

Local Procurement and Public Reporting Trends across the Global Mining Industry

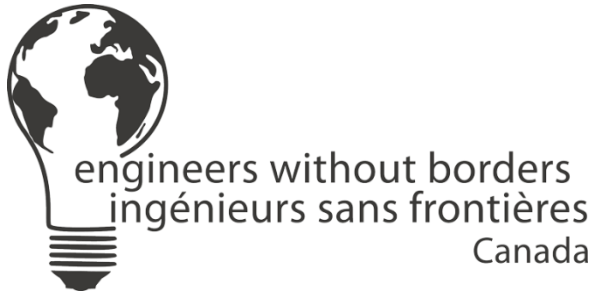
An Analysis of Company Reporting, 2012-2013



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Canada



An Engineers Without Borders Canada Venture



Engineers Without Borders Canada

Engineers Without Borders Canada (EWB) invests in systemic innovations to create a world free from poverty and inequitable development – a world of dignity and equal opportunity where everyone is able to realize their full potential.

Over the past 15 years, EWB has learned that using appropriate technology alone does not address the root causes of poverty. EWB has developed a “systems thinking” approach to addressing development issues. This holistic approach encourages people to analyze how existing social, economic, and political systems reinforce cycles of poverty and inequality, and how to identify opportunities to change these systems to create desirable development outcomes.

Mining is one of EWB’s areas of focus where it invests in supporting ventures that transform the way that global systems behave. Of the historically resource-driven countries, 80% of these countries have per capita incomes that are below the global average.¹ As such, many developing, resource-rich countries have not been able to effectively use their extractive industry resources to create inclusive growth and development.

For this reason, EWB supports Mining Shared Value and their efforts to improve the impacts of mining activity through increasing local procurement.

Mining Shared Value

The mission of Mining Shared Value is to increase the degree to which mining companies purchase their goods and services locally. If the mining industry adopts more comprehensive local procurement strategies, this will bring significant economic and social benefits to the host economies and local communities that are impacted by mining activities.

To accomplish its mission, Mining Shared Value works with a diverse group of development and industry stakeholders that are active in this issue area, including international development institutions, Canadian government agencies, and mining companies.

For more information about Mining Shared Value, please visit www.miningsharedvalue.com

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Executive Summary

Introduction

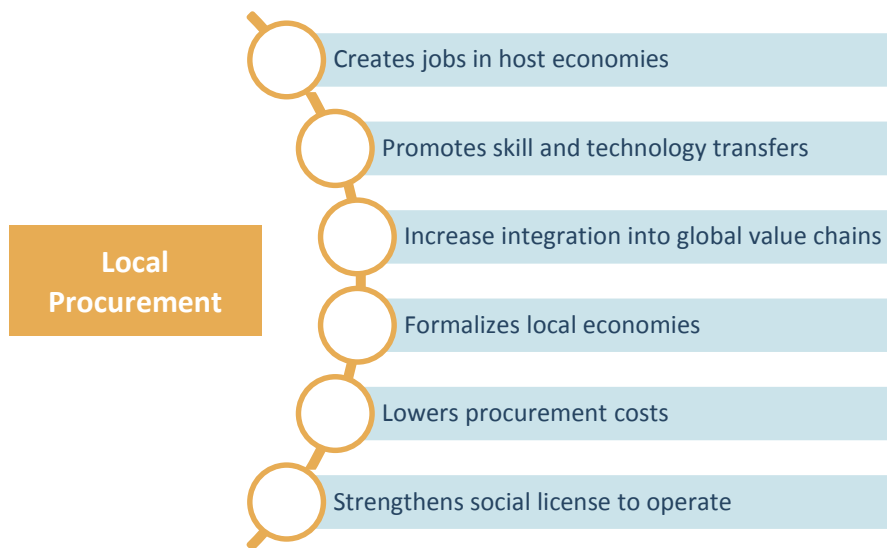
The Mining Shared Value venture of Engineers Without Borders Canada is excited to present *Local Procurement and Public Reporting Trends across the Global Mining Industry: An Analysis of Company Reporting, 2012-2013*. The report provides an overview of the global mining industry’s prioritization of local procurement. It does so by measuring the degree to which the largest 40 mining companies publicly report on local procurement in their 2012 and 2013 corporate responsibility or annual reports. Mining Shared Value will repeat this study next year to continue to examine the trends in local procurement reporting in the global mining industry.

Report Objectives

- To provide an overview of the trends in public local procurement reporting by the global mining industry, between 2012 and 2013
- To encourage mining companies to increase the level of detail in local procurement reporting, and for companies to adopt more comprehensive local procurement strategies
- To showcase the leading efforts of particular companies in local procurement reporting

Local Procurement, Development, and the Mining Industry

The role of mining in development is a contested topic of discussion amongst policymakers, industry, and civil society. However, in order to achieve better impacts of mining activities in developing countries, we need to move away from asking, “Is mining good for development?” Instead, mining industry personnel and international development practitioners should ask, “Under what conditions can mining activities contribute to desirable development outcomes?”



One of these conditions that must be met is for mining activity to have strong economic links to the domestic economies where it is taking place. At the heart of this is the need for mining companies to purchase goods and services locally.

Local procurement epitomizes the positive role that the private sector can play in development. In host countries, purchases of local goods and services by mining companies can create local jobs, promote skills and technology

transfers, increase the integration of local companies into global value chains, and aid in the formalization of the local economy. For mining companies, local procurement can lower procurement costs, improve supply chain efficiency, and strengthen their social license to operate.

The Need for Comprehensive Public Local Procurement Reporting

Any activity of a company cannot be effectively managed if it is not regularly measured and evaluated. Through increased measurement and reporting on issues such as occupational safety, the mining industry has steadily improved performance over the decades. Like occupational safety, it is the goal of Mining Share Value that local purchasing will become an industry norm, and will be measured and reported extensively on in all companies' corporate responsibility reports. With increased reporting on this issue, company performance can be improved, and as a result, the local economic and social benefits of mining can be increased.

Methodology

The report draws on the Forbes Global 2000 list, which ranks the world's largest public companies based on sales, profits, assets, and market value, as of April 2014. The largest 40 companies in the Diversified Metals & Mining category of this index were used to make up the sample of companies that were examined in this report.

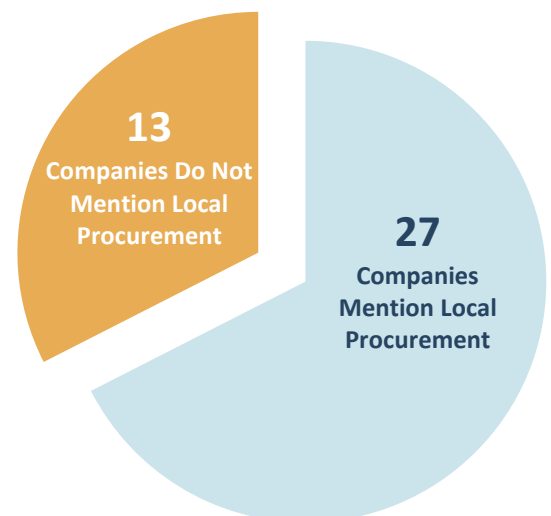
Mining Shared Value then worked to find the 2012 and 2013 corporate responsibility reports of each mining company in the report sample. When a corporate responsibility report for a particular year was publicly unavailable, Mining Shared Value analyzed the company's annual report for that year. Mining Shared Value then used a set of structured survey questions to evaluate the extent to which local procurement was featured in each report.

Answers to each question were: yes, no or not applicable. If there was evidence within a report to adequately answer a survey question, then "yes" was recorded as an answer to that question. For example, if local procurement was mentioned within the report, the answer to the question, "Is local procurement mentioned in the report?" would be "yes".

High Level Trends

The 3 general trends that emerged from the study are:

1. The majority of the largest mining companies in the world are publicly reporting on local procurement.
2. Companies that used the Global Reporting Initiative (GRI) Sustainability Reporting Framework to structure their corporate responsibility reports were more likely to have more detailed local procurement information publicly available, than companies that did not use the GRI Framework to structure their public reports.
3. There is a significant opportunity for the examined mining companies to strengthen the extent to which their local procurement strategies are publicly reported.



