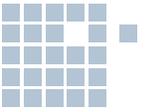


## 4. Evolution

# How do you see ESG standards evolving in the future?

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The single constant identified by our respondents was the never-ending evolution of ESG standards and reporting requirements, caused by the fact that all the external forces that drive mining and exploration – decarbonisation, new technology, socio-economic concerns – are constantly evolving as well. That means more (and more robust) standards and increased demands on mining to live up to their ESG narratives.



## A move towards more consistent global ESG standards and definitions

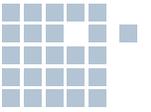
Mining companies are the very model of multinational business organisations, often operating in multiple countries on multiple continents worldwide. Many respondents described the challenges of identifying and plugging in reporting requirements and ESG standards that vary significantly from country to country.

“The number one development will be the consolidation of ESG standards, both performance standards and reporting standards. The stuff in the reporting standards space is probably more advanced than in the performance space. So, we are involved in a series of conversations at the moment to consolidate the performance standards on ESG.”

## ESG reporting requirements and standards will become more complex, and more stringent

Along with the push to standardise reporting requirements and standards, respondents believed that all three core concepts within ESG will slowly adopt higher standards which, for those companies willing to embrace the challenge, will lead to better performance and outcomes.

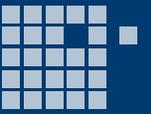
“I see the standards getting higher in terms of the level of (ESG) ambition that we need to achieve. And that’s important because if you put standards higher and higher, what ends up happening is the already good performing companies become slightly better and better.”



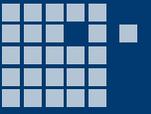
## Both mining and ESG will become more heavily politicised around the world

Our respondents acknowledged that there has been a backlash against ESG. Some environmental and shareholder activists believe it has become more of a marketing effort than a process committed to improving operations and the lives of all those affected by mining. Others noted that **ESG has been drawn into political debates**, particularly in polarised countries.

“The last year has been fascinating because the ESG agenda generally has been clearly politicised. The mining industry does damage the Earth, and it does have a problem recruiting people but it also does provide the metals and the other commodities of the future to help us transition to a sustainable future. We have an opportunity to demonstrate where we’ve come from, and how we’re going to mitigate that risk to the planet, people, diversity, or biodiversity. But the politicisation of the term ESG has rather overshadowed so many of the good things and the ambitions within the sector. How we address that as a sector is difficult because we’re always two steps behind in this narrative.”



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## 5. Technology

# How is technology helping mining companies make progress on ESG?

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Not surprisingly, all our interviewees felt that technology would play a critical role in helping the mining industry meet its ESG aspirations.

Some technological applications being watched closely dealt primarily with improving the process of extraction. Others were focused on decarbonisation – an imperative for all industries right now – and project management.

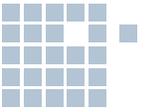


## Mining companies need to pick up the pace of adopting technology

Even while acknowledging the importance of technology in the ESG equation, there were concerns that mining companies could be more agile in identifying, developing, and deploying technology to help them become more sustainable.

“The amount of technology that’s been deployed in the oil industry vastly outstrips the sophistication of the mining industry. Mining has always been lagging in terms of adopting new technology. There’s always been this sense that we should ‘keep it the same’ for some reason.”





## Getting more of what the world needs out of each mine

Many respondents noted the need to devise and apply new technologies to help squeeze more value out of the ore.

“As we know, particularly when we go and mine ore bodies, we probably leave behind 40 to 50% of the ore body. And we leave so much behind because of the ways in which we have set these mines up from the start. And if there are ways to use new low-profile technology or autonomous technology, electrification of underground fleets, I think we can actually get to a point where we can extract more efficiently, and therefore, you need to build fewer mines. That I think has got to be the lowest hanging fruit.”

While there was strong agreement about the importance of new technologies to improve operations and extraction, there were concerns that finding the right

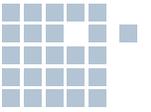
applications given the inherent rigours of mining will be difficult.

“Introducing electric battery-operated equipment is not as easy as it sounds. For underground mining equipment, it’s still very new technology, there are still a lot of teething issues with that. But there are other promising proposals to take a more holistic, almost design-level approach to reducing carbon footprint.”

