



LOCAL PROCUREMENT CHECKLIST TO SUPPORT INDIGENOUS PROCUREMENT IN MINING





NOTE TO READERS AND ACKNOWLEDGEMENTS



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The Mining Shared Value (MSV) program of Engineers Without Borders Canada, is a non-profit initiative that encourages and supports the global mining sector and related stakeholders maximize local procurement of goods and services in host communities and countries. With funding from the German development agency GIZ, MSV created the Mining Local Procurement Reporting Mechanism (LPRM), which helped inform the selection of best practices in this checklist.



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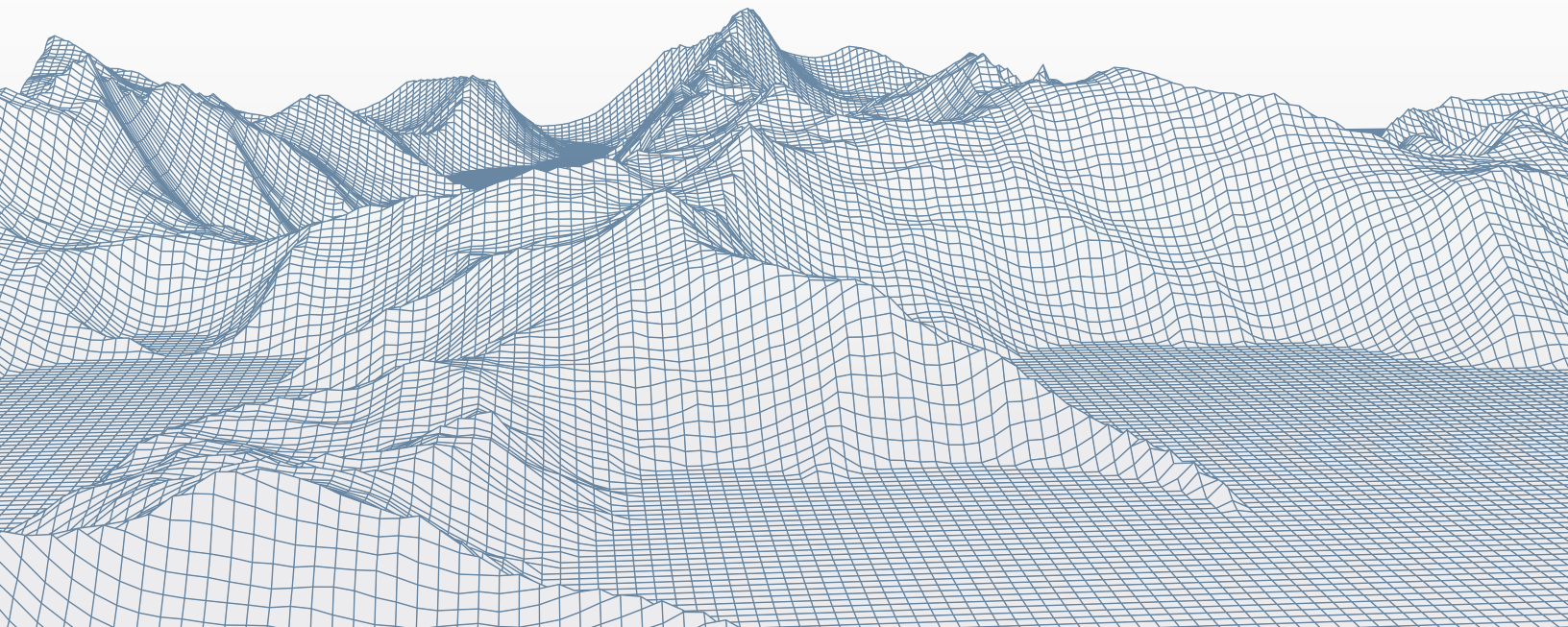


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INTRODUCTION

The Canadian Minerals and Metals Plan (CMMP) identifies six strategic directions, including advancing the participation of Indigenous Peoples in Canada's minerals and metals sector. The Local Procurement Checklist to Support Indigenous Procurement in Mining aims to support Indigenous procurement activity through the five areas for action prioritized under this strategic direction: respecting rights, meaningful engagement, capacity building, Indigenous women, and economic benefits.

The purpose of this tool is to highlight the procurement of goods and services as a valuable economic opportunity for Indigenous entrepreneurs and communities that choose to participate in exploration and mining activity, and to support mining and exploration companies to implement effective strategies to support Indigenous-owned businesses. The building of business relationships through sustainable and meaningful participation in the mining value chain supports the process of reconciliation by acknowledging Indigenous mining host communities as holders of rights. The checklist is therefore intended to support exploration and mining companies in improving approaches to, and disclosure of, procurement practices that support Indigenous businesses.

A critical lever for economic development in mining host countries is the procurement of goods and services, which in most cases represents the largest financial flow from a mining project or operation to a host country – often exceeding taxes, wages and salaries, and community investment combined. Meaningful participation in the minerals and metals sector for communities through the provision of goods and services is also a key component for mining exploration companies to establish and maintain their social license to operate (SLO). In the context of risk



mitigation, questions from investors have also arisen, as discussions of environmental, social, and governance (ESG) breach the forefront of industry adaptation. A primer on Indigenous inclusion of ESG investment standards, released in 2021 by the First Nations Major Projects Coalition (FNMPC), states "the relationship between major project proponents, investors and Indigenous nations underlies all components of ESG."¹

The objective of preferential and conducive Indigenous procurement procedures is to build the capacity and competitiveness of target supplier categories to have Indigenous businesses become more competitive over time. It is also important to consider Indigenous procurement in a way that optimizes value addition. For instance, the number of Indigenous employees in management positions may be a more meaningful indication of value addition, as opposed to profits from ownership, depending on the context.

¹ First Nations Major Projects Coalition. (2021). Indigenous Sustainable Investment: Discussing Opportunities in ESG. https://fnmpc.ca/wp-content/uploads/FNMPC_ESG_Primer_2021_Final.pdf



Sustainable livelihoods not only create benefits such as employment upgrading skills and obtaining certifications. Value addition is also crucial for long-term economic diversification, where the presence of a mining operation may be leveraged to expand a business to supply or service other sectors.

This checklist and supplementary materials are intended to contribute to sustainable and meaningful participation of Indigenous Peoples in the Canadian minerals and metals sector. Its purpose is to support mining companies operating within Canada to examine performance against local and Indigenous procurement best practices. There are already many effective initiatives in place, which have been implemented by companies across the country. This resource seeks to showcase these efforts, as well as highlight existing bodies of work to support industry and civil society collaboration. While this checklist is intended for mining company use, it is accompanied by guidance for Indigenous communities to foster engagement with companies on local procurement practices and promote industry accountability. In addition, for the most part all the best practices discussed in this checklist are equally applicable across other sectors operating on or near Indigenous territories.





CHECKLIST STRUCTURE

This checklist presents current best practices for mining companies to foster greater procurement opportunities for local and Indigenous suppliers. It is intended for use by mining and exploration companies, as well as engineering, procurement, and construction (EPC), and engineering, procurement, construction and management (EPCM) contractors.² Drawing on existing guidance, standards and case study material, each category of procurement best practices is accompanied by a set of self-assessment criteria for companies to: integrate best practices in Indigenous procurement via systems and management structures already in use by Canadian mining companies; and implement a performance-driven approach that allows companies to improve practices over time.

