

## Annex 1. Global reporting standards that address aspects of extractives supplier transparency

A number of global reporting and transparency standards already speak to the emerging supplier transparency norms that we identify in this report. This table shows disclosures that are already required or encouraged and where notable gaps exist in existing frameworks.

### ABOUT THIS DOCUMENT

This is an annex to the report *Beneath the Surface: The Case for Oversight of Extractive Industry Suppliers*, available at [www.resourcegovernance.org](http://www.resourcegovernance.org).

Framework	Procurement process	Supplier identities	Spending on suppliers	Supplier taxation
<p><b>Global reporting initiative (GRI)</b></p> <p>The GRI is the world's most widely used sustainability reporting framework.</p>	<p><b>Management approach</b></p> <p><i>GRI 204: Procurement Practices</i> requires the reporting organization to describe how it manages procurement in line with <i>GRI 103: Management Approach</i>. This includes: a statement of purpose on the management approach and a description of relevant policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms and specific actions, such as processes, projects, programs and initiatives.</p> <p><b>Ethics and corruption</b></p> <p><i>GRI 205: Anti-Corruption</i> requires reporting organizations to describe the management approach to corruption in line with GRI 103: Management Approach.</p>		<p><b>Overall spending</b></p> <p><i>GRI 102: General Disclosures</i> requires company sustainability reports to include a description of the company supply chain (GRI 102-9). Guidance for this reporting suggests that this description should include total number of suppliers engaged and estimated monetary value of payments made to suppliers.</p> <p><b>Local spending</b></p> <p><i>GRI 204 Procurement Practices</i> requires reporting organizations to report the percentage of their procurement budget for significant locations of operation that they spent on local suppliers; their geographical definition of "local;" and their definition for "significant locations of operation."</p>	<p><b>Tax approach and payments</b></p> <p><i>GRI 207: Tax</i>. Effective from Jan 2021, this details a set of disclosures covering company approach to tax (GRI 207-1); tax governance, control and risk management (GRI 207-2); stakeholder engagement and management of concerns related to tax (GRI 207-3); and country-by-country reporting (GRI 207-4)</p>

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<p><b>Sustainability Accounting Standards Board (SASB)</b></p> <p>SASB sets industry-specific reporting standards for organizations to use for reporting to investors.</p>	<p><b>Ethics and corruption</b></p> <p>Industry standards for <i>Oil and Gas—Exploration and Production, Oil and Gas—Services, and Metals and Mining</i> require reporting organizations to describe the management system for prevention of corruption and bribery throughout the value chain. This includes a description of management systems and due diligence procedures for assessing and managing corruption and bribery risks internally and associated with business partners in its value chain (Disclosures EM-EP-510a.2.; EM-SV-510a.2. and EM-MM-510a.1.).</p>			
<p><b>IPIECA/API/IOGP guidance</b></p> <p>Petroleum sector bodies IPIECA, the American Petroleum Institute (API) and the International Association of Oil and Gas Producers have developed voluntary sector-specific guidance for sustainability reporting.</p>	<p><b>Ethics and corruption</b></p> <p><i>Issue area GOV-3</i> details that reporting organizations should detail anti-corruption policies and due diligence procedures that apply to business partners, including suppliers and contractors.</p> <p><b>Local procurement</b></p> <p><i>Issue area SOC-14</i> details that reporting bodies should describe strategies, programs and procedures that are designed to improve the ability of local suppliers and contractors to support operations and projects, such as actions that help local suppliers meet company and international standards.</p>		<p><b>Local spending</b></p> <p><i>Issue area SOC-14</i> states that that reporting organizations should report expenditure on locally-sourced goods and services within selected host countries as a percentage of total national procurement budgets.</p>	