Survey Data Findings

The key findings from the examined mining companies' reports are:

1. In 2012 and 2013, almost half of the examined companies reported that they purchase locally “when possible” and/or prioritize purchasing from local suppliers in host countries
2. However, of the 40 mining companies surveyed, only 6 companies publicly reported that they had a local procurement policy in 2012 and 2013
3. Though still small, an increasing number of the analyzed mining companies reported on programs and practices that seek to increase local procurement (e.g. creating a supplier registry, running supplier training workshops, etc.), and provided definitions of “local procurement”
4. A growing majority of analyzed mining companies have policies and procedures which promote responsible business practices (e.g. upholding environmental standards, protecting human rights, etc.) amongst their suppliers
5. In both years, more than a third of the examined companies provided statistics on local procurement spending

Leaders in Reporting

The leaders in local procurement reporting for 2012 and 2013 were Anglo American, Newmont Mining, Rio Tinto and Barrick Gold. When analyzed, content from these companies' corporate responsibility reports was found to answer “yes” to 75% or more of the survey questions, for both years examined.

This detailed level of reporting makes it easier for stakeholders, like representatives from local chambers of commerce or industry associations, to engage with companies. Such stakeholders can use this information to find points of intersection between their interests and a company's goals, such as coordinating local supplier development programming.

Conclusion

The data from this analysis demonstrates that the majority of the 40 largest mining companies are already reporting on local procurement in their corporate responsibility or annual reports. As a whole, from 2012 to 2013, the level of detail in local procurement reporting by the largest mining companies increased. This trend suggests that more companies are reporting on their prioritization of local suppliers, local procurement programs, definitions of local procurement, local purchasing statistics, and supplier conduct.

By drawing attention to the gaps between best practices and current reporting practices, it is our aim that companies will adopt more comprehensive local procurement strategies, and report on such strategies in more detail. More robust reporting will encourage companies to better track, and subsequently, better manage their local spending. In the long term, this will improve the social and economic impacts of mining activities for all stakeholders.

Introduction

Last year, the Mining Shared Value venture of Engineers Without Borders Canada produced its first local mining procurement report, *Local Procurement by the Canadian Mining Industry: A Study of Public Reporting Trends*. Released in February 2014, the report examined the way in which the 50 largest Canadian mining companies publicly reported on local procurement in their 2011 and 2012 corporate responsibility or annual reports. The report was a great success in drawing attention to this issue in the Canadian mining industry. Many of the examined companies followed up with Mining Shared Value after the report's release to discuss ways to improve their public local procurement reporting and programming.

Due to the impact of the first local procurement report, Mining Shared Value developed a new mining local procurement measurement report that examines the public local procurement reporting trends of the 40 largest mining companies globally. Mining Shared Value is excited to present *Local Procurement and Public Reporting Trends across the Global Mining Industry: An Analysis of Company Reporting, 2012-2013*. The information gathered in this report draws on the 2012 and 2013 corporate responsibility reports and annual reports of the 40 largest mining companies.

Report Objectives

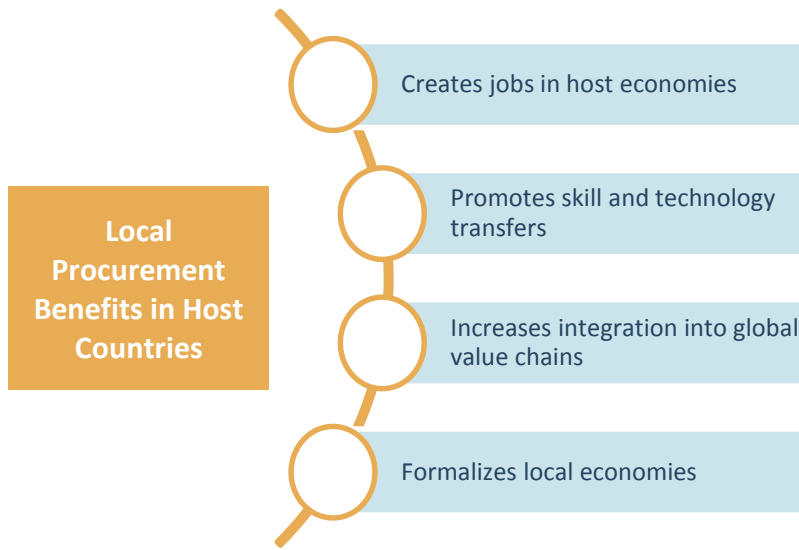
- To provide an overview of the trends in public local procurement reporting by the global mining industry, between 2012 and 2013
- To encourage mining companies to increase the level of detail in local procurement reporting, and for companies to adopt more comprehensive local procurement strategies
- To showcase the leading efforts of particular companies in local procurement reporting

Local Procurement, Development, and the Mining Industry

The role of mining in development is a contested topic of discussion amongst policymakers, industry, and civil society. However, in order to achieve better impacts of mining activities in developing countries, we need to move away from asking, "Is mining good for development?" Instead, mining industry personnel and international development practitioners should ask, "*Under what conditions* can mining activities contribute to desirable development outcomes?"

Local procurement is one of these conditions. Identifying and pursuing opportunities to develop up-stream (also referred to as *backward*) linkages into businesses that support the mining supply chain is an important way to ensure that host countries retain economic and social benefits from mining activities. Regrettably, many of the countries that are the most dependent on resource extraction have not developed strong linkages between local goods and service providers, and mining companies. As such, a network of economic interdependence between mining operations and local suppliers has not fully emerged in host countries, and the positive economic and social impacts of mining activities have often remained limited in such regions.

The significant economic impact of mining operations means that procurement can be a major driver of economic growth in host countries. Mining companies' annual spending on goods and services locally at their mine sites in developing countries is often significantly larger than many bilateral aid agencies' budgets for those same countries.



In their recent study, *Responsible Gold Mining and Value Distribution, 2013 Data*, the World Gold Council found that among their surveyed members, most companies spend far more each year on procurement in-country than on taxes, royalties and community investment combined. Of the surveyed member companies, the World Gold Council reported that in 2013, local suppliers accounted for 71% of in-country expenditure (\$37,402 million), which makes local suppliers the biggest recipients of host country spending by mining companies.²

It is important to note that this study does not differentiate between local

procurement of domestically produced goods versus those that are imported. For example, local procurement can refer to a mining company purchasing an imported piece of equipment from a local supplier, but this will not have as many positive impacts as purchasing a good that is manufactured domestically. The large sums of in-country spending on local suppliers cited in the World Gold Council study should be seen as an opportunity for mining companies to purchase goods that are produced domestically.

Even small increases in the proportion of procurement that mining companies carry out locally and in-country, can translate into very large positive impacts for development. Local procurement epitomizes the positive role that the private sector can play in development. In host countries, purchases of local goods and services by mining companies can create local jobs, promote skills and technology transfers, increase the integration of local companies into global value chains, and aid in the formalization of the local economy.

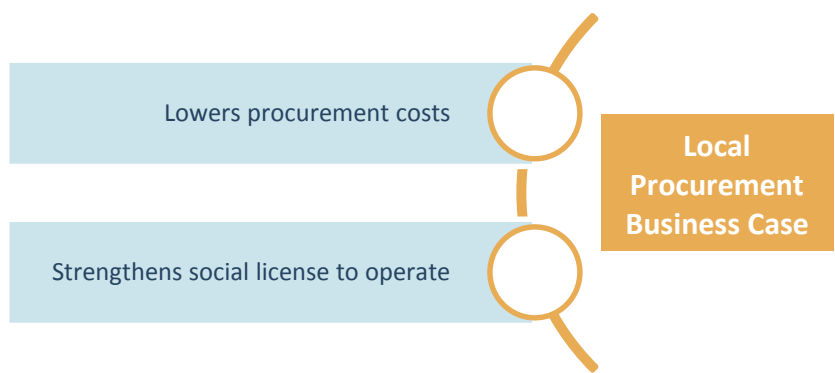
The Local Procurement Business Case for Mining Companies

Purchasing locally is also strategically important to mining companies. There are two broad ways in which local procurement is helpful to the financial bottom line of mining companies: by lowering procurement costs, and by strengthening the social licence to operate.

Local Procurement and Procurement Costs

Local procurement in the long run can lower procurement related costs due to lower product prices and improved supply chain efficiency. On average wages in developing countries tend to be lower than those in advanced countries. Therefore purchasing from developing host country suppliers, instead of advanced country-based companies, can significantly lower the overall prices of goods and services. In addition, buying from suppliers closer to a mining company's operations reduces shipping distances and costs.