The rating system format of the checklist was informed by the structure of Towards Sustainable Mining's (TSM) protocols. The Local Procurement Checklist to Support Indigenous Participation in Mining uses a similar rating scale to TSM to communicate increasing levels of performance. The decision to use this type of rating scale was also informed by the approach taken in the financial sector to assess credit ratings. However, the *Local Procurement Checklist to Support Indigenous Participation in Mining* is not a TSM protocol, as it was not developed through TSM's established processes and is not intended to be used for annual public reporting and third party external verification.

The checklist is also supplemented by the following materials which can be found [here](#) on MinesCanada website under Strategic Directions/Advancing the Participation of Indigenous Peoples/Local Procurement Checklist.

Standards Equivalency Chart - showing how categories of best practices are covered in existing sustainability reporting frameworks in use by mining companies in Canada. These include: Global Reporting Initiative (GRI); ICMM Social and Economic Reporting Framework; Mining Local Procurement Reporting Mechanism (LPRM); Responsible Mining Index (RMI) Framework; Sustainability Accounting Standards Board (SASB) Metals and Mining Industry Standard; Initiative for Responsible Mining Assurance (IRMA) Standard;³ International Council on Mining and Metals (ICMM) Mining Principles; and World Gold Council Responsible Gold Mining Principles. This resource allows companies to identify how implementing a set of practices will support alignment with each reporting framework.

Company Examples - demonstrating how practices have been implemented by companies in Canada and around the world, by showcasing reporting samples and highlighting company-led initiatives and programming.

List of Resources - including guidance notes, case studies, sample policy documents, templates, and additional resources.

² While intended for mining and exploration companies and for companies supplying to the mining sector, the checklist may also be useful to public and private organizations working in other sectors.

³ As of June 2023, ownership of the SASB Standards and projects has transitioned to the [International Sustainability Standards Board \(ISSB\)](#) at the International Financial Reporting Standards (IFRS) Foundation. The ISSB confirmed that industry-specific disclosures will be required for use of its standards, encouraging companies and investors to continue using the SASB Standards.



HOW THIS CHECKLIST IS USED

IT IS

IT IS NOT

A resource for understanding how a mining company may integrate local procurement best practices into their existing processes and reporting.	A legal requirement.
A tool to mark mining company progress along a scale of best practice.	A reporting framework.
A framework to understand how Indigenous procurement is included in the reporting standards a company adheres to, and those a company is considering adopting.	
A 'getting started' guide and a reference for those seeking to implement new approaches by outlining first steps.	

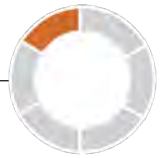
DEFINING LOCAL PROCUREMENT

While this checklist is specific to Indigenous procurement, the term “local procurement” remains a crucial concept, as most sustainability reporting frameworks used in the mining sector refer to “local” in the context of economic opportunities upstream of direct mining activity. Furthermore, which Indigenous communities are the focus for procurement opportunities is also influenced by the concept of “local”, meaning in proximity to a mine site. In Canada, the Indigenous communities defined as “local” are influenced by several factors, including provisions of land claim agreements and treaties, consultation processes, and agreements made between mining companies and Indigenous communities.

This checklist does not advise which Indigenous suppliers mining companies should prioritize. Instead, its aim is to support companies in implementing commitments to communities and best practices to identify and support Indigenous suppliers of focus. Some mining companies prioritize Indigenous suppliers in the communities with which there are formal agreements (e.g., impact benefit agreements (IBAs) or other types of community development agreements

(CDAs)) in place. In other cases, companies may refrain from using a specific geographical focus, and look to procure from Indigenous suppliers beyond those within a host community. Companies may seek evidence that a supplier is Indigenous owned, often defined as 51% or greater Indigenous ownership or as defined by Indigenous communities. Certification systems for Indigenous ownership have been established by organizations such as the Canadian Council for Aboriginal Business (CCAB), which maintains a list of certified suppliers for industry use. Another national list to identify Indigenous Businesses that can be available for industry’s use is the Government of Canada’s Indigenous Business Directory.

The definition of “local” within the context of Indigenous procurement may also be divided into categories that allow companies to distinguish between both Indigenous and non-Indigenous suppliers based in close proximity and in the wider region. Consult Company Examples, which showcases how a number of mining companies disaggregate procurement spending by supplier categories and priority groups.



IMPACT BENEFIT AGREEMENTS AND OTHER COMMUNITY DEVELOPMENT AGREEMENTS

Mining companies may codify any of the best practices described in this typology into formal agreements with Indigenous communities, such as IBAs. These agreements are often binding and include a range of commitments beyond procurement, such as local training, hiring, environmental monitoring collaboration, off-site community investments, and funding for infrastructure. Establishing IBAs is considered standard operating procedure in Canada for any proposed mining project in proximity to Indigenous communities. From a company perspective, IBAs promote sound business behavior and strengthen efforts to maintain SLO.

A less stringent agreement that may outline similar priorities for Indigenous procurement is a Memorandum of Understanding (MOU) or a Letter of Intent (LOI), usually entered into at an early stage of the mineral development cycle, which may outline similar priorities for Indigenous procurement. While not legally binding, these statements may include similar commitments to give preference to local Indigenous suppliers and support programmes to build the capacity of Indigenous businesses. Such statements may form the basis for negotiations of future IBAs' business opportunities commitments.

Few examples may be shared as many IBAs are typically confidential. However, as an example of a publicly available IBA, in 2020, Baffinland Iron Mines Corporation released an amended Inuit Certainty Agreement (ICA) between the Qikiqtani Inuit Association (QIA) and the company. One element of this agreement includes the Inuit Procurement and

Contracting Strategy, which defines the terms and methodologies for the participation of Inuit firms in the project.⁴ There are other examples of publicly available IBAs from Nunavut including Agnico Eagle's agreement with the Kivalliq Inuit Association for the Whale Tail Project.⁵

IBAs will often create an implementation committee, which has representatives from the Indigenous community and the mining company. These committees may meet several times throughout the year. It is generally best practice to have as a standing agenda item a "business opportunities update" that provides implementation committees a collaborative discussion to review procurement successes and challenges, including recommendations for improvements. These meetings often generate minutes that are distributed to senior company and Indigenous Nation leadership to reinforce ownership to support IBAs and local procurement opportunities.

4 Qikiqtani Inuit Association. (2020). Inuit Certainty Agreement. <https://www.qia.ca/wp-content/uploads/2020/07/6172020-Executed-Inuit-Certainty-Agreement-for-website.pdf>

5 Kivalliq Inuit Association (2017). Whale Tail Project Inuit Impact & Benefit Agreement. <http://kivalliqinuit.ca/wp-content/uploads/2019/02/Whale-Tail-IIBA-2017-06-15.pdf>