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<p><b>Mining Local Procurement Reporting Mechanism (LPRM)</b></p> <p>The LPRM is a set of disclosures on local procurement by the mining industry. It seeks to address the gaps in current reporting frameworks and sustainability systems, and to help standardize the way the sector and host countries talk about these issues.</p>	<p><b>Management approach</b></p> <p><u>LPRM 200: Procurement Systems</u> requires reporting organizations to disclose information on any internal or external supplier procurement portals, databases, or registries (Disclosure 204 B); and information on requirements and support for prequalification (Disclosure 204 C).</p> <p><b>Ethics and corruption</b></p> <p><u>LPRM 400: Local Procurement and Due Diligence</u> states that reporting organizations should: report the supplier due diligence processes used at the mine site to avoid purchasing from suppliers with problematic behavior (Disclosure 401); and report the existence and location of any anti-corruption policy it has and/or any policies that are intended to prevent corruption in their procurement processes and in their suppliers (Disclosure 402).</p> <p><b>Local procurement</b></p> <p><u>LPRM 200: Procurement systems</u> states that reporting organizations should report the existence of any mine site-specific local procurement policy and/or other company policies or company standards that include local procurement (disclosure 201); and if and how the mine site requires major suppliers/ major contractors at the mine site to prioritize local suppliers. <u>LPRM 400: Local procurement due diligence</u> requires the reporting organization to report information and training provided to suppliers on best practices related to due diligence processes.</p>	<p><b>Contact persons</b></p> <p><u>LPRM 204: Procurement Process</u> requires reporting organizations to provide contact information for the publicly available supplier contact persons or point of contact for suppliers, such as information offices (Disclosure 204 A).</p> <p><i>(Authors' note: While the primary intension of this disclosure is for rights holders to provide their point of contact for suppliers, some companies also provide supplier points of contact for suppliers.)</i></p>	<p><b>Overall spending</b></p> <p><u>LPRM 300: Local procurement spending by category</u> states that the reporting organization should report the breakdown of procurement spend based on geographic location, level of participation and level of value addition. This should cover spending on both local and international suppliers (Disclosure 302).</p>	

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<p><b>Open Contracting Global Principles</b></p> <p>The Open Contracting Global Principles gather norms and best practices for disclosure and participation in public procurement by government entities including SOEs.</p>	<p><b>Government and SOE procurement</b></p> <p><i>Principle 1</i> states that governments should recognize the right of the public to access information related to the formation, award, execution, performance and completion of public contracts. <i>Principle 2</i> emphasizes the importance of publicly-disclosed rules govern procurement. <i>Principle 3</i> encourages the routine publication of enough information on public contracts to enable public understanding and monitoring of public procurement.</p>	<p><b>Participants in government and SOE procurement</b></p> <p><i>Principle 3</i> makes clear that governments should require information to be published on bidders or participants in the procurement process, and the identity of the eventual contract recipients, as well as any statements of beneficial ownership provided.</p>	<p><b>Performance of government and SOE contracts</b></p> <p><i>Principle 3</i> states that governments should require information related to performance and completion of public contracts to be made public, including information regarding subcontracting arrangements, such as: service delivery and pricing; and appropriate financial information regarding revenues and expenditures, such as time and cost overruns, if any.</p>	
<p><b>Extractive Industries Transparency Initiative (EITI)</b></p> <p>The EITI is a global standard to promote the open and accountable management of oil, gas and mineral resources.</p>	<p><b>Government and SOE procurement</b></p> <p><i>Requirement 2.6.c</i> encourages improved disclosures related to the procurement and subcontracting by SOEs.</p>			<p><b>Payments</b></p> <p><i>Requirement 4.1</i> requires oil, gas and mining companies to disclose all material payments to governments, and all material revenues governments receive from oil, gas and mining companies.</p> <p>(Authors' note: While most implementing countries interpret this to apply to rights-holding companies, it is important to note that there is no explicit statement in the standard limiting these disclosure requirements to rights holding companies. Indeed, a number of EITI processes extend this requirement to supplier companies.)</p>