



IAIA 21

VIRTUAL EVENT

#iaia21

Local Content Development: Tools, Approaches and Governance

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Reporting on local content: Driving performance and aligning actors

Jeff Geipel

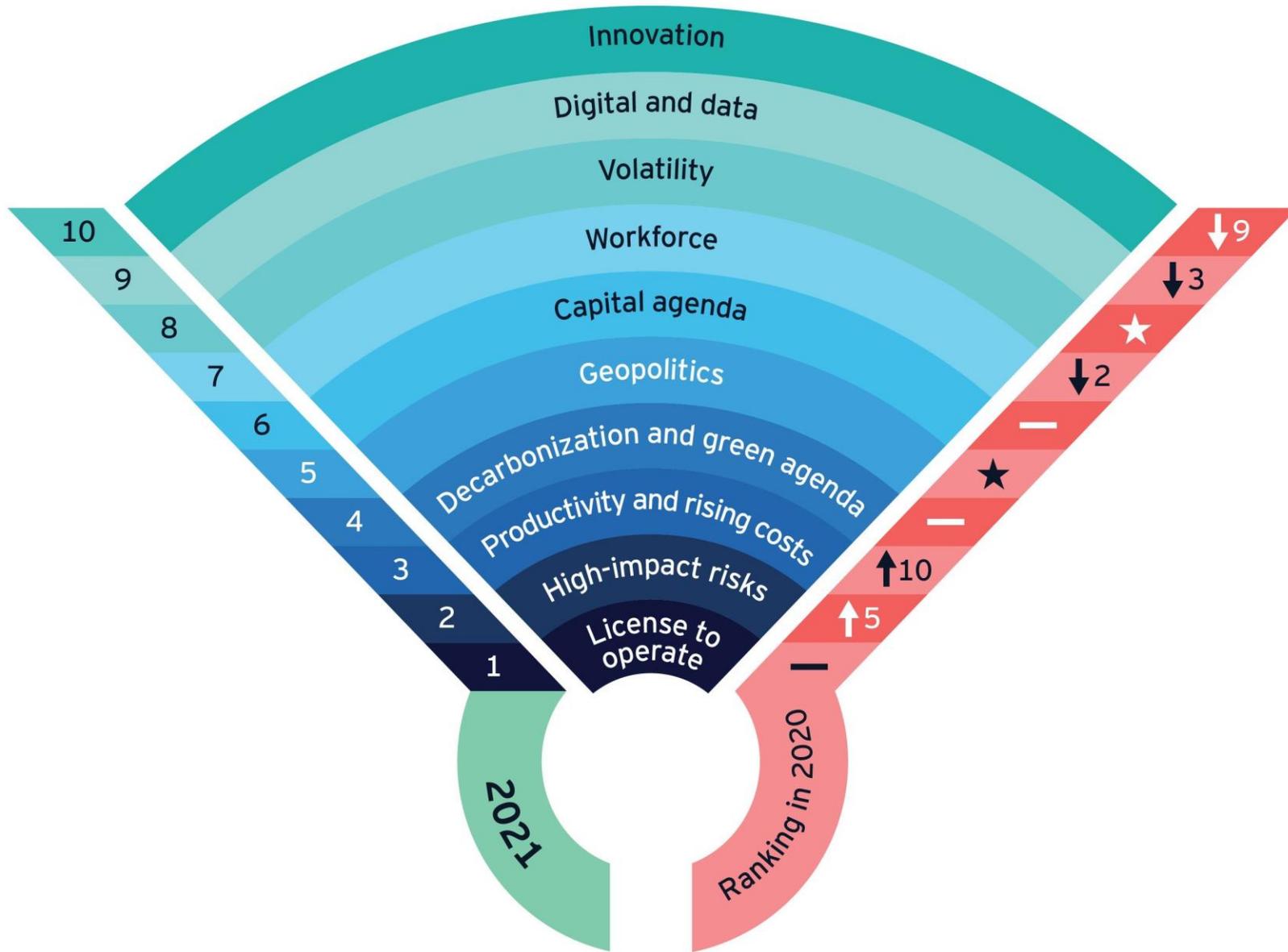
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↑ Up from 2020 ↓ Down from 2020 — Same as 2020 ★ New to the radar

In-Country Expenditure by Recipient



.....
\$4,650m 12%



.....
\$26,358m 71%



.....
\$6,394m 17%

Payments to government	4,650
Royalties and land use	811
Income and other taxes	2,509
Employee taxes	371
Other payments	959
Payments to suppliers	26,358
People and communities	6,394
Wages/salaries	6,054
Community investments	340
	\$37,402m

“One of the interesting facts in the report is the relative level of payments to suppliers. ... In order to maximize mining’s contribution to diversification through the use of local content” development, we need to focus on how these payments to suppliers can benefit local business more and promote economic development”.