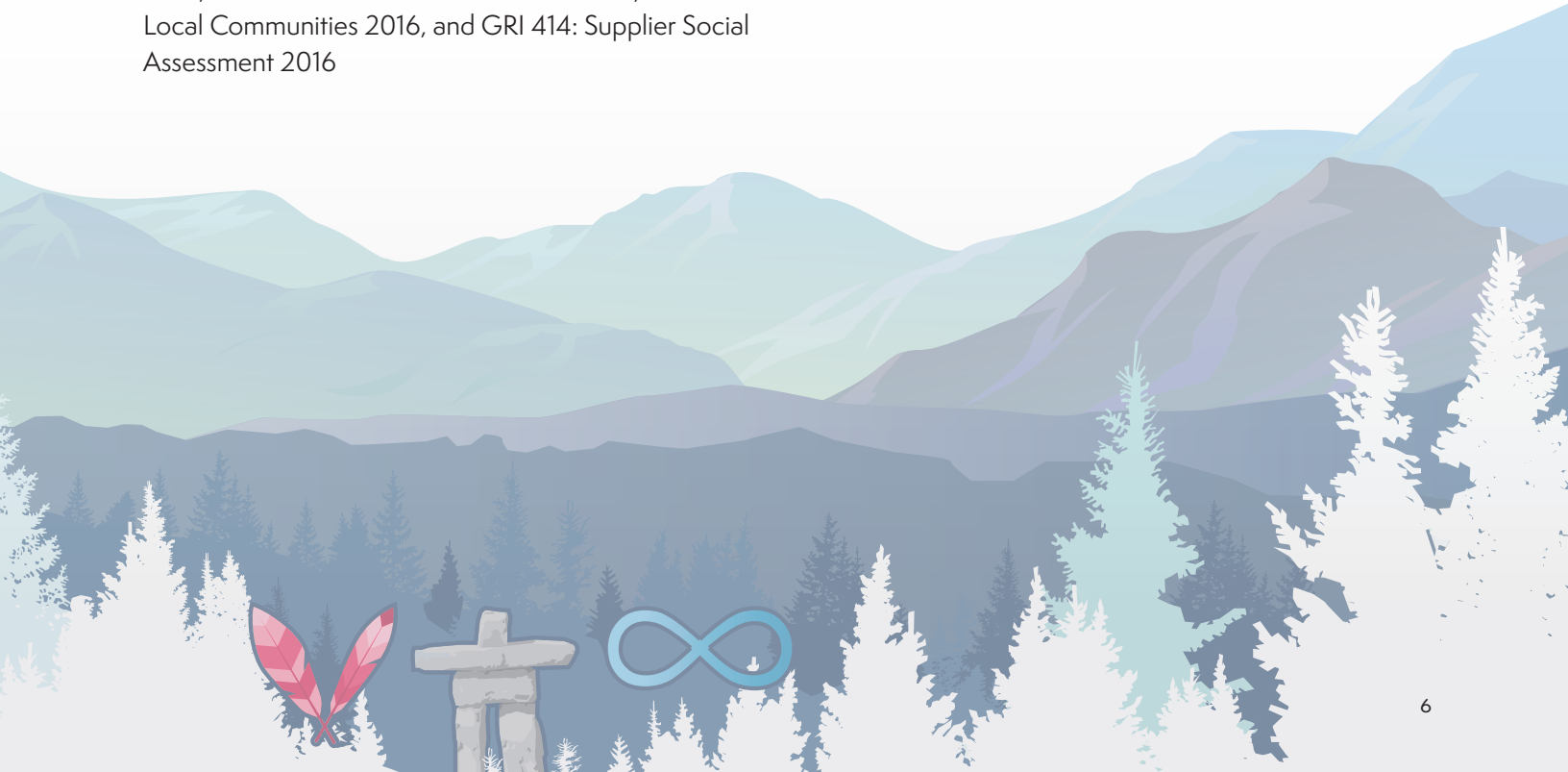
CREATION OF THE CHECKLIST

The development of this checklist was guided by consultation with Canadian mining companies, and draws from a collection of existing toolkits, reporting standards, and case studies, such as the following:

- **Toolkits with focus on local procurement and wider sustainability guidance, including:**
 - o Esteves et al. (2010), Procuring from SMEs in local communities: A good practice guide for the Australian mining, oil and gas sectors
 - o International Finance Corporation (2011), A guide to getting started in local procurement: For companies seeking the benefits of linkages with local SMEs
 - o Natural Resources Canada (2015), Corporate Social Responsibility Checklist for Canadian Mining Companies Operating Abroad
- **Sustainability and reporting standards in use by the mining sector:**
 - o Global Reporting Initiative, General Disclosures 2021, GRI 204: Procurement Practices 2016, GRI 413: Local Communities 2016, and GRI 414: Supplier Social Assessment 2016

- o Mining Association of Canada, Towards Sustainable Mining
 - o Mining Shared Value and GIZ (2017), Mining Local Procurement Reporting Mechanism
 - o Responsible Mining Foundation (2022), Responsible Mining Index: Framework 2022
 - o The Copper Mark
 - o World Gold Council (2019), Responsible Gold Mining Principles
- **Publicly available information on mining company practices, disclosed through sustainability reporting and company websites.**

The development of this checklist was also informed by consultations with Indigenous businesses, consultants, and other Indigenous economic development organizations, along with representatives from mining companies and mining industry organizations operating within Canada.





BEST PRACTICES IN CANADIAN MINING INDIGENOUS PROCUREMENT

The following table lists the best practices identified in local and Indigenous procurement, informed by existing guidance, standards, and reporting frameworks. Each category is detailed in the following sections.

CATEGORY

PRACTICE

CATEGORY	PRACTICE
1. INDIGENOUS PROCUREMENT STRATEGY AND MANAGEMENT	Indigenous Procurement Policies and Inclusion of Indigenous Procurement in Wider Policies
	Accountability and Management Structures for Indigenous Procurement
	Indigenous Procurement Policies for EPC, EPCM and Other Major Suppliers
	Measuring and Reporting Indigenous Procurement
	Internal Incentives and Reward Structures
	Internal Communication
	Multi-Stakeholder Management with External Partners
2. PREFERENTIAL AND CONDUCTIVE PROCUREMENT PROCEDURES	Advanced Notification of Procurement Opportunities
	Setting Aside Contracts for Indigenous Suppliers
	Price Preferences
	Early and Flexible Payment Procedures
	Unbundling Contracts
	Supplier Registration, Prequalification and Procurement Portals
	Making Public Announcements and Advertisements
	Supplier Searches and Assessment
	Supplier Open Days
	Attending and Sponsoring Relevant Events