The prioritization of local suppliers can also help mining companies improve their supply chain efficiency. Local procurement shortens lead times for deliveries, and increases the resiliency of procurement systems by increasing the number of supplier options available. This increased efficiency has the potential to create large savings in the long term.



While in the short term buying locally has the potential to raise costs, it is important for companies to think long term about the ability to purchase from local suppliers. At the start of local procurement maximization efforts, buying from local businesses can be challenging due to concerns over price, quality and reliability. However, supporting the development of local suppliers so they become more competitive in the long term offers opportunities for significant savings over the life of a mine.

Local Procurement and a Company's Social License to Operate

Local purchasing from host country suppliers can help mining companies secure their social license to operate. Host economies and communities all over the world are increasingly expecting more benefits from mining activities. This trend is seen in the increasing of taxes being levied on mining companies, increased conflict between mining companies and nearby communities, and greater threats of resource nationalism, particularly in developing countries.

Local procurement is a valuable tool for mining companies to address these rising stakeholder expectations. By increasing the economic and social benefits for host economies and communities through local purchasing, mining companies can improve relationships with local stakeholders and governments. A mining company's ability to effectively manage these relationships is important for its bottom line. Delays due to community conflict, or slow government permitting approvals, can be extremely expensive. In their 2014 study of the costs of conflict, Davis and Franks estimate a week long delay for a mine with \$3-5 billion in capital expenditure can result in \$20 million in lost revenue.³

The Need for Comprehensive Public Local Procurement Reporting

Any activity of a company cannot be effectively managed if it is not regularly measured and evaluated. Through increased measurement and reporting on issues such as occupational safety, the mining industry has steadily improved performance over the decades. Like occupational safety, it is the goal of Mining Share Value that local purchasing will become an industry norm, and will be measured and reported extensively on in all companies' corporate responsibility reports. With increased reporting on this issue, company performance can be improved, and as a result, the local economic and social benefits of mining can be increased.

More comprehensive public reporting on local procurement can also spark dialogue, coordination and collaboration between mining companies and stakeholders active in this issue area. Public information on mining companies' local procurement programming allows potential partners, like non-profit organizations and chambers of commerce, to have a better understanding of mining companies' objectives and activities in this area. This knowledge can empower potential partners to work with mining companies to ensure that their activities are coordinated and are delivering the maximum level of impact.

Methodology of the Study

The report draws on the Forbes Global 2000 list that ranks the world's largest public companies based on sales, profits, assets, and market value, as of April 2014. The largest 40 companies in the Diversified Metals & Mining category of this index were used to make up the sample of companies that were examined in this report. The 2012 and 2013 corporate responsibility reports of largest 40 mining companies were then found by searching each company's website. As the study focuses on the trends in publicly available local procurement reporting, companies were not contacted directly for information about their local procurement strategies.

When a corporate responsibility report for 2012 or 2013 was not publicly available, Mining Shared Value analyzed the company's annual report for that year. Of the 80 public reports that were reviewed, 67 reports were corporate responsibility reports, and 13 reports were annual reports. In the 2012 data sample, 34 corporate responsibility reports and 6 annual reports were analyzed. In the 2013 data sample, 33 corporate responsibility reports and 7 annual reports were analyzed.

It is important to note that if a company included a separate corporate responsibility report within their annual report, this was counted as a corporate responsibility report. For example, Coal India's 2012 Annual Report included a full corporate responsibility report within it. However, if a company briefly mentioned corporate responsibility in its annual report, then that report was not counted as a corporate responsibility report.

Mining Shared Value used a set of structured survey questions to evaluate the extent to which local procurement was featured in each company's 2012 and 2013 corporate responsibility or annual report. If a company's report referenced additional company publications that were related to local procurement, this resource was also included in Mining Shared Value's analysis. For example, Umicore's *2013 Annual Report* does not mention local procurement. However, Umicore's *Sustainable Procurement Charter*, which was referenced in the report, does mention local procurement. As such, the *Charter* was used as an additional document to provide evidence to answer each survey question.

The analysis of each company's report was structured around 12 survey questions, which are grouped into four categories: (1) Mentions of Local Procurement, (2) Supplier Conduct, (3) Local Procurement Statistics, and (4) Global Reporting Initiative. Please see the next page for a list of the survey questions.

If there was evidence within a report to adequately answer a survey question, then "yes" was recorded as an answer to that question. If there was no evidence within the report to adequately answer a survey question, then "no" was recorded as an answer to that question.

If a survey question was not applicable to a particular report, then "not applicable" was recorded as an answer to that question. For example, if a company did not use the Global Reporting Initiative (GRI) Sustainability Reporting Framework to structure its report, then the answer to the question, "Is indicator EC6 or EC9 provided in the report?" would be "not applicable". Also, if a company states that it used the GRI Framework to structure its report, but the complete list of GRI indicators was not publicly available, then the answer to the question, "Is indicator EC6 or EC9 provided in the report?" would be "not applicable". It is important to note that both EC6 and EC9 measure local procurement, but are numbered differently due to different editions of the GRI Framework.

The survey data collected from the 2012 and 2013 corporate responsibility and annual reports of the largest 40 mining companies was then recorded in a spreadsheet to compare and contrast the data findings. The complete 2012 and 2013 local procurement data is included in the Appendix.

Local Procurement Survey Questions

Category	Questions	Examples of Supporting Evidence from a Company's Public Report
1. Mentions of Local Procurement	1. Is local procurement mentioned in the report?	<ul style="list-style-type: none"> • "local supplier" • "local purchasing"
	2. Does the report mention prioritizing local suppliers, trying to purchase from local suppliers "when possible", or "as much as we can", etc.?	<ul style="list-style-type: none"> • "we purchase from local suppliers whenever possible" • "we prioritize purchasing from local suppliers" • "we are committed to purchasing from local suppliers"
	3. Does the report mention a policy of purchasing locally when possible?	<ul style="list-style-type: none"> • "all of our operations adhere to our global local procurement policy"
	4. Are there programs/practices laid out that proactively seek to increase local procurement?	<ul style="list-style-type: none"> • "we run supplier development workshops to develop the professional capacity of local businesses" • "we have made our supplier payment system more flexible to better meet the needs of local suppliers"
	5. Is a definition of "local procurement" provided within the report?	<ul style="list-style-type: none"> • "local suppliers are those that are situated within the same country where our mine is located"
2. Supplier Conduct	6. Does the report mention whether the company promotes and/or upholds a certain level of conduct amongst its suppliers (e.g. health and safety, human rights, environment, anti-corruption, etc.)?	<ul style="list-style-type: none"> • "Our Supplier Conduct Code outlines the health, safety, and human rights expectations that our suppliers must uphold" • "We are working with our suppliers to instill best practices in human rights, environment, governance and safety"
3. Local Procurement Statistics	7. Are there figures provided for local procurement of goods and services?	<ul style="list-style-type: none"> • "we spend over \$__ on local suppliers each year" • "we procure from __ number of local suppliers"
	8. Are these figures for local procurement disaggregated by geographic location or mine site?	<ul style="list-style-type: none"> • "we spend \$__ on local suppliers at site x, and \$__ on local suppliers at site y"
	9. Are there percentages provided for local procurement?	<ul style="list-style-type: none"> • "__% of our suppliers are local suppliers" • "we procured __% more goods and services locally this year, compared to last year"
	10. Are these percentages for local procurement disaggregated by geographic location or mine site?	<ul style="list-style-type: none"> • "at site x, __% of goods and services are procured locally, while at site y, __% of goods and services are procured locally"
4. Global Reporting Initiative	11. Does the report use the GRI?	<ul style="list-style-type: none"> • Completed GRI Framework Indicators Index is publicly available
	12. Is indicator EC6 (for G3 edition of the GRI) or EC9 (for G4 edition of the GRI) provided in the report?	<ul style="list-style-type: none"> • Reference to, and completion of, GRI Indicator EC6 or EC9 – <i>Policies, Practices and Proportion of Spending on Locally-based Suppliers at Significant Locations of Operation</i>

An Analysis of Public Local Procurement Reporting

This section of the report outlines the high level trends that emerged from the gathered data, explores the specific key findings of each survey question category, and highlights industry leaders in local procurement reporting.

