

## Annex 2. Extractive Industry Supplier Transparency Examples

Given the multiple uncertainties and knowledge gaps surrounding extractive industry suppliers, improving transparency is a necessary first step. Some individual rights holders, governments, SOEs and suppliers are already taking important steps forward. As a result of this progress, important precedents exist for transparency around procurement processes, supplier identities, spending on suppliers and supplier taxation. In this annex, we document some of these transparency examples.

### 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).

### PROCUREMENT PROCESS

On its website, the Rio Tinto-operated Oyu Tolgoi mine in Mongolia publishes detailed project-level information about procurement policies, procedures and standards, as well as practical information about upcoming tenders and expressions of interest, and how to apply.<sup>1</sup>

Procurement	Business Integrity	HSE Standards	
Who we are	Supplier Code of Conduct <a href="#">View</a>	C1 Isolation <a href="#">View</a>	D1 Underground <a href="#">View</a>
How we work	Oyu Tolgoi Procurement personnel Code of Conduct <a href="#">View</a>	C2 Electrical safety <a href="#">View</a>	D3 Management of pit slope geotechnical hazards <a href="#">View</a>
<b>Policies, procedure and standards</b>	Business Integrity Standard <a href="#">View</a>	C3 Vehicle and driving <a href="#">View</a>	D5 Management of tailings and water facilities <a href="#">View</a>
How to engage with OT	The way we work <a href="#">View</a>	C4 Working at height <a href="#">View</a>	Critical risk management <a href="#">View</a>
Open sessions		C5 Confined spaces <a href="#">View</a>	Six Life-Saving rules <a href="#">View</a>
Expression of Interest		C6 Cranes and lifting <a href="#">View</a>	
Supplier education			
Procurement in numbers	<b>Policy procedures</b>		
Underground project	Oyu Tolgoi Contractor Engagement <a href="#">View</a>		
Partners	Payment term <a href="#">View</a>		
Contact us	Supplier Classification and Definition <a href="#">View</a>		
Supplier Expo	Supplier Development Policy <a href="#">View</a>		

<sup>1</sup> Oyu Tolgoi, *Procurement*, [www.ot.mn/oyu-tolgoi-procurement](http://www.ot.mn/oyu-tolgoi-procurement).

Petrobras has developed procurement portals that provide detailed information about specific processes, upcoming tenders and contracts awarded.<sup>2</sup>

Number	Object	Sub-status	Company	Start date	End date	Options
7002156592	Contrato Global de Selos Mecânicos	Receiving Proposals	Petróleo Brasileiro S. A.	27/08/2018	20/04/2020	[Link] [Info] [Interested]
7002875408	Água potável	Receiving Proposals	Petróleo Brasileiro S. A.	21/11/2019	08/01/2021	[Link] [Info] [Interested]

### SUPPLIER IDENTITIES

The Rio Tinto-operated Oyu Tolgoi mine in Mongolia maintains an updated list of suppliers awarded contracts on the company’s procurement website. Each entry provides contact details for the point of contact for suppliers.<sup>3</sup>

**OYU TOLGOI UNDERGROUND AWARDED CONTRACT LISTING**

*The following is a list of recently awarded contracts by the Underground Project. These details are published in order to provide other contractors or persons opportunities to obtain sub-contract or employment opportunities. Enquiries for either subcontracting or employment opportunities should be addressed to the contacts shown. Oyu Tolgoi makes no representation as to any potential opportunities on-behalf-of the companies listed below.*

**IMPORTANT NOTICE**

*It has come to the attention of Oyu Tolgoi LLC that other websites are posting Oyu Tolgoi tenders and requiring payment for the tender documents. These websites are not authorized by Oyu Tolgoi. Oyu Tolgoi tender documents and information are only provided on the Oyu Tolgoi LLC website and Oyu Tolgoi does not charge a fee for tender documents, or authorize a third party to do so. You are advised not to pay, and report any such activity to Oyu Tolgoi at procurement@ot.mn.*