3. SHARING INFORMATION AND REPORTING

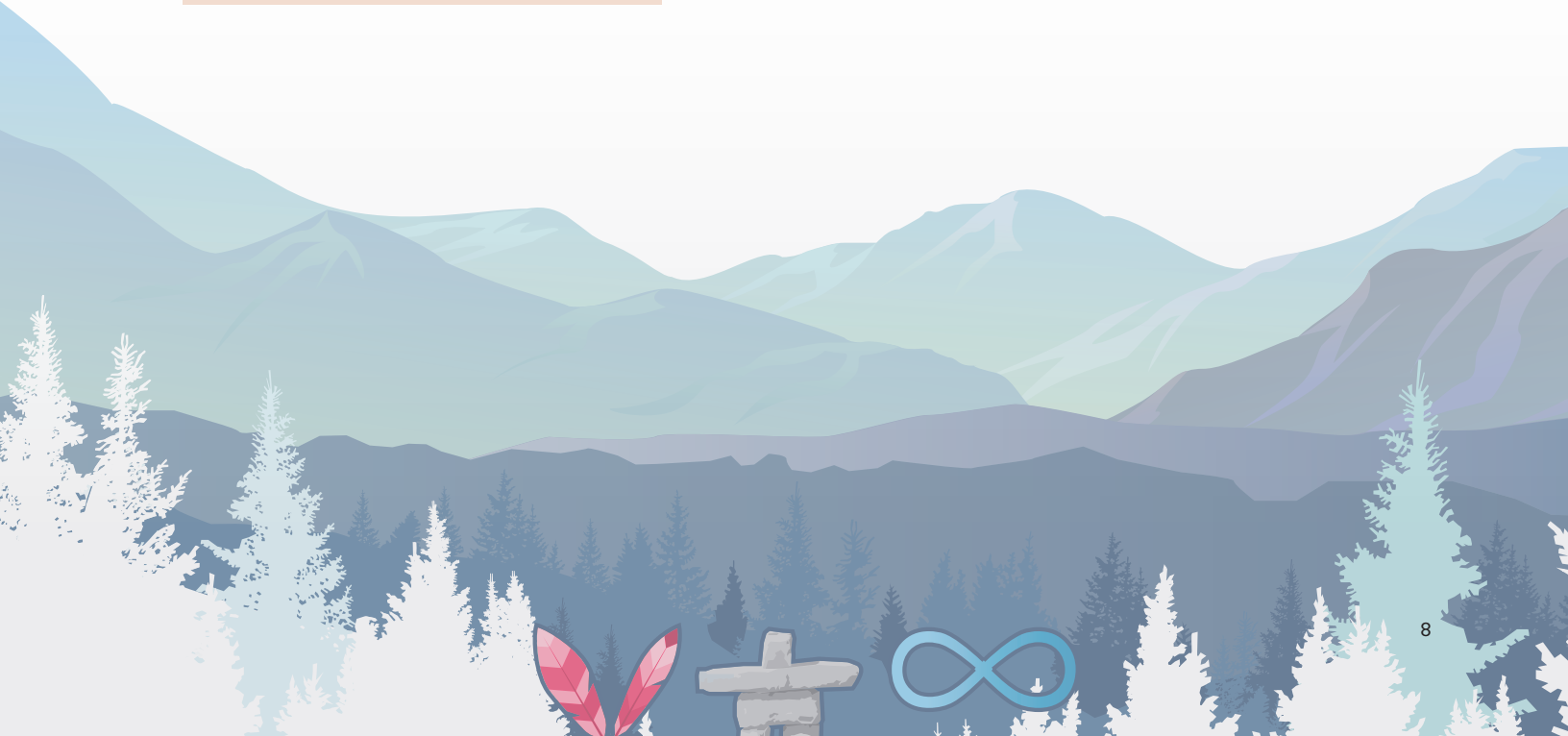
- Notification of Procurement Procedures
- Notification of Procurement Needs
- Sustainability Reporting on Indigenous Procurement

4. CAPACITY BUILDING FOR EXISTING POTENTIAL SUPPLIERS

- Capacity Audits for Suppliers
- Economic Capabilities Assessment for Surrounding Areas
- Training for Existing and Potential Suppliers
- Business Creation and Incubation
- Joint Ventures
- Providing Loans and Grants to Existing and Potential Suppliers
- Financial Literacy Training
- Vouching for Suppliers

5. SUPPLIER DUE DILIGENCE AND ANTI CORRUPTION

- Supplier Due Diligence
- Anti-Corruption in Procurement





1. INDIGENOUS PROCUREMENT STRATEGY AND MANAGEMENT

Companies that integrate Indigenous procurement practices into standard operating procedures not only put in place the policies that support Indigenous procurement commitments, but also establish the culture required to sustain such efforts.

BEST PRACTICES

Indigenous Procurement Policies and Inclusion of Indigenous Procurement in Wider Policies

One of the fundamental practices that mining companies can introduce to promote Indigenous procurement is the development of a local and Indigenous procurement policy. Alternatively, this may be addressed as a component of a wider policy, such as a supply chain policy, while some companies incorporate local and Indigenous procurement in a sustainable development strategy. Whether the approach to local procurement is outlined in a stand-alone policy, or in a wider policy or strategy, it typically includes the following: purpose and commitment; strategic goals and objectives; scope of implementation; prescriptions for internal procurement processes; details of capacity building efforts; responsibility and accountability for policy implementation; clauses that describe whether the policy is applicable to business partners, such as EPC/EPCM firms; and systems for monitoring and evaluation.

In many cases, mining companies implement corporate level procurement policies that apply to all sites, while individual mine sites use this framework to develop a procurement strategy suitable for the local context. In circumstances where Indigenous communities are a focal point of mine host community relations, local procurement policies are often executed with Indigenous procurement as a priority. Mining

companies in some cases make local and Indigenous procurement policies – whether corporate level or site-specific – publicly available documents. Doing so invites transparency, consistency and allows for improved dialogue with community stakeholders and local providers of goods and services to advance greater readiness and minimize barriers to participate in the procurement process.

Accountability and Management Structures for Indigenous Procurement

Implementation of an Indigenous procurement strategy is normally assigned to an internal manager or department at the mine site level. In some cases, accountability falls with procurement or supply chain teams, while in other cases, community relations teams, who oversee IBA commitment implementation, champion these efforts. Some companies also create a dedicated business development role within the mine site leadership team whose function is to seek out local procurement opportunities and work closely with local Indigenous businesses to assure transparent, open and fair procurement processes, give consistent awareness on anticipated upcoming opportunities, and proactively minimize misunderstandings.

Indigenous procurement efforts are more likely to succeed where there is ownership at the mine site level and involvement across multiple teams. Hence, many companies establish interdepartmental committees or working groups, which allow for improved oversight and greater support of Indigenous procurement among end-users of supplied goods and services. Such interdepartmental working groups also help to identify challenges, as well as opportunities to support Indigenous suppliers, which supply chain teams may not perceive on their own.



Indigenous Procurement Policies for EPC, EPCM and Other Major Suppliers

EPC and EPCM firms, contracted to construct or expand a mine, may also have Indigenous procurement plans in place as part of their agreement with a mining company. The highest expenditures often occur during the construction phase of a mine. The high demand for goods and services during this phase offers the opportunity for EPC and EPCM firms to support Indigenous suppliers to build their capacity, enabling them to also supply the mine site when it is in operation. Mining companies can implement policies that reflect requirements for EPC and EPCM firms to prioritize Indigenous procurement.

Local and Indigenous procurement may be assessed during the tendering process by requiring that bid submissions from EPC/EPCM firms detail procurement plans. Companies may adjust bid scoring criteria to reflect inclusion of Indigenous businesses as a priority. Once a contract has been awarded, accountability for commitments made by an EPC/EPCM contractor may include regular meetings to provide updates on Indigenous procurement targets, for instance, through a joint committee. There may also be reporting requirements outlined in contracts to provide updates on actions taken to meet procurement targets. It is worth considering in what ways the EPC/EPCM firm should be involved in other community consultations, depending on their role and prominence. For example, if the EPC/EPCM firm will be conducting all hiring for the construction phase, mining company representatives should be present at community meetings that discuss Indigenous participation.

Measuring and Reporting Indigenous Procurement

To successfully manage efforts to increase Indigenous procurement, mining companies need to track spending to determine how much is directed to Indigenous suppliers versus other supplier categories. Tracking progress is critical for the management of Indigenous procurement, and disclosing procurement spending signals to both internal and external stakeholders the importance of the issue. Measurement entails categorizing suppliers to a given mine site by characteristics, such as proximity to the site, and inclusion in regulatory and voluntary agreements. Specifying which Indigenous suppliers will be the focus of preferential procurement efforts is a necessary step in determining the most appropriate approach for the local context.