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**“We leave so much behind because of the ways in which we have set these mines up from the start.”**

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## Data could very well become the new lifeblood of the mining industry

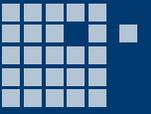
While many respondents were focused on technology that would help with the actual extraction, several interviewees said that capturing and analysing data from mining operations represents the next great technological frontier.

“Capturing data is becoming more and more of a technology play. When I sit down and talk to our data analytics team, we’ll talk about all the data that’s captured within a mining company or a mining project. There are massive amounts of data collected, but not used. And so, these data analysts are putting together ways of monitoring when a haul truck needs to go in for maintenance. And instead of just looking at ‘X’ number of hours, it now looks at wear and tear on

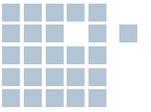
the vehicle before it has to go in. The mining industry collects a lot of data, but doesn’t really do a lot with it, or doesn’t do as much as it could.”

The interviewees agreed that the promise of technology, including AI, to make mining more efficient while reducing environmental footprints should be the end goal of all mining companies.

“Using artificial intelligence to actually find your efficiencies and reduce your emissions is a significant thing. We’ve seen up to a 15% reduction in emissions per ton of product being transported. So, that’s so back to basics, making sure that you’re running as efficiently as possible.”



**“ Using artificial intelligence to actually find efficiencies and reduce emissions is a significant thing. We’ve seen up to a 15% reduction in emissions per ton of product being transported. ”**



# Conclusion

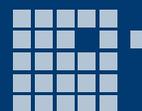
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The best news to come out of our deep-dive interviews with mining directors and executives is that no one suggested ESG is a fad that will vanish as the world's appetite for minerals and metals reaches ravenous proportions.

The mining industry will play an essential role in helping the world achieve true sustainability and no one we talked to believes it is possible to fulfill that role in anything less than a responsible and sustainable fashion.

But what will that look like going forward? Some respondents expressed concern that ESG standards could continue to become loftier and more complex, and the politics around ESG and mining would continue being weaponised by opponents, until it would be virtually impossible to start a new project. That was not a consensus opinion; many directors and executives we talked to saw a path forward. But it is a path fraught with peril for those mining companies that do not find their ESG footing - fast.

Given the inherent social, environmental, and governance issues it faces, the mining industry has a credible role in the global ESG debate as a role model to other industries. But to maintain that position, the mining industry will have to pull together and stay on the leading edge of the ESG wave.



# About the Odgers Berndtson Group of companies

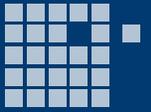
Odgers Berndtson transforms organisational performance by finding exceptional leaders. Our global network of over 250 executive search partners in 32 countries, means we have the local knowledge powered by international

insights to create fulfilling placements. From DE&I consulting to leadership advisory services, we go beyond the expected to deliver industry-shaping advice for our clients and candidates.

## Our Global Reach

64 offices in 32 countries





# Contributors

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**Rob  
Quinn**  
Global Head, Mining  
Canada



**Mary  
McKenzie**  
Partner  
Canada



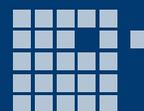
**David  
Jones-Cooper**  
Consultant  
United Kingdom



**Lauren van  
Halderen**  
Managing Director  
South Africa



**Julia  
Soutter**  
Partner  
Australia



# Global Mining & Metals Colleagues



**Rob Quinn**  
Global Head, Mining  
Canada



**Julia Soutter**  
Partner  
Australia



**Lauren van Halderen**  
Managing Director  
South Africa



**David Jones-Cooper**  
Consultant  
United Kingdom



**Fernando A. Olavarría**  
Managing Partner  
Peru



**John Byrne**  
Managing Partner  
Chile



**Luiz Wever**  
Managing Partner  
Brazil



**Linda Shore**  
Managing Partner  
Mexico



**Jim Thompson**  
Partner  
United States



**Jukka Lehtiluoto**  
Senior Advisor  
Finland



**Bengt Starke**  
Partner  
Sweden



**Pedro Meda**  
Partner  
Portugal



**Pierre Hervé-Bazin**  
Partner  
Belgium



**Mikael Stemberg**  
Partner  
Denmark



**Duygu Kayaalp**  
Partner  
Turkey



**Aaron Ashton**  
Principal  
Dubai



**Yan Vermeulen**  
Partner  
Singapore



**Mary McKenzie**  
Partner  
Canada



**Théo Gaultier**  
Principal  
South Africa