MARSH

Episode 5: Addressing people risk and the talent gap

Raul Munoz: Welcome to the final episode of 'Mining in 10', I'm Raul Munoz at Marsh, and we've saved probably what we consider the most fundamental topic for our last discussion today, and it's really about people. On episodes 1 through 4 we covered climate risk, equipment maintenance, cyber, and geopolitical uncertainty, all critical components in Mining resilience.

But here's the thing, you can't address any of those challenges without skilled, motivated, healthy people to lead the effort. So, today I'm very pleased to welcome Jennifer Schmidt, who's a Partner at Marsh health and benefits practice. And we'll be covering a lot of ground, so welcome and thank you very much Jennifer for joining us!

Jennifer Schmidt: Thank you for having me.

Raul Munoz: So let's start with what the data actually says about talent in North America. I think that anybody that's in this business, maybe not just strictly the mining sector, but there seems to be a talent crisis.

Mining in particular is an area where we've seen significant challenges with many of our clients. So what does the data actually say, does it match with what we see anecdotally?

Jennifer Schmitd: The numbers are striking, in the US the Society for Mining, Metallurgy, and Exploration projects that more than half of the mining workforce, that's around 221,000 workers, will retire in the next 4 years.

We're heading into a max exodus of experienced professionals, and sadly pipeline of young people who are choosing mining as a career is not keeping pace with that. And in Canada the surveys of young people aged 15 – 30 show that only 34% would even consider a career in mining, which is the lowest of any sector.

But why? The reasons are pretty consistent, perceptions are that mining is dangerous, it's physically demanding, or environmentally problematic, and we know that our youngest workers are very purpose driven. There's a preference for urban environments and that's been identified as a risk for HR and Risk Managers in our most recent surveys.

And there's concerns about digital connectivity and work-life balance, so Gen Z is not coming to mining automatically, so mining needs to come to Gen Z.

Raul Munoz: That's very interesting, and it's happening at a very critical point right now where we're seeing this acceleration in Mining development, so a bit of a pickle for sure. And, this isn't just about numbers, it's not that we can pick up a bunch of people and put them here, convince them this is the right thing to do. It's about very key and critical skills. How does that data compare?

Jennifer Schmitd: And that's exactly it. The skill issue and the labour issue is not unique to mining. But it is more pressing in the mining sector. Our most recent people risk survey, which is a survey of risk and human resource managers and professionals, shows that globally both HR and Risk managers are worried about Labour and Tech skills shortages. So that's number 2 and 3 globally, and number 3 and 7 in Canada.

So, and that's backed up by the 86% of mining executives who say they are struggling to recruit and retain talent in specialized areas; mine planning, process engineering, data science, automation. These are precisely the skills that are going to define the next generation of mining, which we know is already here.

If you can't attract the people, or keep the people with those capabilities, your ability to innovate and deploy modern maintenance technologies, cyber defenses, climate adaptation strategies, is severely constrained. And people risk, or workforce risk, depending on how you want to call it, sits at the intersection of every other risk category in this resilience guide that we're talking about today.

Raul Munoz: Ya that's incredible, those stats are staggering. How should mining executives be thinking about this? How do we re-imagine that workforce, what does it look like and what do we need to do as a sector?

Jennifer Schmitd: Ya, and again, it's exacerbated in mining, but we're seeing the same conversations across the country. We need to talk about expanding who we're recruiting beyond our traditional workforce. So Mining has historically been predominantly a male industry, that data shows it. Low rates of entry for women, high rates of attrition for those who do join. So, women represent an enormously untapped talent pool.

And the same is true of immigrant workers. We are a country of immigrants, so while indigenous representation in the Canadian mining workforce has expanded significantly, the immigrant or the new Canadian representation has not. So this isn't just about equity, or diversity, it's actually about business necessity.

Raul Munoz: Definitely, you mentioned earlier, you said something really interesting. You said that Mining industry has to come to Gen Z, and not the other way around. What is that message look like? I've been in this industry for close to 20 years, and one of the things that is sometimes is lost, is all the

good work that these companies do, that sense of purpose, those stories are quite compelling. How do we change that with how we message that?

Jennifer Schmitd: So fundamentally, our research shows that Gen Z expect diversity in the workplace, they expect digital connectivity, they expect clear career development pathways, and they expect a sense of purpose.

They want to know that their work matters. So mining actually has a really compelling story to tell. The energy transition depends on critical minerals, critical minerals come from mines. That's a purpose-driven narrative right there. But mining companies have to genuinely committed to the culture shift to make it credible. I would say Gen Z and our younger millennials are so so adept at seeing the 'washing' of messages. So you can greenwash, you can do all sorts of different washing, diversity washing, you have to make it credible, it can't just be a message.

Raul Munoz: Ya, so that's attracting new talent, young talent to come to the sector. What about people that are already a part of the organization, how do we paint them in the business?

Jennifer Schmitd: Ya, and some of it is about your rewards programs. So one of the top people risks in Canada is out-dated rewards programs. So there's a real opportunity to look at your whole offering, what are you providing people, what are they expecting, and what are they asking for? Are you spending in the right place?

But, investing in the people you already have is faster, it's more cost-effective than hiring from scratch. So create clear pathways for careers, visible advancement opportunities, or learning, even lateral learning opportunities, mentorship programs, fostering that culture of continuous learning and upskilling. And providing them with an engagement and rewards package that is meaningful.

