



Adapting to change: Evolving mining company boards to fit a dynamic future

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Dominic Barton, Chairman, Rio Tinto

Dominic spent over 30 years at McKinsey & Company and has served as Canada's Ambassador to China, Chair of Canada's Advisory Council for Economic Growth, and Chair of the International Advisory Committee to the President of South Korea on National Future and Vision. His business acumen and public sector experience position him to provide balanced guidance to Rio Tinto's leadership team. Dominic believes in the competitive advantage of putting people at the heart of strategy and the role culture plays in Rio Tinto's future success.



Kaisa Hietala, Independent NED, Rio Tinto

Kaisa is an experienced executive with a strong track record of helping companies transform the challenges of environmental megatrends into business opportunities and growth. She began her career in upstream oil and gas exploration and, as Executive Vice President of Renewable Products at Neste Corporation, she played a central role in its commercial transformation into the world's largest and most profitable producer of renewable products. She was formerly a Board member of Kemira Corporation (2016–21) and is currently on the board of Exxon Mobil Corporation.



Penny Bingham-Hall, NED, Fortescue Limited

Penny has over 30 years' experience in senior executive and non-executive roles in large ASX listed companies. Over the course of her career, she has worked in construction, infrastructure, mining and property industries across Australia and the Asian region and has a particular interest in environmental sustainability, workplace safety and indigenous employment. Penny has a Bachelor of Arts degree in Industrial Design, is a Fellow of the Australian Institute of Company Directors, a Senior Fellow of the Financial Services Institute of Australasia and a member of Chief Executive Women and Corporate Women Directors.



Rebekah Cheney, Climate Governance Lead, Deloitte, Australia

Rebekah is the Climate Governance leader for Deloitte Access Economics advising C-Suite and Non-Executive Board Directors on the intersection between economic strategy and the application of the World Economic Forum Climate Governance Principles. Rebekah is a Graduate of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia, a lawyer qualified in both NSW and England & Wales and has non-exec director experience.



Rohitesh Dhawan, President and CEO, ICMC

President and CEO of ICMC, Rohitesh also leads the Council of 24 CEOs of the world's largest mining and metals companies in voluntary leadership actions that raise the standards of responsible mining. Rohitesh is a Senior Associate (non-resident) in the Energy & Climate Change Programme at the Centre for Strategic & International Studies, a Fellow and faculty member of the Africa Leadership Initiative and a Raisina fellow at the Asian Forum on Global Governance. He was recently named one of South Africa's climate change leaders for his work with the country's mining sector.



Diversity and boards

Successful, sustainable and resilient mining companies require diverse, dynamic boards. It's time for change, writes Tom Isobe, Director of Energy and Natural Resources, at Cripps Leadership Advisors.

Building a board with the optimal combination of expertise, experience and skills is an ongoing endeavour for mining companies, and it's one that's becoming harder as the nature of business evolves, the pace of innovation increases and companies seek to create new forms of value for stakeholders.

To successfully execute their visions for the future, build organisational resilience and deliver meaningful change to the world, miners today require more dynamic boards with greater diversity in their thinking and makeup, as well as capabilities and viewpoints garnered from time spent in other relevant sectors. To explore the challenges and opportunities, we at Cripps Leadership Advisors invited five friends in for a discussion.

“Mining is changing, so the way that mining boards work should too.”

Rohitesh Dhawan | President and CEO, ICM

Dhawan continues, “Mining is in the spotlight and under scrutiny like never before and the expectations of each stakeholder group have gone up a notch or two. Therefore, the attributes of boards and their ways of working need to change in response before we even think about the pace of geopolitical and technical disruption in the world at large.”

Dominic Barton, Chairman at Rio Tinto, agreed: “The nature of business is changing fast,” he said. “There are also some strategic ownership and capital market related changes on the horizon if the mining industry is to change people's perceptions of it and attract the capital and talent it needs to prosper.”





Overseeing transformation

While the role of mining boards isn't fundamentally changing – they are still expected to oversee functions such as capital allocation, strategy delivery and governance – companies now require these duties to be performed with consideration for a greater number of fast moving and sometimes conflicting themes.

Environmental, social and governance (ESG) issues, circular economy, cyber security and artificial intelligence (AI) are just a few of the subjects in which board members must not only be fluent, but also cognisant of the organisation's impacts on the wider value chain or ecosystem; the aim is to maximise the net gain for everyone.