Contract Title	Company Name	Contact Person	E-mail	Website
Central Heating Plant Expansion	MCS International LLC	Shirchinsuren	shirchinsuren.p@mcsi.n	www.international.mcs.i
Underground Services Reticulation	MCS Property LLC	Uuganbayar	uuganbayar.s@mcsi.mn	www.mcs.mn
Oyut Camp II Pre-cast Concrete	Lutgun International LLC	Munkhtsatsral.M	info@lutgun.mn	http://www.lutgun.mn/
Oyut Camp II Linen	SSM LLC (Support Service Mongolia)	Ken Timlin	ken.timlin@cis-catering.com	
Oyut Camp 2 Lockers	TO Systems LLC	Otgondavaa	info@tosystems.mn	www.tosystems.mn
Surface Drilling for Geotechnical Cave Monitoring System	Major Drilling Mongolia LLC	Matthew Metz	matthew.metz@majordri	www.majordrilling.com

2 Petronect, *Published Bidding List*, www.petronect.com.br/irj/portal/anonymous/en.  
 3 Oyu Tolgoi, *Oyu Tolgoi underground awarded contract listing*, www.ot.mn/oyu-tolgoi-underground-awarded-contract-listing.

Petrobras' transparency portal allows users to search and browse supplier contracts. It gives the supplier name for each contract plus information on the contract value and the gross balance of the contract.<sup>4</sup>

Total de Registros: 595593.

NÚMERO DO CONTRATO	FORNECEDOR	INÍCIO DA VIGÊNCIA	FIM DA VIGÊNCIA
▲ 4500000358	INTERENG AUTOMACAO INDUSTRIAL LTDA.	16/10/2018	18/12/2018
Órgão superior:	MINISTÉRIO DE MINAS E ENERGIA		
Órgão subordinado:	PETROBRAS		
Unidade administrativa:	910816 - Petróleo Brasileiro S.A.		
Número do Processo:	7002208979		
Número do ICJ:			
Enquadramento do Processo:	DISPENSA		
CNPJ / CPF:	65472714000148		
Objeto:	Bloco fixacao Allen Bradley		
Valor do contrato:	R\$ 382,12		
Saldo bruto do contrato: ②	R\$ 0,00		
Saldo inativo: ③	R\$ 382,12		
Situação:	Cancelado		
Número dos aditivos:			
Fundamento Legal:	Dispensa, Lei 13.303, Art. 29, Inciso II - DLV - Outros serviços e compras até R\$ 50Mil - Sem Seleção Automatizada		

The U.K. Oil and Gas Authority encourages petroleum rights holders to publish award details on the Oil and Gas Pathfinder portal. In addition to basic contextual information, the portal allows companies to list the main contracts they have awarded, the value bracket of those contracts and who can be contacted for further information.<sup>5</sup>