Please see the Appendix to view each company's 2012 and 2013 local procurement reporting data.

High Level Trends

The three general trends that emerged from the study are:

1. The majority of the largest mining companies in the world are publicly reporting on local procurement.
2. Companies that used the Global Reporting Initiative (GRI) Sustainability Reporting Framework to structure their corporate responsibility reports were more likely to have more detailed local procurement information publicly available, than companies that did not use the GRI Framework to structure their public reports.
3. There is a significant opportunity for the examined mining companies to strengthen the extent to which local procurement policies and procedures are publicly reported.

Category 1 Data Findings: Mentions of Local Procurement

In this category of survey questions, more than half of the examined companies in 2012 and 2013 mentioned local procurement in their corporate responsibility or annual reports. This signifies that the concept is commonly understood as an issue of corporate responsibility in the mining industry.

Almost half of the surveyed companies (18 companies in 2012, 19 companies in 2013) reported that they purchased locally "when possible". Given the economic impact of local purchasing in host communities, the prioritization of local suppliers by nearly half of the largest mining companies globally is significant.

Figures 1 and 2 below are excerpts from Vedanta Resources' and Teck's 2013 corporate responsibility reports. These excerpts aim to demonstrate what evidence from a company's public report could be used to answer Question 2, "Does the report mention prioritizing local suppliers, trying to purchase from local suppliers "when possible", or "as much as we can", etc.?"

Local Procurement

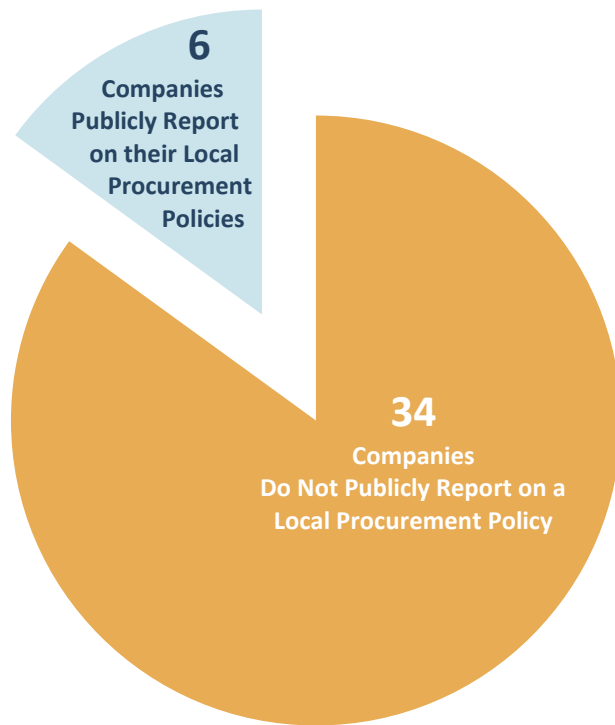
Most purchasing at Teck is decentralized and much of the responsibility for sourcing goods and services lies with individual sites. **Whenever possible, we look for opportunities to utilize local suppliers, providing that they meet our standards and provide cost-competitive goods and services.** At some of our sites, local suppliers include suppliers who self-identify as indigenous.

Figure 1: *Resourceful Teck 2013 Sustainability Report*, Teck Resources (p.36)

Suppliers

Our suppliers are an integral part of our business and include government utility companies, international manufacturers and local service providers, and **we use local suppliers whenever possible.** We also partner with supplier organizations to enable effective and mutually beneficial relationships.

Figure 2: *Our Journey Towards a Sustainable Future - Vedanta Resources Sustainable Development Report 2013-2014*, Vedanta Resources (p.62)



However, of the 40 mining companies surveyed, only 6 companies publicly reported that they had a local procurement policy. Between 2012 and 2013, there was no change in the number of companies which reported having a local procurement policy.

The greatest change between the 2012 and 2013 data was in regard to the number of companies that publicly reported on their local procurement programs, and the number of companies that defined “local procurement”.

In 2013, 15 of the analyzed mining companies reported on programs and practices that seek to increase local procurement (e.g. creating a supplier registry, supplier training workshops, etc.). Compared to the previous year, this represents a 50% increase in the total number of companies publicly reporting on local procurement programming, as only 10 companies reported on this in 2012.

Lastly, though still small, the number of companies publicly defining “local procurement” increased from 7 companies in 2012 to 11 companies in 2013. Mining Shared Value urges mining companies to clearly define this term publicly. Transparency around this concept is important for stakeholders, such as potential suppliers and host country government, to determine who is eligible for contracts designated for local suppliers, and to understand which local business benefit from a particular company’s local procurement strategy.

Figures 3 and 4 are excerpts from the 2013 corporate responsibility reports of Alrosa, BHP Billiton, and Antofagasta Minerals. These excerpts highlight the different ways that companies define “local procurement”.

Local suppliers mean an entity or an individual delivering products or services to the reporting entity and located within the same geographic market as the reporting entity (that is, no foreign trade payments are made to the supplier). The geographic term “local” in the context of the company’s procurement activities refers to the Russian Federation.

Figure 3: Corporate Responsibility Report 2013 - People and Diamonds, Alrosa (p.146)

Local and regional spend refers to spend within the communities in which we operate and the regions, such as states and provinces, where our operations are located. National spend refers to spend within the home country of the operation, excluding local and regional spend.

Figure 4: Our Shared Values - Sustainability Report 2013, BHP Billiton (p.41)

¹ Antofagasta Minerals defines local workers as those who live in the Region where they work while local suppliers are those with offices in the Coquimbo or Antofagasta Regions.

Figure 5: Sustainability Report Antofagasta Minerals 2013, Antofagasta Minerals (p.29)

Category 2 Data Findings: Supplier Conduct

Stakeholders are becoming increasingly concerned about a company’s ability to manage the business conduct of its suppliers. This means that many companies now consider the actions of their suppliers as part of their impact, and are making efforts to improve this. As such, many companies have created codes of conduct to regulate the behavior of suppliers.

Mining companies can promote responsible business standards amongst their suppliers, particularly in developing countries where these business norms are not as commonplace as in developed countries. When mining companies purchase locally, and require suppliers to meet certain requirements on health and safety for example, local companies are incentivized to adopt new management and operational systems in order to gain these contracts.

A growing majority of analyzed mining companies have policies and procedures which examine the health and safety, environmental, and human rights activities of their suppliers. In 2012, 20 companies reported on supplier conduct, while in 2013, 23 companies reported on this question. There is a significant opportunity for mining companies to strengthen their public reporting on the way in which supplier conduct is managed.

Figures 6 and 7 are examples of evidence from Freeport McMoRan’s and Barrick Gold’s 2013 corporate responsibility reports that adequately answer this survey question.

Principles of Business Conduct

Our approach is based on the overarching values detailed in our Principles of Business Conduct, which set forth the global system of principles that our workforce must follow in all activities – from complying with laws and avoiding conflicts of interest to developing positive relationships in local communities. In 2014, we plan to update our Principles of Business Conduct to emphasize our core values, clearly communicate our expectations and reflect our business objectives in today’s operating environment. We also have developed a Supplier Code of Conduct, to be released in 2014, to ensure that the same values and expectations are clearly communicated to our supply chain partners.

Figure 6: *Strength in Resources - 2013 Working Towards Sustainable Development Report*, Freeport McMoRan (p.6)

Our commitment to responsible mining is supported by a robust government framework that defines the company’s expectations of how employees, suppliers and contractors will conduct themselves in their daily work. The framework includes management systems, programs and policies that provide a common standard by which all sites are expected to operate, covering community relations, health, environmental, safety, security, human rights and ethics.

Figure 7: *Responsibility Report 2013 - Responsible Mining*, Barrick Gold (p.8)

A notable example of a company promoting particular health, safety, environmental, human rights and governance practices amongst its suppliers is Rio Tinto's *Procurement Principles*.