Christopher Sheldon, Practice Manager, Extractive Industries, World Bank

Principle 3 – Supply chain: we will require that our suppliers conduct their businesses ethically and responsibly as a condition of doing business with us

Supply Chain Policy

3.1 We will adopt and publish a Supply Chain Policy and support our contractors and suppliers to operate responsibly and to standards of ethics, safety, health, human rights and social and environmental performance comparable with our own. We will conduct risk-based monitoring of compliance.

Local procurement

3.2 We will promote access for local businesses to procurement and contracting opportunities generated by our operations and, where appropriate, provide capacity building support to help them improve their capabilities as suppliers.



Local Procurement Reporting Mechanism

The Mining Local Procurement Reporting Mechanism (LPRM) is a set of disclosures that seeks to standardize global metrology.

MINING LOCAL PROCUREMENT
REPORTING MECHANISM



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Sample disclosures (Select LPRM 200 - required)

LPRM 200: Procurement systems

These disclosures focus on processes related to local procurement and require companies to report on policies and systems that support procurement from local suppliers. For external actors, this information discloses the company priorities, procedures, and points of contact related to local procurement.

DISCLOSURE 201: POLICY ON LOCAL SUPPLIERS

The reporting organisation shall report the existence of any mine site-specific local procurement policy and / or other company policies or company standards that include local procurement.

Note: Other company policies or standards could include, but are not limited to, a supply chain policy, a stakeholder engagement policy, or a CSR policy.

DISCLOSURE 202: ACCOUNTABILITY ON LOCAL SUPPLIERS

The reporting organisation shall report the name of the mine site department(s) responsible for local procurement.

DISCLOSURE 203: MAJOR CONTRACTORS AND LOCAL SUPPLIERS

The reporting organisation shall report if and how the mine site requires major suppliers / major contractors at the mine site to prioritize local suppliers. Explain how the company evaluates its major suppliers / major contractors on their local procurement.

Note: Major suppliers / major contractors can include engineering, procurement, and construction management (EPCM) and / or engineering, procurement, and construction (EPC) firms, or other major service providers.



P&P Catering.

Definition of “Local” as Agreed with Local Communities



The Company has developed an extensive network of over 300 local suppliers. Since 2017, our local procurement has injected approximately US\$68 million into the Province of Zamora Chinchipe’s economy, spending an average of \$2.4 million per month during 2019. Overall, in 2019, we purchased over \$247 million in goods and services within Ecuador, 37 percent more than during 2018.

Procurement Spending			
	\$ Million		
Spending by Region	2017	2018	2019
Ring 1	7.4	18.7	17.4
Ring 2	4.3	7.4	9.7
Ring 3	0.7	1.6	1.3
Ring 4	57.6	153.4	218.9
Total Ecuador	70.3	180.3	247.3
Total International	31.9	124.7	146.0
Total	102.2	305	393.3

	Percentage		
Spending by Region	2017	2018	2019
Local (Rings 1-3)	12%	9%	7%
Total Ecuador	69%	59%	63%
Total International	31%	41%	37%

NOTE: Procurement spending includes Aureliamenor and Aurelian Ecuador.

As detailed more extensively in previous Sustainability Reports, we continue to survey, train, certify or otherwise support numerous local vendors to enable them to join both Lundin Gold’s supply chain as well as that of our main contractors. We monitor and disclose our procurement performance, disaggregated by region, to our stakeholders and encourage our contractors to do the same. One of our award-winning suppliers, Catering Las Peñas, has successfully grown and diversified its client base, while also supporting the growth of its own local supply chain.

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Let's continue the conversation!

Post questions and comments via chat in the IAIA21 platform.



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