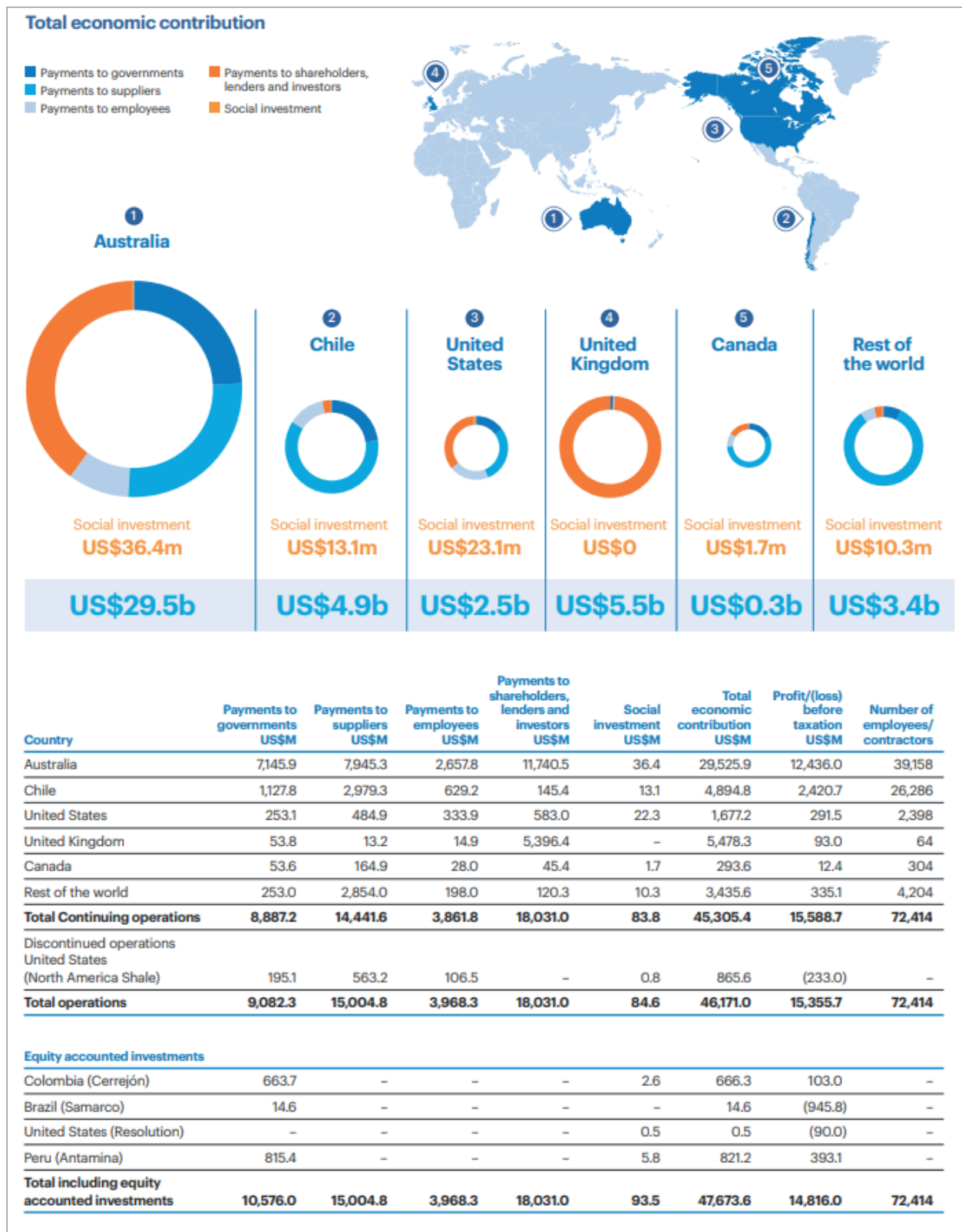
Current Projects					
BP EXPLORATION				Alligin	
<b>Field Type</b> Oil/Gas	<b>Location</b> 204/19a and 204/20a	<b>Water Depth (m)</b> 350 - 400	<b>First Production</b> Q1/2020	<b>Contact</b> Ramsay Pirie PSCM Manager, GPO North Sea ramsay.pirie@uk.bp.com 01224 904167	
<b>Construction Date</b> 23-MAY-2018					
<b>Project Summary</b> The Alligin Field will be developed as a two well subsea tie-back (one production well and one water injection well) to the existing Schiehallion and Loyal infrastructure, using the processing and export facilities of the Glen Lyon Floating Production Storage and Offloading (FPSO) further downstream. The installation and commissioning of three flowlines (production, water injection and gas lift) and an umbilical between the Alligin drill centre and the existing Schiehallion and Loyal infrastructure (lines will range in length from 5.5 km and 9 km) and the installation of associated subsea infrastructure. Offshore installation work commenced in July/Aug and completed in Dec 2019.					
The FDP has now been approved. Please click on the following link to view the recent field approvals page. <a href="https://www.ogauthority.co.uk/data-centre/data-downloads-and-publications/field-data/">https://www.ogauthority.co.uk/data-centre/data-downloads-and-publications/field-data/</a>					
<b>Contracts Awarded</b>					
Title	Contractor Name	Contractor Primary Contact	Date Awarded	Contract Band	Contact
Subsea Connection system	AF Global	Lorrie Dalton	23-MAY-2018	Small (<£10m)	lorrie.dalton@afglobalcorp.com
Subsea controls	Aker Solutions	Paul May	19-APR-2018	Small (<£10m)	Paul.May@akersolutions.com
Wellheads	Dril-Quip Inc	John Sutherland	01-APR-2018	Small (<£10m)	John_Sutherland@dril-quip.com
Subsea trees	OneSubsea UK Ltd	Jim Muchersie	29-MAR-2018	Small (<£10m)	JMuckersie@onesubsea.slb.com