Rio Tinto's *Procurement Principles*

Rio Tinto's prioritization of local suppliers and its global presence means that this company has a significant opportunity to promote responsible business practices amongst its suppliers. Rio Tinto has been able to do this through its *Procurement Principles*. The *Principles* outline specific environmental, human rights, health, safety, governance and commercial standards for suppliers to embody while working for the company.⁴ The *Principles* are also a tool for Rio Tinto to manage stakeholder expectations, as they were developed based on supplier feedback that more information was needed in regards to the company's expectations of their conduct.⁵

For more information about the *Rio Tinto Procurement Principles*, please visit:

- http://procurement.riotinto.com/documents/Rio_Tinto_Procurement_principles_EN.pdf

The *Rio Tinto Procurement principles* are our global statement of business conduct in relation to procurement. They reflect how our corporate philosophy meets the operating demands of our business units. The *Procurement principles* outline our expectations of our suppliers with regard to governance, health, safety, environment, human rights and commercial issues.

Like many of Rio Tinto's operations, the Procurement team at ISAL, Rio Tinto's Icelandic aluminium business, presented training to suppliers in 2013 on the *Procurement principles*. Any vendor that did not perform well on the competency assessment received remedial training in the areas needed.

This training was developed on the back of feedback from some suppliers

How our corporate
philosophy meets
the operating demands
of our business units

that they did not know what was expected of them and what is important to Rio Tinto.

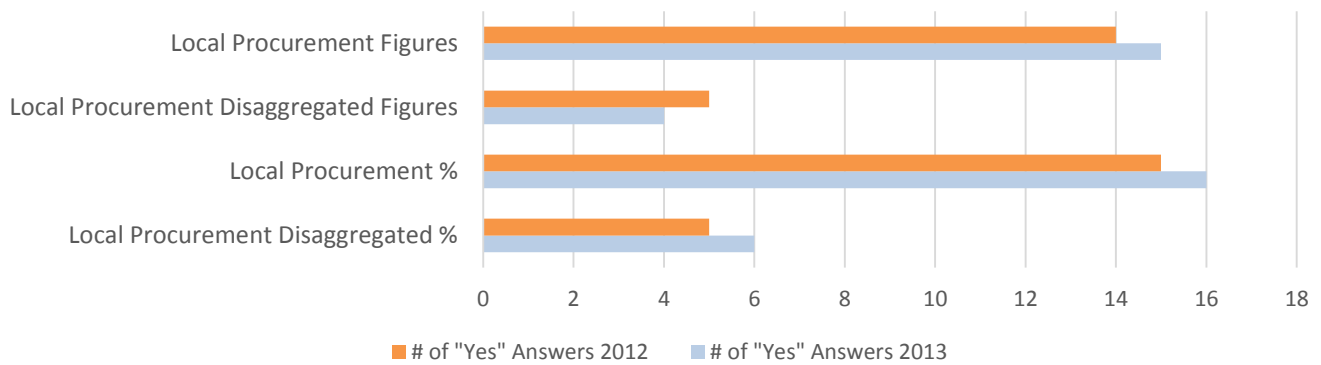
Figure 8: *Rio Tinto 2013 Sustainable Development Report - Supporting our License to Operate*, Rio Tinto (p.72)

Category 3 Data Findings: Local Procurement Statistics

Public reporting on local procurement statistics is desirable because this transparency allows for stakeholders to understand the direct economic impact that a mining company is having within host countries of operation.

In both years, more than a third of the examined companies provided statistics on local procurement spending. However, in both 2012 and 2013, companies were more likely to provide a general local procurement figure or percentage, than a local procurement figure or percentage that was disaggregated by mine site or region. For example, in 2013, 15 companies provided local procurement statistics, but only 4 companies provided local procurement statistics that were disaggregated by mine site or by geographic region.

2012 vs. 2013 Local Procurement Statistics



The following excerpt from Newmont Mining’s 2013 corporate responsibility report demonstrates a best practice in local procurement statistics reporting. In addition to providing the total figures and percentages for local procurement spending, these statistics are also disaggregated by geographic location.

2013 Goods and Services Purchased (in millions)

Country	Local	National	International	Total	Percent Local
Australia	\$895.34	\$988.32	\$16.01	\$1,899.68	47%
Ghana	\$45.80	\$493.15	\$236.42	\$775.38	6%
Indonesia	\$59.54	\$435.84	\$195.82	\$691.20	9%
New Zealand	\$31.69	\$75.64	\$18.67	\$125.99	25%
Peru	\$447.29	\$848.10	\$102.06	\$1,397.44	32%
United States	\$342.12	\$1,057.23	\$64.69	\$1,464.04	23%
Total 2013	\$1,821.78	\$3,898.28	\$633.67	\$6,353.73	29%

Figure 9: Beyond the Mine - Our Social and Economic Performance, Newmont Mining (p.71)

Category 4 Data Findings: Global Reporting Initiative

The Global Reporting Initiative (GRI) is a non-profit organization that has developed an internationally supported and universally applicable framework for sustainability reporting usable by any organization. The GRI’s Sustainability Reporting Framework is a series of standardized indicators that measure the economic, environmental and social impacts of a particular business or organization. As organizations use the GRI to structure their corporate responsibility reports, this creates standardized information on corporate responsibility performance and allows for comparison between organizations.

In the most recent iteration of the GRI, the G4 Sustainability Reporting Guidelines (released in 2013), performance indicators are divided into two categories: general standard disclosures and specific standard disclosures.⁶ The first category of disclosures applies to all organizations, regardless of their materiality assessment as these disclosures relate to the organization’s activities and reporting process (e.g. governance, ethics, etc.). The second category of disclosures encourages organizations to report on issues which are of material interest, as defined by the company’s internal and external stakeholders. Indicator *EC9 – Proportion of Spending on Local Suppliers at Significant Locations of Operation*, falls into this second category.

<p>EC9 – Proportion of Spending on Local Suppliers at Significant Locations of Operation⁷</p> <ul style="list-style-type: none"> A. Report the percentage of the procurement budget used for significant locations of operation spent on suppliers local to that operation (such as percentage of products and services purchased locally) B. Report the organization’s geographical definition of “local” C. Report the definition used for “significant locations of operation”

In the older G3 edition of the GRI Framework, this indicator was referred to as EC6. Interestingly, the older version of this indicator required more robust reporting, such as reporting on whether an organization had a local procurement policy or an established practice of prioritizing local suppliers.⁸ However, for the purpose of this study, these indicators, EC6 and EC9, are used interchangeably.

The following excerpts from Vedanta Resources’ and Norilsk Nickel’s 2013 corporate responsibility reports show how companies use the GRI Framework in their public reports. Both of these reports use the older G3 version of the GRI Framework, so the relevant local procurement indicator is listed as EC6, not EC9.

Standard disclosures part III: Performance indicators

Profile disclosure	Disclosure	Level of reporting	Location of disclosure
Economic			
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	GRI 3.1 Performance Indicator (pdf)
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partially	Other stakeholders We will provide an update on this in 2015-2016 when our data system is more robust
EC7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at significant locations of operation.	Fully	Employees

Figure 10: 2013 *Our Journey towards a Sustainable Future - Vedanta Resources Sustainable Development Report 2013-2014*, Vedanta Resources (p.72)

INDICATOR GRI 3.1	BASIC INDICATOR RUIE	ISO 26000	INDICATOR DESCRIPTION GRI 3.1	SECTION OF THE REPORT/SUBSTANTIATION	PAGE
Presence in the markets					
EC5			Comparison of the entry-level salary of the Company with the minimum rate of payment for labour in the key operations regions of the Company	7.6.1. Compensation package	82
EC6			Policies, practical approaches to purchases from local suppliers and proportion of such spending in significant regions of operation	8.1.3. Development of cooperative ties	100
EC7			Procedures of local hiring and the proportion of senior management hired from the local community at significant regions of operation	7.3. Projected provision of the requirements for skilled personnel	75

