Local Content Development: Tools, Approaches and Governance

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Reporting on local content: Driving performance and aligning actors

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“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.
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.
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.

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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