In line with this, different capabilities are becoming valuable for boards. In the past, companies favoured candidates with skills related to disciplines, such as engineering and finance. These are still important, but no longer sufficient.

“Today, companies can use data and scientifically proven methods to profile candidates against criteria beyond the usual strengths and tripwires to predict more pertinent capabilities.”

Tom Isobe | Director, Energy and Natural Resources

Isobe continues, “This includes adaptability to innovation, openness to critical thinking in relationship to emerging topics, and the ability to galvanise a following around new directions.

While these might seem like obvious qualities to look for, without being rigorous and intentional about it, they can be easy to skip over, and mining organisations do not want to be stuck in the past when others are leaning into their board's strengths to propel themselves ahead.

“Boards need to make a conscious decision not just to bring in skills from, say, the social sciences, but also to create an environment in which people from these backgrounds are equally empowered and respected in the boardroom,” said Dhawan.

Experiences and thought leadership from outside of the usual mining pool are also proving important counterweights to traditional perspectives.

Kaisa Hietala, Independent Non-Executive Director (NED) at Rio Tinto, explained: “I believe that when new value is emerging and sectors are becoming more relevant because of transitions, boards need to be curious and focus on building a culture where fresh expertise and experience can be added to the company to balance traditional perspectives and knowledge,” said Hietala.

She added that there are limited numbers of people from mining backgrounds who have experience of significant transformations, whether technological, cultural, or otherwise, and therefore companies might need to introduce board members from outside of the sector.

“There are people in other industries, who have helped lead businesses through massive transformations, and mining companies with adaptive cultures can tap into that. I believe that in the future, boards will be much more diversified than they have been so far.”

Kaisa Hietala | Independent NED, Rio Tinto



Finding a balanced composition

Balance is key. For all its commonalities with other industries, mining is still a technical and complex business with many specific nuances. It's important that companies balance their boards with a mix of members who have sector-specific knowledge and experience, alongside those with expertise from other industries or fields, ensuring equal standing and respect for all.

The optimal board composition will look different for every business depending upon its commodity mix and strategy, the communities and geographies in which its embedded, its purpose, and more. And that requirement will change over time as the business grows and evolves, so regular reviews are important.

In 2022, [Rio Tinto undertook a detailed assessment](#) of the skills and experience of its board and decided to refresh its composition. The focus was on deepening its mining, operations and projects experience, as well as renewable energy and sustainability capabilities. The company has since appointed six new NEDs, and Barton, who oversaw the process, spoke to this.

“Kaisa was the first person we brought on,” he explained. “She had no experience of the mining sector, but a lot of experience in renewables through her work at Neste, and that was exciting. Her knowledge and experience are critical to what we need to achieve as the business moves ahead. Being able to challenge orthodoxies and mindsets is also important. That’s another skill that Kaisa brings from her role as an activist on the Exxon Mobil board.”





New opportunities require new skills

To overcome the challenges that lie ahead and capitalise upon the opportunities, mining boards require members with knowledge of different fields and disciplines, but also people with broader business and transformation-related skills.

Barton pointed to American business executive, [Edward Breen](#), as an example. During his tenure as chairman and CEO at Tyco International in the early 2000s, Breen oversaw the company's transition from near bankruptcy to a market leader and, later at Dupont, where he now serves as executive chairman and CEO, Breen led the organisation through a transformative merger with Dow.

Mining is also a capital-intensive industry and will require significant investments to bring new operations online over the next 20-30 years. Experience navigating capital markets is therefore highly desirable, particularly as the industry rides a [decade-high wave of M&A activity](#). Additionally, the ability to navigate crises and/or geopolitical tensions, and work with governments to evolve policy and secure supply chains are future critical.

“One of the challenges is that companies can't add a person to their board for every emerging skill or field,” said Barton. “It's important that organisations are clear on their priorities and what or who will add the greatest value to their business. Consider which skills and areas of expertise are critical to have in house, and where the business could harness advisory groups to add depth of knowledge in certain fields. For instance, at Rio Tinto, we have a technology council that the board can call upon when they need specialist input.”

It's also important to consider the number of board members that a company has. In comparison to other businesses that manage large numbers of assets – private equity firms, for example – mining companies tend to have relatively small boards. A [2023 study by White & Case](#) found that the average board size of the top-100 and 500 listed mining companies in 2022 were 10 and eight members respectively.

“[...]if you're going to have a tight board of directors then who's in that group really matters, not just in terms of governance but performance too. A new appointment could unlock significant value creation possibilities for the business.”