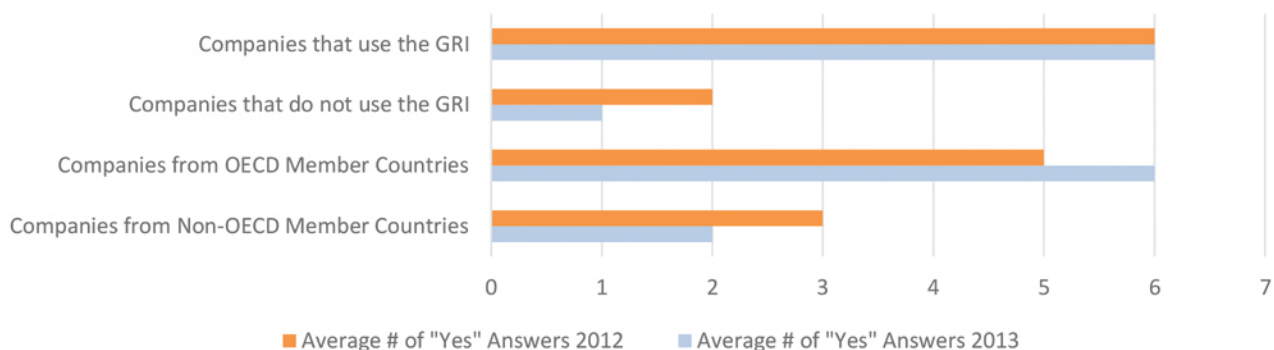
Figure 11: 2013 Corporate Responsibility Report - New Approach to Sustainable Development, Norilsk Nickel (p.124)

Drawing on the data, public reports that used the GRI Framework were more likely to contain evidence to answer more survey questions, than reports which did not use the GRI. On average, reports that used the GRI contained evidence to answer half of the survey questions in 2012 and 2013, while reports that did not use the GRI on average contained evidence to answer 2 survey questions in 2012, and 1 survey question in 2013. It can be theorized that this can be attributed to the presence of GRI economic performance indicator EC6. This indicator is fully achieved when mining companies publicly report on the policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.

Interestingly, the difference in reporting between companies from OECD member countries and non-OECD member countries was not as great as the difference between companies that used the GRI and those that did not. Based on the 2012 and 2013 public reports of the surveyed mining companies, on average, more evidence to answer the survey questions was found from the public reports of companies from OECD countries, than reports from companies from non-OECD countries.

This suggests that globally supported public reporting frameworks, such as the GRI, which require companies to annually measure and publicly evaluate their progress towards achieving a desired set of indicators, are effective tools to promote particular responsible business practices.

Influence of the GRI and OECD on Local Procurement Reporting, 2012 vs. 2013



Leaders in Reporting

The leaders in local procurement reporting for 2012 and 2013 were Anglo American, Newmont Mining, Rio Tinto and Barrick Gold. When analyzed, content from these companies’ corporate responsibility reports was found to answer “yes” to 75% or more of the survey questions, for both years examined.

This detailed level of reporting makes it easier for stakeholders, like local chambers of commerce or industry associations, to engage with companies. Stakeholders can use this information to find points of intersection between their interests and a company’s goals, such as coordinating and co-implementing local supplier development programming. This is desirable as such partnerships can help companies and stakeholders avoid the duplication of supplier development activities.

The excerpt below is from Newmont Mining’s corporate responsibility report called, *Beyond the Mine: Our 2013 Social and Economic Performance*. This excerpt not only demonstrates an ideal level of detail in public local procurement reporting, but it was selected because it emphasizes the importance of mining companies seeking out partners to work together in developing and operationalizing local procurement programs.

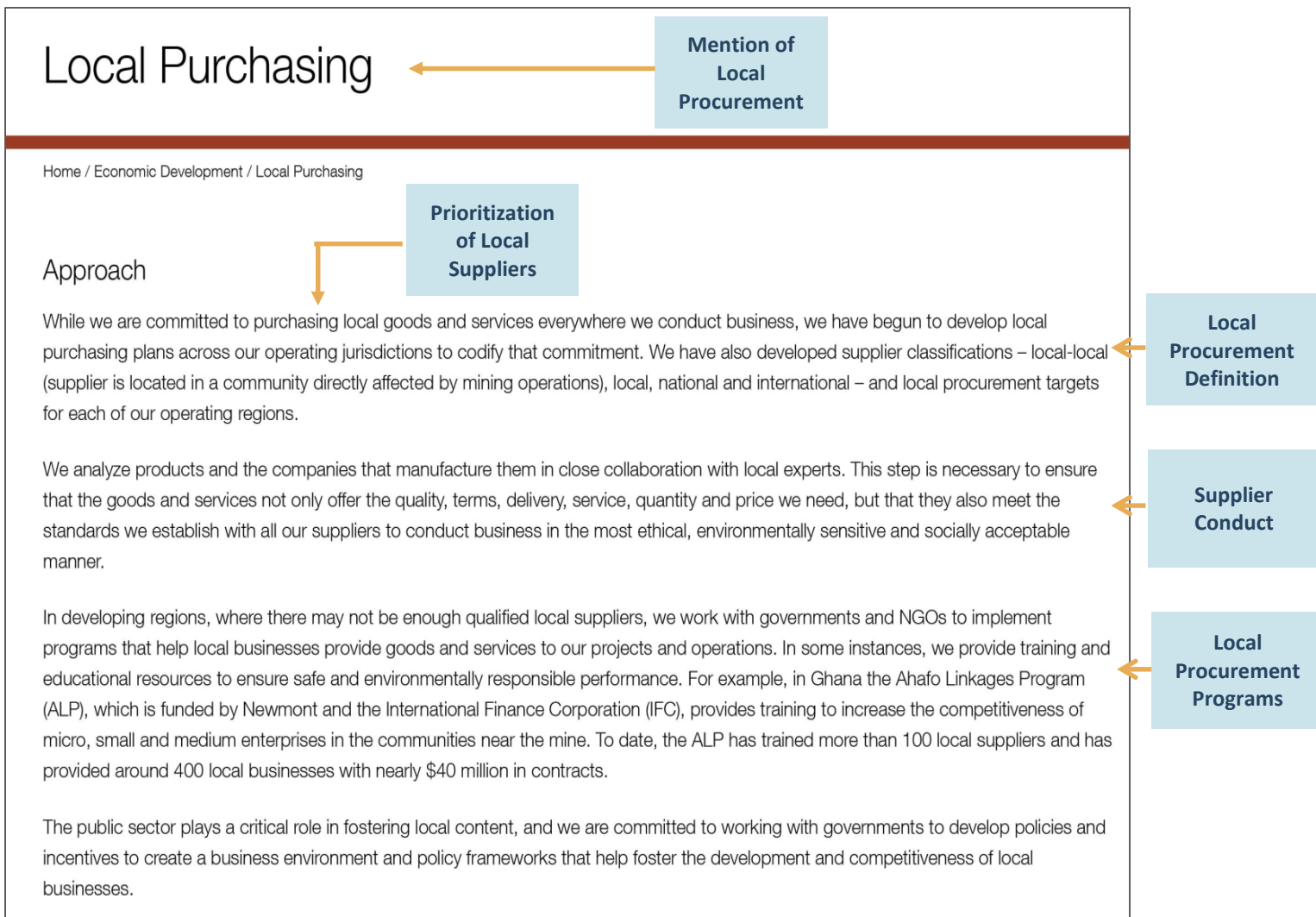


Figure 12: *Beyond the Mine - Our Social and Economic Performance*, Newmont Mining (p.70)

The following excerpt from Anglo American’s *Sustainable Development Report 2013: Focused on Delivery* also showcases an ideal level of detail in public local procurement reporting. This excerpt highlights that detailed local procurement reporting does not necessary have to take up a significant amount of space in a company’s annual corporate responsibility report. It is recommended that a company cite supplementary resources, such as local procurement policies and procedures, which readers can consult for additional information about the company’s local procurement strategy.

DEVELOPING COMMUNITIES

Our approach to community development is based on understanding local contexts and using our core business to promote development. These activities typically involve local procurement and supplier development, building local capacity, providing infrastructure for healthcare, housing and sanitation, and investing in enterprise and skills development. Many of these programmes are undertaken in partnership with NGOs, communities and local governments. We estimate that, in 2013, community development projects delivered benefits to more than 2.6 million community members and that our activities improved the livelihoods of about 260,000 people.

We also conducted two pilot studies to better understand our socio-economic contributions, at a national level in South Africa (see case study on page 43) and at a local level in Peru. The studies will be used to: improve the measuring and monitoring of our contributions; inform our socio-economic development planning; and provide a clear and fact-based platform for dialogue and engagement with stakeholders.

Our in-house community development peer-review process is delivering increasing value. (See case study on page 49.) The reviews draw on internal expertise, as well as external partners such as CARE International, to ensure that our investments in community development are as effective as possible. The findings from the six reviews undertaken in 2011 and 2012 were used to offer good-practice models for learning and replication, as well as opportunities for collaborative problem-solving. The project delivered four peer reviews in 2013.