The following attributes may be used to categorize suppliers: geographic; ownership; size of enterprise; participation of underrepresented groups (e.g., Indigenous Peoples, women, youth); and regulatory (e.g., where legislation specifies a definition for local suppliers). The greater specificity in the categorization of suppliers, and the more supplier categories that may be tracked, the better a mining company can manage its progress. At a minimum, a mine site should track two supplier categories that divide “local”, which takes on various context-based definitions, and a second category for all other suppliers. Spending on local suppliers may then be tracked according to Indigenous and non-Indigenous ownership.

Mining companies may also use these supplier categories to analyze procurement of select goods and services. This allows for identification of major spend families (e.g., consumables, logistics, construction), evaluation of progress and targeting of new business opportunities. It may also allow companies to identify goods or services where priority may be considered for local suppliers. The spending data collected can also reveal gaps in a company’s commitments to Indigenous procurement.



Internal Incentives and Reward Structures

A critical, though often overlooked, aspect of Indigenous procurement management is the use of internal incentives that reward Indigenous procurement practices within a company. Conventional procurement bonus structures reward low costs and prompt delivery of goods and services, however, these metrics may disadvantage local Indigenous suppliers who may require longer lead times, or charge necessarily higher prices. Altering key performance indicators (KPIs) for management and staff that carry out purchasing helps ensure that Indigenous procurement goals are not undermined by incentives, and that Indigenous suppliers receive full and fair consideration for procurement contracts.

Internal Communication

Another underutilized practice is the use of internal communication by a mining company to promote Indigenous procurement efforts. Regular communication signals the importance of such practices across all parts of a company, as well as end-users of procured goods and services. It helps to highlight Indigenous procurement efforts for all staff and opens channels for feedback and suggestions for improvement. For instance, it may alert end-users of a good or service of opportunities to shift sourcing from international or national businesses to local providers. Mining companies may choose to communicate information about their Indigenous procurement policies, programming, and results through the use of internal newsletters; notice boards and information screens; interdepartmental meetings and workshops; and employee onboarding. Progress by the mining sector on issues such as health and safety demonstrates the role of internal communication in building a culture of awareness.

Multi-Stakeholder Management with External Partners

Increasing Indigenous procurement in a sustainable way requires partnerships between various actors in a host community and the wider local economy, as well as alignment on Indigenous procurement objectives, to ensure that efforts do not create unintended adverse impacts for the local economy.

Mining companies often implement multi-stakeholder management systems to address Indigenous procurement, consulting regularly with relevant stakeholders, including those in the community facilitating communication with the company; Indigenous community members, such as Economic Development Officers; governing bodies within the community; and goods and service providers. This creates a forum for discussion of opportunities and concerns and ensures that channels for feedback remain open amongst all actors. Some mining companies choose to establish a formal committee for Indigenous procurement, which may include an Indigenous economic development corporation, representatives from vocational training institutions, and community leadership, along with mining company representatives, and suppliers.

This committee may be a stand-alone body or, in some cases, a working group dedicated to Indigenous procurement is created as part of an existing network of multi-stakeholder committees. Multi-stakeholder meetings can aim to address issues including: concerns raised regarding barriers that may undermine the ability of Indigenous suppliers to competitively offer goods and services to a mine site (e.g. a supplier representative may alert the committee to a particular road needing repair to improve delivery times); identification of Indigenous businesses that are not yet supplying the mine site but have the potential to; identification of non-mining sector clients who may be targeted by suppliers to diversify their customer base, expand their business offerings, and lessen dependence on mining related contracts; and regulatory and infrastructure challenges to pursuing procurement opportunities and actions that can be taken to address these challenges.



COMPANY ASSESMENT CRITERIA

LEVEL	CRITERIA
C	<p>The site does not meet all level B criteria.</p>
B	<ol style="list-style-type: none"> 1. Indigenous procurement commitments are included in the company's supply chain policy. 2. Processes are being implemented to enable measurement and reporting on the portion of procurement spending that is directed to Indigenous suppliers, as well as national and international suppliers. 3. Engagement is taking place with Indigenous suppliers regarding procurement opportunities in a semi-formal manner, such as through community relations committees and consultations. 4. Actions to target procurement from Indigenous suppliers are being encouraged and communicated to EPC/EPCM firms and other major contractors.
A	<ol style="list-style-type: none"> 1. A stand-alone Indigenous procurement policy exists, or the company's supply chain policy includes detailed considerations for Indigenous procurement. 2. The company can provide a breakdown of the portion of procurement spending that is directed to Indigenous suppliers, as well as national and international suppliers. 3. Actions to target procurement from Indigenous suppliers are required by the operating company of EPC/EPCM firms and other major contractors. 4. Procurement from Indigenous suppliers is tracked using KPIs by supply chain teams.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

AA

1. Commitments to Indigenous procurement are communicated at all levels across the site.
2. A committee or working group made up of company representatives, Indigenous suppliers, and other supporting institutions exists to identify and pursue local supplying opportunities.

AAA

1. The company is collaborating with other mine sites in the region to coordinate Indigenous procurement and supplier development efforts.
2. The company provides annual updates of anticipated procurement needs.
3. The company provides advance notice of tender packages to IBA holders.
4. The company provides debriefing to unsuccessful Indigenous business bidders to better prepare for future bidding success.



2. PREFERENTIAL AND CONDUCTIVE PROCUREMENT PROCEDURES FOR INDIGENOUS SUPPLIERS

There are several ways in which companies can increase Indigenous procurement by modifying procurement procedures to better align with the needs and offerings of Indigenous suppliers. Many of these changes require minimal costs and time for implementation but make a significant difference in the ability of Indigenous businesses to access supplying opportunities.

Each of these practices may be encouraged by a mining company for its tier one suppliers, or required for them under the terms of a contract. This is of particular importance for suppliers to EPC/EPCM firms and other large service contractors, which can represent a significant portion of a mining company's overall spending during mine development, as well as expansions. Furthermore, many of the following best practices may be executed in collaboration with other mine sites in close proximity. For example, in a region where clusters of mining activity are taking place, multiple companies might collaborate on a centralized supplier registry, benefitting from ease of access to prequalified Indigenous businesses.

BEST PRACTICES

Advanced Notification of Procurement Opportunities

A common approach used by mining companies to prioritize Indigenous suppliers involves advanced notification of procurement opportunities, prior to opening the public bidding process. This may be done for a predetermined list of goods or services, and those with a "right of first refusal" may be specified in an IBA.

Setting Aside Contracts For Indigenous Suppliers

Companies can go a step further and reserve certain goods and service contracts for award to Indigenous businesses. These "set-aside" goods and service contracts ensure that procurement opportunities are guaranteed for Indigenous suppliers, regardless of whether there are other suppliers who may be able to provide the same goods or services at a lower price.

In some cases, set-aside contracts may be mandatory if they are codified in an IBA, where there are reserved goods or services specified in an agreement for life-of-mine, subject to standard performance requirements. Such agreements may also include "Open Book" conditions that the agreed upon price must not exceed a certain percentage of the market price. Companies have used Collaborative Tendering processes with Indigenous communities for set-asides to increase success of awarding goods and services contracts to prequalified Indigenous businesses, that also support contract delivery scheduling and budget.

Price Preferences

Some companies will accept higher prices for goods and services from Indigenous suppliers than those offered by competitors. While cost may be a driving factor in evaluating bid submissions, shifting weight to other scoring Indigenous participation criteria creates opportunities for firms that may be less competitive on price compared to multinational suppliers. Price preferences may be informal, or may involve setting specific criteria scoring that may involve minimum thresholds when evaluating bid submissions.