Dominic Barton | Chairman, Rio Tinto

“It's quite old school for a company the size of a tier one miner to have just 10-12 board members,” said Barton. “It's up to individual companies to determine that number but, if you're going to have a tight board of directors then who's in that group really matters, not just in terms of governance but performance too. A new appointment could unlock significant value creation possibilities for the business.”



A fresh set of eyes

A fresh perspective on challenges, both old and new, can be incredibly valuable and, in recent years, more mining companies, particularly tier one and twos, have begun to look outside of the mining sector for board appointments.

“Often, people from outside of the industry or organisation can ask the best questions.”

Kaisa Hietala | Independent NED, Rio Tinto

Hietala said: “Systemic transformations, such as energy transitions or natural capital being introduced into balance sheets, are massive topics. Often, people from outside of the industry or organisation can ask the best questions, because they bring a different lens through which boards can look at a situation. These people reflect what they hear and see, and often those are things that people who are close to the company have missed.”

She added that if someone is bringing deep knowledge from another field, then they must be able to offer it to the board in a strategic way. Boards want members who are interested in the industry and who want to influence its future success, rather than an advisor who only offers insights on one topic.

A good way to describe someone with the desired capabilities would be with the shape of the capital letter T; these people have a broad understanding of business principles (the horizontal part of the letter) but can also offer specialist insights into a specific theme or sector (the vertical part).

Barton explained: “In order for that T shaped set of capabilities to work – for companies to benefit from injections of specialist knowledge – boards must have a firm understanding of the industry in which they operate. For example, mining boards must have a fundamental grounding in geology, material science, capital markets and project economics. It’s important not to swing too far in either direction.”

He added that good judgement is a crucial quality in board members; something that Jody Kuzenko, CEO of Torex Gold, and Mark Cutifani, Chair at Vale Base Metals, also highlighted in [this recent paper](#).

“You can’t analyse your way to all the answers,” said Barton. “Boards need people who have experience in making big and sometimes difficult decisions and dealing with the results, good or bad. It’s important to have that experience at the table.”

For Barton, working at McKinsey & Co provided exposure to a wide range of industries. “That breadth has given me quite an independent view,” he said. “It makes me think differently about opportunities and challenge the way that things are done, but always from a value creation perspective. My time at McKinsey taught me how to work with CEOs to influence companies’ success.”



Staying on top of AI



Hietala believes that traditional industries have a lot to gain from emerging technologies like AI. “Industries, like mining or oil and gas which run 24/7 and entail a lot of capital, tend to build redundancy into their systems,” she explained. “We could harness AI to optimise designs and create better process efficiency. Introducing intelligence into industrial systems won’t only reduce waste and improve efficiency and sustainability, but also the bottom line.”

Ultimately, [boards are responsible](#) for the way in which these technologies are used at the companies they oversee. Whether they acquire the necessary knowledge through experience in other industries or through specialist advisory capacity, directors need to be increasingly conversant with the applications and implications of these systems, so that they can ask the right questions of leaders.

Rebekah Cheney, Climate Governance lead at Deloitte Australia, explained: “By taking a proactive stance on AI governance and introducing oversights and interventions now, boards can ensure that AI is used in a way that’s inclusive and prevent it from becoming biased or discriminatory. Also, regulation on AI is increasing in many jurisdictions. Boards need to be prepared for the introduction of soft law expectations with a global reach too.”

Penny Bingham-Hall, NED at Fortescue Limited, agreed. Fortescue sees AI as an important differentiator and the company has put significant effort into defining its culture and values surrounding the use of AI. “With the proper governance, AI can actually help functions and processes, such as recruitment or supply chain management, to become less biased,” she said.



Seeing sustainability as a value driver

Sustainability is another topic for which boards are accountable. Most mining companies have set ambitious targets in areas, such as emissions reductions, diversity, equity and inclusion, and freshwater usage to name just a few. The oversight and guidance that boards provide will be crucial in meeting these goals and in identifying new value streams along the way.

“Boards should encourage teams to apply a sustainability lens to every decision from the outset of a project,” said Cheney. “Embedding sustainability and Indigenous governance into business plans, not just because they’re the right thing to do but because they make economic sense too can bring huge opportunities.”