Localised procurement and supplier development

Our local procurement initiatives are a value-adding instrument for the business and for communities around our operations. They are designed to optimise opportunities to integrate local businesses into our global supply chain and inform them how to compete successfully for new business.

Our approach increasingly promotes more inclusive procurement practices. In doing so, we believe we can make a significant socio-economic contribution to our host communities, as well as improve efficiencies in our supply chain by lowering logistics costs and securing access to critical goods and services.

All our operations adhere to our leading Group-wide local procurement policy and are making progress in developing their local procurement strategies, and reporting against targets. Operational efforts are supported by a comprehensive local procurement toolkit and summary guide.

In 2013, expenditure on suppliers based in the communities close to our operations was \$1.63 billion (2012: \$1.54 billion). This represented 12.3% of total supplier expenditure (2012: 11.3%), against a Group target of 12.5%. See chart on page 47.

Supplier development programmes, aimed at creating better visibility of local supplier capability and assisting in building their capacity, are gaining momentum at major projects such as Minas-Rio and Quellaveco, as well as at our Metallurgical Coal, Thermal Coal and Platinum operations. We have simplified our terms and conditions and payment policies and are working with several partners, including our larger suppliers, government agencies, commercial associations, local businesses, mayoral offices and local communities, to contribute to the development of local suppliers.

We are also developing ‘supplier parks’ close to our operations. These clusters will house local suppliers, as well as joint ventures between large Anglo American suppliers and local entrepreneurs. Tenants will enjoy access to training, mentoring and finance through our supplier and enterprise development programmes, as well as access to local shared services.

The Anglo American entrepreneur internship programme offers early-stage entrepreneurs and established business owners the opportunity to work at the Company, while being mentored, receiving business development support and gaining industry exposure. The aim is for the entrepreneurs to start new ventures or expand existing ones and ultimately supply goods or services back into our supply chain. Zimele supports the programme by investing in qualifying businesses, while external business coaches offer expertise in business skills. A second set of interns started the programme at the beginning of 2014.

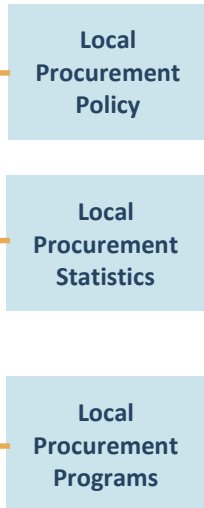


Figure 13: *Development Report 2013 - Focused on Delivery*, Anglo American (p.51)

Conclusion

The data from this analysis demonstrates that the majority of the 40 largest mining companies are already reporting on local procurement in their corporate responsibility or annual reports. As a whole, from 2012 to 2013, the level of detail in local procurement reporting by the largest mining companies increased. This trend suggests that more companies are reporting on their prioritization of local suppliers, local procurement programs, definitions of local procurement, local purchasing statistics, and supplier conduct.

However, there are opportunities for improvement. Some of the largest mining companies still do not report on local procurement. In addition for 2013, while 19 of the analyzed companies reported prioritizing local suppliers, only 6 of companies reported having a local procurement policy. By showcasing the leading examples of public reporting on local procurement in this report, it is our aim that companies will adopt more comprehensive local procurement strategies, and report on such strategies in more detail. For a complete list of each examined company's local procurement reporting performance in 2012 and 2013, please see the Appendix.

This report marks an exciting opportunity for the largest mining companies to plan their local reporting for 2014 and beyond. Increased reporting will encourage companies to better track, and subsequently, better manage their local spending. In the long term, this will improve the social and economic impacts of mining activities for all stakeholders.

Appendix

Local Procurement Resources

There are many high quality resources on local procurement best practices available to mining companies, consulting firms, and other stakeholders. However, many of these resources are not easily accessible. One of the main roles of Mining Shared Value is to compile these resources and ensure practitioners are able to use them.

Key local procurement resources are provided below to provide guidance.

Toolkits

International Finance Corporation. *A Guide to Getting Started in Local Procurement: For Companies Seeking the Benefits of Linkages with Local SMEs*. (2011) Washington DC.

World Bank Group Energy & Extractives, and Kaiser Economic Development Partners. *A Practical Guide to Increasing Mining Local Procurement in West Africa*. (2015) Washington DC.

Esteves, A.M., Brereton, D., Samson, D. and Barclay, M.A. *Procuring from SMEs in Local Communities: A Good Practice Guide for the Australian Mining, Oil and Gas Sectors*. (2010) Brisbane: Centre for Social Responsibility in Mining, Sustainable Minerals Institute, University of Queensland.

Case Study Material

Jenkins, B., Akhalkatsi, A., Roberts, B., and Gardiner, A. *Business Linkages: Lessons, Opportunities, and Challenges*. (2007) Cambridge, MA: Kennedy School of Government Harvard University, International Finance Corporation, and International Business Leaders Forum.

Mining Shared Value Venture of Engineers Without Borders Canada. *Local Procurement Case Study of Kumtor Gold Company, Kyrgyzstan*. (2014) Toronto.

World Business Council for Sustainable Development. *Newmont: Supporting Local Economic Growth in Ghana*. (2009) Geneva.

2012 and 2013 Global Mining Industry Local Procurement Data

The following two tables aggregate the data collected from the 2012 and 2013 corporate responsibility or annual report for each of the 40 companies examined in this report.

2012 Global Mining Industry Local Procurement Data

*OECD member countries

Rank	Company	Country of Origin	Type of Report	1. Mention of Local Procurement	2. Local Procurement "When Possible"	3. Local Procurement Policy	4. Local Procurement Program(s)	5. Supplier Conduct	6. Local Procurement Definition	7. Local Procurement Figures	8. Local Procurement Disaggregated Figures	9. Local Procurement Percentage	10. Local Procurement Disaggregated Percentage	11. GRI	12. EC6 (G3) or EC9 (G4)
1	BHB Billiton	Australia*	CSR Report	✓	✓		✓	✓	✓			✓		✓	NA
2	Rio Tinto	United Kingdom*	CSR Report	✓	✓	✓	✓	✓	✓	✓				✓	✓
3	China Shenhua Energy	China	CSR Report	✓				✓		✓		✓		✓	✓
4	Freeport McMoRan Copper	USA*	CSR Report					✓						✓	NA
5	Glencore International	Switzerland*	CSR Report	✓	✓	✓		✓		✓	✓			✓	✓
6	Coal India	India	CSR Report											✓	
7	Norilsk Nickel	Russia	CSR Report	✓	✓			✓		✓		✓		✓	✓
8	Grupo Mexico	Mexico*	CSR Report	✓	✓					✓		✓	✓	✓	✓
9	Anglo American	United Kingdom*	CSR Report	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
10	Teck Resources	Canada*	CSR Report	✓	✓		✓	✓				✓	✓	✓	✓
11	China Coal Energy	China	CSR Report	✓	✓									✓	✓
12	Barrick Gold	Canada*	CSR Report	✓	✓	✓	✓	✓		✓	✓			✓	✓
13	Jiang.i Copper	China	CSR Report												NA
14	Sumitomo Metal Mining	Japan*	CSR Report	✓				✓		✓		✓		✓	✓