Early and Flexible Payment Procedures

Making the procurement process more accessible for Indigenous suppliers may also be achieved by shortening payment times following the delivery of goods or services, or offering advanced payment where required. This approach can be critical for smaller suppliers to deliver contracts with greater flexibility and predictability of cash flows. Recognizing the importance of early and flexible payment of small suppliers, the Business Council for Australia for example, implemented the Supplier Payment Code, a voluntary, industry-led initiative which commits signatories to paying small suppliers within 30 days of receiving an invoice, and to supporting suppliers in implementing solutions that expedite the invoicing process.⁶

Unbundling Contracts

Procurement processes often favour multinational suppliers with diverse product and service offerings to reduce supply chain management costs and transaction times. Alternatively, some mining companies unbundle larger contracts into smaller work scopes that may be completed by Indigenous suppliers. This unbundling can sometimes result in increased supply chain management time due to increased transactions but may also uncover opportunities for cost savings. For instance, larger suppliers offering a wider range of goods and services may have higher per-unit costs, while Indigenous suppliers may be able to offer reduced delivery costs due to their proximity to a site.

Supplier Registration, Prequalification and Procurement Portals

Using a supplier registration system with high visibility helps to establish a reliable database for companies to streamline the prequalification and tendering process. For Indigenous suppliers, such portals provide an avenue to express their interest, with registration processes eliminating future paperwork during the tendering process.

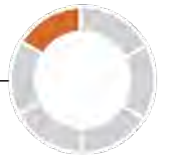
When registering suppliers, companies may use supplier categorizations and methods of verification for defining attributes, such as Indigenous ownership, through third-party certification organizations. Many certifying organizations also maintain supplier databases. When registering suppliers, mining companies may also collect information on the size and capacity of local businesses to inform future supplier development efforts.

Making Public Announcements and Advertisements

Common methods to identify potential suppliers include: advertisements through local media and social media; resources dedicated to potential suppliers on company websites; billboards and other signage in public places, such as a bulletin board posting in a community space; and announcements and presentations at events, such as trade shows, mining conferences, economic summits, and large cultural and entertainment events.

Messaging may be broad, advertising an opportunity to become prequalified to supply a mine site, or it may be tailored to procuring particular goods or services that are already being offered by Indigenous suppliers. For example, a mining company may tailor its advertisements to Indigenous-owned transportation companies to support a need for transportation to and from a remote mine site. Accessibility of this information is also important to consider within the context of a mine site, and it is encouraged that barriers to accessing procurement information be considered, for instance, translation to local languages, where appropriate.

⁶ Victorian Small Business Commission. (2017). Australian Supplier Payment Code. https://www.bca.com.au/supplier_payment_code



Supplier Searches and Assessment

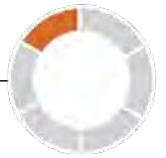
There are a number of approaches that companies may use to proactively seek out new suppliers within the local economy, ranging from advertising to extensive supplier searches. Companies may recruit prospective Indigenous suppliers through periodic in-person engagements with surrounding communities. This approach is particularly useful in regions where there may be limited presence of chambers of commerce, limited access to community economic development offices, or opportunities to attend trade shows. Recruitment may be carried out by members of community relations or supply chain teams, or by consultants or non-governmental organizations (NGOs) with in-depth knowledge of the local area and adjacent communities. The most effective supplier searches seek not only those already mobilized to supply a mine but also, prospective suppliers and entrepreneurs that may be candidates for future business development or capacity building programming. Best practice includes the assignment of a company representative to facilitate community discussions on how best to harness procurement opportunities. This may require: establishing procurement goals with community leaders, such as Chief and Council and Economic Development Officers; strategizing on meeting upcoming site procurement needs; discussing supplier capacity to bid on future contracts; and convening to provide updates on procurement objectives and results.

Supplier Open Days

Mining companies may invite Indigenous businesses, governments, and relevant associations to meet with supply chain representatives to discuss the site's current and forecasted procurement needs. These events allow mining companies to engage with potential suppliers and build open and mutually beneficial partnerships. They also allow for improved dialogue on specific goods and service requirements, how suppliers can best engage with the company's procurement systems, and how to best structure capacity building programming for local businesses.

Attending and Sponsoring Relevant Events

Companies may also identify Indigenous suppliers by attending industry events and trade shows, as well as large cultural and entertainment events. Attendance at such events promotes accessibility of mining operations for existing and prospective suppliers in the local area. Sponsoring relevant events also increases visibility for a mining company, for instance, by establishing a presence at entrepreneurship events tailored to youth to recruit talent and promote business opportunities.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

C

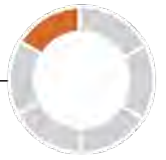
The site does not meet all level B criteria.

B

1. There is a demonstrated commitment to implementing preferences and conducive procurement procedures for Indigenous suppliers.
2. Some goods and services are purchased from Indigenous suppliers based on differential procurement processes on a case-by-case basis. These processes may include advanced notification of procurement opportunities; setting aside contracts for Indigenous suppliers; price preferences; early and flexible payment procedures; and unbundling contracts.
3. Systems are being implemented to formalize these processes (e.g., defining criteria for the types of work packages subject to Indigenous preference, goods and service categories with potential for high Indigenous employment).
4. The company hosts supplier information sessions annually or as part of regular community relations events.

A

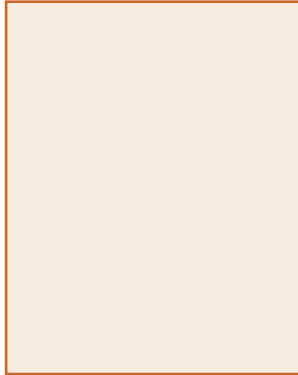
1. The company's approach to preferences and conducive procurement procedures is detailed in its local procurement or supply chain policy.
2. The company measures and reports the total value of contracts awarded to Indigenous suppliers as a result of preferences and conducive procurement procedures in place.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA



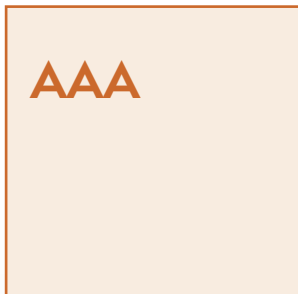
3. Indigenous suppliers have access to business development and capacity building support to bid on future work packages, ensuring phase out of preferential and conducive procurement processes.

4. The company's approach to preferences and conducive procurement procedures is featured in external communications (e.g., dedicated website section for suppliers).

5. The company hosts supplier information sessions on a biannual, or more frequent, basis.



1. End-users of goods and services receive onboarding materials and subsequent training on preferences and conducive procurement procedures in place.



1. The company collaborates with Indigenous suppliers to enable bidding on larger work packages, and to phase out preferences in procurement procedures, using a continuous improvement approach, in partnership with other local institutions (e.g., vocational training institutes, government programming).





3. SHARING PRACTICAL INFORMATION AND REPORTING

An open, accessible, and transparent procurement process that provides practical information to current and potential suppliers is a key part of facilitating Indigenous procurement. Proactive information sharing with suppliers and other stakeholders helps to empower Indigenous communities to pursue supplying opportunities, and can also reduce transaction times for a mining company by limiting information requests. Moreover, comprehensive reporting supports entities that are charged with assessing the economic and social contributions of a mining company. The following is a number of avenues through which mining companies may share information on their Indigenous procurement practices and programming.