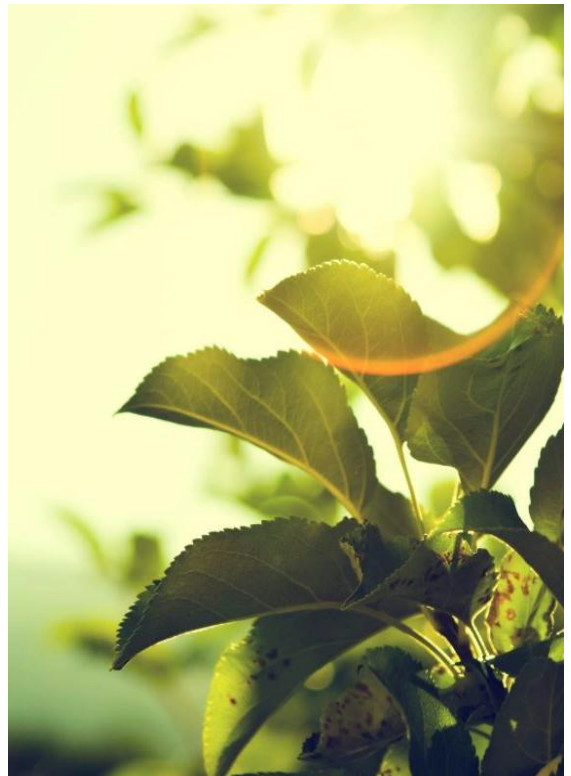
She added that environmental and social governance (ESG) reporting, the regulatory requirements for which are increasing rapidly, is another topic that boards must be across today. Board members can add value through overseeing resource allocation to collect the data for reporting, not just for compliance purposes, but for strategy development and to encourage operational optimisation within their organisation. Understanding the intersectionality between areas of organisational complexity such as AI, climate change and biodiversity will be critical to this.

“At Fortescue, we see this as a big opportunity,” said Bingham-Hall. “We’ve put significant investment into decarbonising our operations with the aim of being net-zero by 2030. As part of that, we’re building a whole new business – Fortescue Energy – around battery-electric haul truck technologies and green hydrogen. When you’re used to looking at these challenges through the lens of different industries, you can start to ask: ‘why can’t we do that here too?’”

Board members from outside of the mining industry can play an important role in fostering this opportunity mindset and, as companies shift their focus from starting to accelerating their net-zero journeys, looking to companies and sectors that are more advanced offers a chance for miners to leapfrog ahead.

“It’s clear that there are sectors who are front runners in sustainability,” said Hietala. “The energy sector was one of the first to start measuring emissions and looking into climate change mitigation. Agriculture and forestry were some of the first to start measuring and managing biodiversity.

“It’s smart for mining companies to look at what others have done and see how those lessons could apply to their own businesses. That’s one of the roles that I feel I play at Rio Tinto; my experiences at companies like Exxon and Neste allow me to bring new ideas for creating value through sustainability.”





Changing the approach

Bringing the outside in

Cheney pointed out that, in addition to diversity of thought, having directors who come from different industries and backgrounds will bring an extra level of impartiality to mining boards.

“Some board members will naturally find themselves more aligned to the thinking of certain stakeholders,” she said. “Having diverse members will help boards to exercise independent judgement when making decisions that involve inevitable trade offs, impacting multiple stakeholders.”

Bingham-Hall added: “There’s also a long-term stewardship role and system thinking capability that comes from working across multiple different industries. Good directors challenge the status quo and bring the outside in. It’s very easy when you’re in one organisation, particularly if you’re there for a long time, to see things in a certain way. It’s inevitable that an element of that creeps into management over time. So, bringing in fresh perspectives is important.”

Being able to make connections and help companies build relationships in adjacent industries is another boon. One of Bingham-Hall’s previous roles was at BlueScope Steel, an experience that she said has been helpful in understanding pathways to decarbonising mining value chains.

Open to lifelong learning

Regardless of the expertise that they bring and how they offer it to boards, the most important quality in directors is a commitment to remaining curious and open to learning.

“All directors need to stay up to date with what’s happening in and around their industry through attending conferences, undertaking training and spending time in the field,” said Bingham-Hall.

She added that’s one reason why it’s important for directors not to sit on too many boards, because it takes a lot of time and effort to stay educated on issues that matter today. Good NEDS remain curious and enjoy learning about where things are going and how other companies are dealing with key issues.

“It’s one of the things I love most about being a director,” said Bingham-Hall. “Every day there’s something new to learn, and the best ideas often come when you’re able to triangulate between different boards, industries and issues. Being able to use that knowledge to challenge management to think differently and do better is incredibly rewarding.”

Contact

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