Local Procurement and Public Reporting Trends across the Global Mining Industry

Rank	Company	Country of Origin	Type of Report	1. Mention of Local Procurement	2. Local Procurement “When Possible”	3. Local Procurement Policy	4. Local Procurement Program(s)	5. Supplier Conduct	6. Local Procurement Definition	7. Local Procurement Figures	8. Local Procurement Disaggregated Figures	9. Local Procurement Percentage	10. Local Procurement Disaggregated Percentage	11. GRI	12. EC6 (G3) or EC9 (G4)
15	Antofagasta	United Kingdom*	CSR Report	✓				✓						✓	✓
16	Shaan.i Coal Industry	China	CSR Report												NA
17	KGHM Polska Miedz	Poland*	CSR Report	✓	✓			✓	✓	✓		✓		✓	✓
18	Newmont Mining	USA*	CSR Report	✓	✓		✓	✓	✓	✓		✓		✓	✓
19	Mitsubishi Materials	Japan*	CSR Report	✓				✓						✓	NA
20	Vedanta Resources	United Kingdom*	CSR Report	✓	✓			✓						✓	✓
21	Goldcorp	Canada*	CSR Report	✓	✓	✓		✓	✓			✓	✓	✓	✓
22	Alrosa	Russia	CSR Report	✓				✓						✓	✓
23	First Quantum Minerals	Canada*	CSR Report	✓			✓								NA
24	CONSOL Energy	USA*	CSR Report					✓						✓	
25	Saudi Arabian Mining	Saudi Arabia	Annual Report	✓	✓	✓	✓			✓		✓			NA
26	Orica	Australia*	CSR Report	✓				✓						✓	
27	NMDC	India	Annual Report	✓	✓		✓								NA
28	Zijin Mining Group	China	CSR Report												NA
29	Yanzhou Coal Mining	China	CSR Report											✓	
30	China Hongqiao	China	Annual Report												NA
31	Industrias Penolas	Mexico*	CSR Report	✓						✓	✓	✓		✓	NA
32	Hyosung	South Korea	CSR Report	✓						✓		✓		✓	✓
33	Polyus Gold International	United Kingdom*	CSR Report	✓	✓							✓		✓	✓

Local Procurement and Public Reporting Trends across the Global Mining Industry

Rank	Company	Country of Origin	Type of Report	1. Mention of Local Procurement	2. Local Procurement “When Possible”	3. Local Procurement Policy	4. Local Procurement Program(s)	5. Supplier Conduct	6. Local Procurement Definition	7. Local Procurement Figures	8. Local Procurement Disaggregated Figures	9. Local Procurement Percentage	10. Local Procurement Disaggregated Percentage	11. GRI	12. EC6 (G3) or EC9 (G4)
34	Umicore	Belgium*	Annual Report	✓	✓			✓						✓	✓
35	Hanwa	Japan*	Annual Report												NA
36	Aurubis	Germany*	CSR Report												NA
37	Peobody Energy	USA*	CSR Report												NA
38	Yang Quan Coal Industry	China	CSR Report												NA
39	Silver Wheaton	Canada*	Annual Report												NA
40	Newcrest Mining	Australia*	CSR Report	✓	✓		✓		✓	✓	✓	✓	✓	✓	✓

2013 Global Mining Industry Local Procurement Data

*OECD member countries

Rank	Company	Country of Origin	Type of Report	1. Mention of Local Procurement	2. Local Procurement “When Possible”	3. Local Procurement Policy	4. Local Procurement Program(s)	5. Supplier Conduct	6. Local Procurement Definition	7. Local Procurement Figures	8. Local Procurement Disaggregated Figures	9. Local Procurement Percentage	10. Local Procurement Disaggregated Percentage	11. GRI	12. EC6 (G3) or EC9 (G4)
1	BHB Billiton	Australia*	CSR Report	✓	✓		✓	✓				✓		✓	✓
2	Rio Tinto	United Kingdom*	CSR Report	✓	✓	✓	✓	✓	✓	✓				✓	✓
3	China Shenhua Energy	China	Annual Report												NA

Local Procurement and Public Reporting Trends across the Global Mining Industry

Rank	Company	Country of Origin	Type of Report	1. Mention of Local Procurement	2. Local Procurement “When Possible”	3. Local Procurement Policy	4. Local Procurement Program(s)	5. Supplier Conduct	6. Local Procurement Definition	7. Local Procurement Figures	8. Local Procurement Disaggregated Figures	9. Local Procurement Percentage	10. Local Procurement Disaggregated Percentage	11. GRI	12. ECG (G3) or EC9 (G4)
4	Freeport McMoRan Copper	USA*	CSR Report	✓	✓			✓	✓	✓		✓		✓	✓
5	Glencore International	Switzerland*	CSR Report	✓	✓		✓	✓		✓				✓	✓
6	Coal India	India	Annual Report											✓	NA
7	Norilsk Nickel	Russia	CSR Report	✓				✓		✓		✓		✓	✓
8	Grupo Mexico	Mexico*	CSR Report	✓	✓		✓	✓		✓		✓	✓	✓	✓
9	Anglo American	United Kingdom*	CSR Report	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	NA
10	Teck Resources	Canada*	CSR Report	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓
11	China Coal Energy	China	CSR Report	✓	✓									✓	NA
12	Barrick Gold	Canada*	CSR Report	✓	✓	✓	✓	✓		✓	✓			✓	✓
13	Jiang.i Copper	China	CSR Report												NA
14	Sumitomo Metal Mining	Japan*	CSR Report	✓				✓		✓				✓	✓
15	Antofagasta	United Kingdom*	CSR Report	✓			✓		✓					✓	✓
16	Shaan.i Coal Industry	China	CSR Report												NA
17	KGHM Polska Miedz	Poland*	CSR Report	✓			✓	✓				✓		✓	✓
18	Newmont Mining	USA*	CSR Report	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
19	Mitsubishi Materials	Japan*	CSR Report	✓				✓				✓		✓	NA
20	Vedanta Resources	United Kingdom*	CSR Report	✓	✓		✓	✓						✓	✓
21	Goldcorp	Canada*	CSR Report	✓	✓			✓	✓	✓		✓		✓	✓

Local Procurement and Public Reporting Trends across the Global Mining Industry

Rank	Company	Country of Origin	Type of Report	1. Mention of Local Procurement	2. Local Procurement “When Possible”	3. Local Procurement Policy	4. Local Procurement Program(s)	5. Supplier Conduct	6. Local Procurement Definition	7. Local Procurement Figures	8. Local Procurement Disaggregated Figures	9. Local Procurement Percentage	10. Local Procurement Disaggregated Percentage	11. GRI	12. EC6 (G3) or EC9 (G4)
22	Alrosa	Russia	CSR Report	✓				✓	✓	✓		✓		✓	✓
23	First Quantum Minerals	Canada*	CSR Report	✓	✓	✓	✓					✓		✓	NA
24	CONSOL Energy	USA*	CSR Report					✓						✓	
25	Saudi Arabian Mining	Saudi Arabia	CSR Report	✓	✓		✓	✓	✓	✓		✓			NA
26	Orica	Australia*	CSR Report	✓				✓						✓	
27	NMDC	India	Annual Report	✓	✓		✓								NA
28	Zijin Mining Group	China	CSR Report												NA
29	Yanzhou Coal Mining	China	CSR Report	✓										✓	✓
30	China Hongqiao	China	Annual Report												NA
31	Industrias Penolas	Mexico*	CSR Report	✓	✓		✓	✓		✓	✓			✓	✓
32	Hyosung	South Korea	Annual Report												NA
33	Polyus Gold International	United Kingdom*	CSR Report	✓	✓			✓				✓	✓	✓	✓
34	Umicore	Belgium*	Annual Report	✓	✓			✓						✓	
35	Hanwa	Japan*	CSR Report												NA
36	Aurubis	Germany*	CSR Report	✓				✓	✓			✓		✓	✓
37	Peobody Energy	USA*	CSR Report												NA
38	Yang Quan Coal Industry	China	CSR Report												NA
39	Silver Wheaton	Canada*	Annual Report												NA
40	Newcrest Mining	Australia*	CSR Report	✓	✓	✓			✓	✓	✓	✓	✓	✓	

Endnotes

¹ McKinsey Global Institute, *Reverse the Curse: Maximizing the Potential of Resource-Driven Economies* (2014) London, page iv

² World Gold Council, *Responsible Gold Mining and Value Distribution, 2013 Data: A Global Assessment of the Economic Value Created and Distributed by Members of the World Gold Council* (2014) London, page 3

³ Davis, Rachel and Daniel M. Franks, "Costs of Company-Community Conflict in the Extractive Sector," *Corporate Social Responsibility Initiative Report No. 66* (2014) Cambridge, MA: Harvard Kennedy School

⁴ Rio Tinto, *Sustainable Development Report 2013: Focused on Delivery* (2014) Melbourne, page 72

⁵ Ibid.

⁶ Global Reporting Initiative, *An Introduction to G4: The Next Generation of Sustainability Reporting* (2013) Amsterdam, page 5

⁷ Global Reporting Initiative, *G4 Sustainability Reporting Guidelines – Reporting Principles and Standard Disclosures* (2013) Amsterdam, page 51

⁸ Global Reporting Initiative, *G3.1 Sustainability Reporting Guidelines* (2000-2001) Amsterdam, page 68

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