BEST PRACTICES

Notification of Procurement Procedures

Mining companies take steps to ensure that current and prospective Indigenous suppliers are aware of the procurement processes in place at a mine site. Provision of information often coincides with capacity building for suppliers, which may help businesses to access skills upgrading opportunities and engage with new clients, including those outside the mining sector. Providing detailed information on procurement processes also affords Indigenous businesses full and fair consideration for potential contracts, also supporting a site's SLO. Companies may provide practical information through various communication channels, as well as through capacity building programming, namely: "Procurement" or "Suppliers" sections of corporate and site-specific websites; distribution of printed guides and brochures; Supplier Open Days and capacity building workshops; trade shows and other industry events; and outreach through local media.

Notification of Procurement Needs

Companies often inform prospective suppliers of forecasted procurement needs as part of communications, Supplier Open Days, business training, and supplier audits. Mining companies can prioritize Indigenous suppliers in this, while also managing supplier expectations regarding the availability, duration, or guarantee of future contracts.

Companies often have IBA commitments to provide advance procurement notification to specific local Indigenous communities prior to public distribution. Advance notice is often a consistent number of days (fifteen days for example) with the potential for exceptions to be made for a company to address a health and safety or environment issue requiring immediate action. The advance procurement notices can often reinforce the importance of non-Indigenous businesses to partner with Indigenous businesses when enhanced capacity is required to prequalify.

Sustainability Reporting on Indigenous Procurement

The public sharing of information on a site's procurement processes signals the importance of the issue internally and empowers suppliers and other host country stakeholders with practical information, facilitating more open dialogue regarding procurement opportunities. Reporting on Indigenous procurement initiatives and spending may also be assessed by ESG ratings agencies or required by regulators, as well as under the conditions of IBAs established with Indigenous communities.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

C

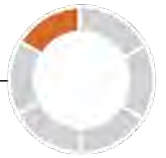
The site does not meet all level B criteria.

B

1. Contact information is made publicly available for procurement contact persons at the site level.
2. Practical information on how to become registered as a supplier is provided upon request to Indigenous businesses.
3. Sustainability reporting is in accordance with GRI disclosure 204: Procurement Practices, providing a breakdown of Indigenous procurement spending and definitions of supplier categories.

A

1. Practical information regarding the procurement process at the site level is publicly available on the company's website (e.g., how to register to become a supplier, expectations of suppliers).
2. Sustainability reporting goes beyond GRI disclosure 204: Procurement Practices and provides details on how Indigenous procurement is managed at the site level.
3. Where procurement from Indigenous businesses is included in IBAs or other community development agreements, this is included in sustainability reporting.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

AA

1. Data on procurement spending for goods and service categories is publicly available.
2. Indigenous procurement information is disclosed annually in accordance with the Mining Local Procurement Reporting Mechanism (LPRM).
3. The information disclosed in accordance with the LPRM is made available on the company's website.
4. A list of IBAs or other community development agreements with Indigenous communities is included in sustainability reporting.

AAA

1. The company engages with other mine sites at the provincial/territorial or national level to increase information sharing on Indigenous procurement spending and relevant initiatives.
2. The company collaborates with relevant mining associations to provide data on procurement needs and standardize information to inform Indigenous suppliers of procurement opportunities.





4. CAPACITY BUILDING FOR EXISTING AND POTENTIAL SUPPLIERS

Beyond challenges faced with identifying Indigenous suppliers, companies may also encounter issues regarding the capacity of suppliers to provide goods and services in the quantity or quality required. Indigenous suppliers may experience barriers to meeting capacity requirements or complying with relevant standards or certifications. Some mining companies allocate resources to capacity building programmes that help businesses to overcome these barriers.

For the purpose of this checklist, capacity building refers to actions outlined in the Transferring Technology and Providing Training sections of the United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2001: Promoting Linkages. Of the capacity building actions that companies may take, there are two main approaches: actions that equip suppliers with the technology necessary to provide services they are currently unable to; and actions that increase the capacity and reliability of existing services. These approaches are outlined further in the following table.⁷

7. United Nations Conference on Trade and Development. (2001). World Investment Report 2001: Promoting Linkages. <https://unctad.org/publication/world-investment-report-2001>

APPROACH	ACTIONS
<p>Transfer of product technology</p>	<p>Provision of proprietary product know-how.</p> <p>Transfer of product designs and technical specifications.</p> <p>Technical consultations with suppliers to help them master new technologies.</p> <p>Feedback on product performance to help suppliers improve performance.</p> <p>Collaboration in research and development.</p>
<p>Transfer of process technology</p>	<p>Provision of machinery and equipment to suppliers.</p> <p>Technical support on production planning, quality management, inspection, and testing.</p> <p>Visits to supplier facilities to advise on layout, operations, and quality.</p> <p>Formation of “cooperation clubs” for interacting with or among suppliers on technical issues.</p> <p>Assistance to employees to set up their own firms.</p>



APPROACH

ACTIONS

<p>Transfer of organizational and managerial know-how</p>	<p>Assistance with inventory management and the use of just-in-time and other systems.</p> <p>Assistance in implementing quality assurance systems.</p> <p>Introduction to new practices such as network management or financial, purchase, and marketing techniques.</p>
<p>Providing training</p>	<p>Training courses in affiliates for supplier personnel.</p> <p>Offering access to internal training programmes.</p> <p>Sending teams of experts to suppliers to provide in-plant training.</p> <p>Promotion of cooperative learning among suppliers.</p> <p>Informal exchanges.</p>

Capacity building for suppliers requires an ecosystem in which mining companies play an important role. It is crucial that companies identify and be in regular contact with local chambers of commerce, regional development agencies, academic institutions, and other potential partners to establish the foundations that enable creation of sustainable local businesses.

Mining companies may also support Indigenous businesses by providing general market information to help identify new customers and clients. Such efforts are often aligned with company efforts to mitigate supplier dependency on a mining operation and encourage diversification of skills and product and service offerings. This approach may involve leveraging supplier portals that are used by companies across multiple sectors or inviting potential customers or clients to open houses and training sessions.

BEST PRACTICES

Capacity Audits For Suppliers

As a basis for capacity building efforts, it is paramount that companies understand the current capacity of potential suppliers, as well as the potential for supplying goods and services required for a mining operation in the future. Mining companies may evaluate this capacity by conducting supplier audits. These efforts go beyond registering suppliers and assess abilities to provide goods or services following induction training. Such audits provide critical information to guide capacity building programming.

Capacity building does not only mean strengthening the capacity of supplying firms. It also requires the strengthening of the business environment to establish linkages. Some examples of actions with the potential to strengthen the business environment identified by Jenkins et al. (2007) include the creation of schools and vocational institutes, local non-profit and for-profit business service providers, credit bureaus, entrepreneurship organizations, small business associations and chambers of commerce, linkage brokers, and government agencies.⁸ Mining companies may support institutions like local business associations by providing donations in the form of funding or equipment. Mining companies may also provide training for such organizations to help improve the quality of services or assist in making connections with larger institutions and experts, enabling knowledge sharing.

8. Jenkins, B., Akhalkatsi, A., Roberts, B., & Gardiner, A. (2007). Business Linkages: Lessons, Opportunities and Challenges. International Finance Corporation, International Business Leaders Forum, and the Kennedy School of Government, Harvard University. [Business Linkages: Lessons, Opportunities, and Challenges \(harvard.edu\)](https://www.harvard.edu/business-linkages-lessons-opportunities-and-challenges)



Economic Capabilities Assessment For Surrounding Areas

Capacity audits can go beyond the capabilities of individual firms to assess the economic capabilities of the area of influence surrounding a mine site. In doing so, a company may identify patterns in the opportunities and challenges for Indigenous suppliers to better strategize its capacity building efforts. These strategies are best executed by company representatives through ongoing collaboration with community members.