But for our underrepresented groups, we want to hang onto them. We're talking about maybe our women, or new Canadians. If limited development opportunities are present, then it's a primary driver of attrition. They'll go elsewhere to seek what they're looking for. So if you're not investing in their growth, you're sending them a signal, and they will act on it.

Raul Munoz: That's really interesting, earlier you talked about retirement, and that mass exodus that we're probably going to see in the next few years. How should succession planning be thought about. Ya know when we talk about a mining development, sometimes we're talking about several decades. And over that course of time, that continuity of knowledge is critical. How do we think about this, how do we talk to our clients about that?

Jennifer Schmidt: Well without succession plans you risk permanently losing institutional knowledge. When experienced people retire, and they might not just be your leaders, but your leaders are going to be your most visible part of that. You might have unnamed leaders or influencers in your organization

that you need to be aware of as well. But mining knowledge is particularly irreplaceable, because so much of it is tacit. It's earned through decades of experience through specific equipment, specific geology, specific communities. And the organizations that proactively identify those critical roles, and work to either document the knowledge and skills, or use mentorship programs to develop internal candidates to bring them along into those roles will weather this retirement wave far better than those who don't.

Raul Munoz: Maybe let's shift this a little bit, and let's talk about community investment, because that connects directly into the workforce pipeline.

Jennifer Schmidt: Yes, it does indeed.

So, mining operations do affect the communities that they operate in. Particularly the indigenous communities and those remote local populations. So, the guide that we developed is very clear, that meaningful community investment goes beyond the legal minimum. It means genuine, and that comes back to that whole expectation from our younger people of genuine action, not just messaging.

Genuine employment and training opportunities for local people, investments in healthcare, education, infrastructure, and a real effort to understand the cultural needs and concerns of indigenous people and the local community. So our research shows that 44% and 46% of Gen Z and Millennials respectively, are concerned about loneliness, so a community is belonging. And half of Canadians surveyed are worried about covering monthly expenses. So those community relationships that are strong, can help you build your workforce to be stable, with a strong rewards package. Your social license is then more secure and your long-term resilience improves across the board.

Raul Munoz: This is actually a really good segue, you said something really interesting, and I think a topic that people think about when they think about mining. It's an area that's historically been seen as physically demanding, and sometimes there's a perception of some high-risk involved. But I want to talk about mental health. I think that's an area that sometimes tends to not be thought of in that context. You mentioned loneliness earlier, and that's definitely a key factor when you're operating at some of these sites. So how do we address that?

Jennifer Schmidt: So it's pretty complex to address. Even in urban centers where there's lots of access to supports it can be complex. But particularly in mining, you think about the combination of risk factors, and you named some of them; physical isolation from family and community, that can breed loneliness, long working hours, high-pressure environments, shift work, the emotional weight of working through climate events that may have directly impacted your families. These are conditions that can breed

anxiety, they can breed depression and stress disorders, and the industry has been a little slow to acknowledge that.

But the organizations that are leading in this space are beyond proactive, they are employing on-site therapists, there's a world of digital health supports that are available now for mental heath, as well as physical health. They are creating safe spaces for conversations about well-being, they are creating more programs that create more inclusivity and psychological safety in the work environment. So supporting your workforce and their families with those kind of initiatives, as well as the digital health tools that are there to promote health care, promote well-being, and access. It isn't charity, it's definitely not charity. It directly reduces absenteeism, it improves productivity, and will help you retain talent for the future. So the business decision is pretty clear.

Raul Munoz: It's a business issue, it's beyond whatever way you want to say it. And now, we find that sometimes there's a lot of discussion about mental health, but that message needs to come from the top.

Jennifer Schmidt: It totally does. It has to come from the top. And again, our younger people are very adept at seeing through it when it's not coming through with genuine intent. So a culture of psychological safety is set by leadership. If senior leaders model the openness about well-being, if they talk about and allocate resources to support it, it becomes part of the culture. If it's treated like a soft issue, people won't engage with it even if the programs are there.

So senior leadership tone is everything. And the senior leaders of today and tomorrow need to recognize that people risk – workforce risk doesn't exist in a silo and that it overlays every risk there is. So making your workplace physically and psychologically safe means people will come for employment and purpose, they will stay for the opportunities and the community, and they will take care of your business.

Raul Munoz: That's beautiful, beautifully said. As we close our final episode, I want to bring everything back to how we started thinking about this. People risk sits at the intersection of every risk, from climate to equipment, to cyber and geopolitics. What would you say to mining leaders who are overwhelmed by the scale of some of these challenges?

Jennifer Schmidt: It's a lot, right. And I think it's like anything, the first step is the hardest and every step is hard. I think it's about direction, you don't need to solve every problem in one go. But you do need a strategy, and you need to moving consistently in the right direction, with the ability to shift if needed. You need to invest in your people and build those genuine relationships with the community and with your workforce. And you need to develop our next generation of leaders, because we need the minds to develop the next iteration of Canada. And we need to create workplaces that people what to stay! That foundation is going to make everything else more achievable.

Raul Munoz: Well that feels like the right note to end this on. Not just this episode, but the entire series. Max Planck famously said “Mining is not everything, but without mining there’s nothing”. So this industry is indispensable to the modern world. Jennifer you said this earlier, mining has a compelling story to tell. And leaders who build resilience today will be the ones who shape tomorrow!

Thank you to all our guests across our 5 episodes over the last week, and thank you to each of you for joining us. The full Resilience Mining guide is available at Marsh.ca. We hope the conversation has been valuable, and thank you very much Jennifer.

Jennifer Schmidt: Thank you!