During the planning and development stages of a mine, companies may conduct extensive assessments of the economic capabilities in the surrounding region as a routine part of feasibility studies. This helps to identify candidates and suitable approaches for long-term capacity building efforts. Another method is the assessment of the economic capabilities amongst Indigenous businesses using a random sample of firms across multiple sectors, with focus on management, supplier relations, and other business skills. A company may then use this information to inform an action plan in partnership with Indigenous community leaders.

In some cases, Indigenous communities may have an existing study performed towards socio-economic workforce and business readiness. If the data can be shared with the mining company the information can be a strong foundation to establish a site-specific program to increase opportunities and address potential barriers.

Training For Existing and Potential Suppliers

To build the capacity of existing and potential suppliers, mining companies may offer various types and formats of training that are contingent on community interests and needs. This may take the form of: supplier workshops; ongoing course offerings at a dedicated center; company sponsorship of supplier management and/or staff to take courses from an external provider, such as a vocational institute or NGO; or distribution of written training materials. One example is the creation of a training center for Indigenous entrepreneurs

to provide skills development opportunities in areas such as administration, entrepreneurship, financial management, health and safety, and quality management.

Business Creation and Incubation

In contexts where there are limited local supplier pools for the provision of specific goods or services, there may be opportunities for a mining company to support the establishment or formalization of a business or co-operative to supply a mining operation. Some companies may take additional steps to support the capacity building of such entities, for instance, through sponsoring training programs. These efforts may be supported by partners, such as community groups, governments, or NGOs.

Joint Ventures

Joint ventures are entities formed by two or more businesses that work in cooperation, sharing ownership, governance, returns and risks. Companies may support the establishment of joint ventures between Indigenous businesses and partners that offer technical and management capacity to supply a mining operation. This is a common feature of IBAs within Canada and offers capacity building opportunities for Indigenous businesses. Under a joint venture, Indigenous businesses or entrepreneurs can benefit from the backing of financial and human resources required to carry out larger contracts. Allocation of management roles to ensure ownership of the work scope, and having transitional plans in place, is critical to ensuring that the intended benefits for Indigenous partners are realized.



Providing Loans and Grants to Existing and Potential Suppliers

One of the most significant barriers faced by local suppliers is access to capital. Mining companies may support Indigenous procurement by helping existing and potential suppliers access financing. Some companies may directly finance Indigenous businesses through the provision of a loan, grant, or equity financing. As an example, a company may establish a community trust to provide interest-free loans to local suppliers with either full or partial repayment requirements. This may be done in partnership with other institutions, such as a chamber of commerce to conduct eligibility screening of businesses.

Financial Literacy Training

Business aptitude and financial literacy skills increase a supplier's ability to access financing. Record-keeping, human resource management, statutory practices, and cost management are all essential business skills which companies may provide training in, either directly, or in partnership with educational or financial institutions.

Vouching For Suppliers

Another way that companies may support suppliers in accessing credit is to vouch for the business, for example, by providing a commitment to purchase, or proof of training or auditing of the supplier. Suppliers may use this information to gain access to credit, and to finance the required labour and materials to fulfil mining contracts, as well as contracts for other clients.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

C

The site does not meet all level B criteria.

B

1. Capacity building support for current and potential suppliers is made available on a case-by-case basis.
2. Information is requested from suppliers regarding capacity (e.g., number of employees, annual turnover).
3. Joint ventures between Indigenous suppliers and other firms are facilitated on a case-by-case basis.

A

1. A formal process for capacity building support is in place, including eligibility criteria for the types of businesses that receive support.
2. Formal partnerships are in place to support capacity building (e.g., vocational training institutions).
3. A system is in place to assess supplier capacity that incorporates various metrics (e.g., education and certification of employees).
4. Joint ventures are in place to ensure provision of specified goods and services.
5. The company assists Indigenous suppliers to secure financing on a case-by-case basis.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

AA

1. The company has a formal financing process in place in partnership with financial institutions.
2. End-users of goods and services are engaged in supplier capacity building initiatives.

AAA

1. The company collaborates with Indigenous suppliers to diversify good and service offerings, facilitate partnerships, and secure financing to expand capacity.





5. SUPPLIER DUE DILIGENCE AND ANTI-CORRUPTION

Procurement is an important element of addressing risks in upstream supply chains associated with corruption, forced and child labour, and other environmental, social, and human rights abuses. Supplier due diligence and anti-corruption upstream of mining operations is therefore critical to address, and oversight should extend beyond the suppliers a company engages with directly. Even where such risks are minimal or non-existent in Canada, such as forced labour, regulations are increasingly requiring companies to disclose efforts to prevent such practices, and investors and ESG rating agencies request evidence of due diligence systems.

BEST PRACTICES

Supplier Due Diligence

Supplier due diligence involves assessment of suppliers based on a defined set of criteria and ensuring oversight to hold suppliers to standards of practice. A foundational practice is to implement a supplier code of conduct and have suppliers formally agree to its terms. Depending on the local context, companies may take proactive action, for instance, by conducting routine audits of suppliers.

Anti-Corruption in Procurement

Corruption in the award of procurement contracts is a major risk in countries with frontier, advanced, and mature mining industries. The Organisation for Economic Co-operation and Development (OECD), in its report *Corruption in the Extractive Value Chain: Typology of Risks, Mitigation Measures and Incentives* outlines the myriad of ways in which corruption may take place during procurement at each stage of the mining life cycle, including the misuse of local content requirements.⁹ Such practices undermine benefits sharing in mining host communities, which may lead to opposition of mining activity.

To prevent bribery and corruption during procurement processes, companies implement codes of conduct and anti-bribery and corruption policies, which may extend from employees to also cover all business partners, including suppliers and contractors.

9. Organisation for Economic Co-operation and Development. (2016). *Corruption in the Extractive Value Chain: Typology of Risks, Mitigation Measures and Incentives*. https://www.oecd-ilibrary.org/development/corruption-in-the-extractive-value-chain_9789264256569-en



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

C

The site does not meet all level B criteria.

B

1. Suppliers of goods and services are explicitly included in the company's code of conduct, which outlines the expectations of both suppliers and those engaged in the award of procurement contracts.
2. Procurement management and staff are provided training in supplier due diligence and anti-corruption.
3. Expectations of suppliers are communicated to current and prospective suppliers as part of the registration process.
4. The company has a system in place to address concerns raised regarding supplier conduct or corruption in the procurement process.

A

1. A supplier code of conduct is made publicly available on the company's website and in other formats where required.
2. Suppliers are required to acknowledge the expectations outlined in the supplier code of conduct and must reaffirm adherence to the code throughout the duration of the contract.
3. The company conducts audits to assess supplier compliance with the code of conduct.
4. A whistle-blowing system is in place for both employees and suppliers to raise concerns regarding conduct during procurement processes.



COMPANY ASSESMENT CRITERIA

LEVEL

CRITERIA

AA

1. Suppliers are required to disclose information on beneficial ownership.
2. Suppliers are provided training on the supplier code of conduct and expectations.

AAA

1. The company engages with other mine sites at the provincial/territorial or national level to standardize approaches to supplier due diligence and anti-corruption in procurement practices.