<sup>4</sup> Petrobras, *Portal de Transparência*, transparencia.petrobras.com.br/licitacoes-contratos/contratos.

<sup>5</sup> Oil and Gas Authority, *Oil and Gas Pathfinder*, www.ogauthority.co.uk/supply-chain/oil-gas-pathfinder-previously-project-pathfinder.

## RIGHTS HOLDER SPENDING ON SUPPLIERS

Mining company BHP disaggregates its economic benefits figures by country. This includes spending on suppliers.<sup>6</sup>



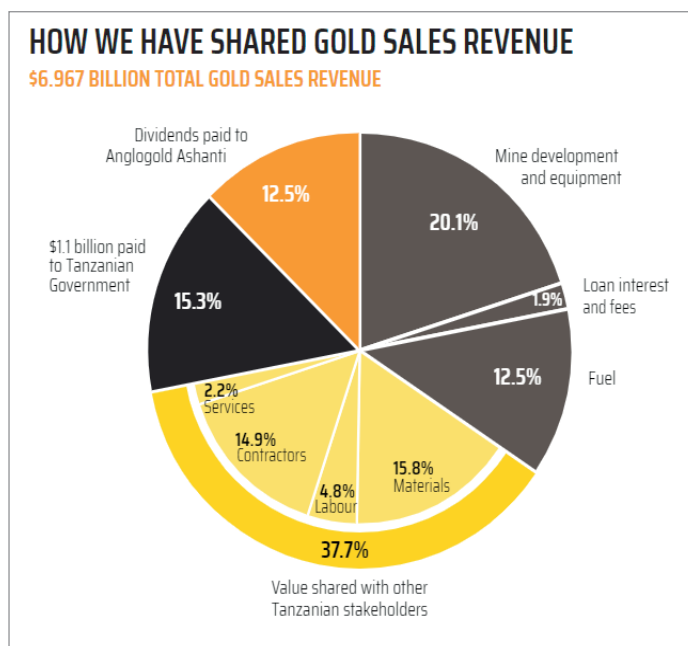
6 BHP, *Economic contribution report* (2018), 4, [www.bhp.com/-/media/documents/investors/annual-reports/2018/bhpeconomiccontributionreport2018.pdf](http://www.bhp.com/-/media/documents/investors/annual-reports/2018/bhpeconomiccontributionreport2018.pdf).

Oyu Tolgoi has published procurement spend targets against actual figures for 2017.<sup>7</sup>

Spend Targets and Actuals

Spend Family	Total		In Country			National			Southgobi		
	Total Spend Budget 2017, m\$	Total Spend 2017 YTD, m\$	Target, %	Spend YTD, %	Spend YTD, m\$	Target, %	Spend YTD, %	Spend YTD, m\$	Target, m\$	Spend YTD, m\$	Spend YTD, %
Construction	\$ 14.2	\$ 9.0	99%	100%	\$ 9.0	90%	100%	\$ 9.0	\$ 0.1	\$ 1.3	14%
Fuel and Lubricants	\$ 63.6	\$ 52.5	100%	100%	\$ 52.5	100%	100%	\$ 52.5	\$ 0.2	\$ 0.0	0%
Fixed Plants & Equipment	\$ 70.1	\$ 62.8	40%	42%	\$ 26.1	8%	17%	\$ 10.8	\$ 0.0	\$ 0.0	0%
Logistics	\$ 19.0	\$ 16.7	100%	80%	\$ 13.3	97%	79%	\$ 13.1	\$ 18.2	\$ 12.7	76%
Mobile Equipment	\$ 77.0	\$ 74.1	99%	93%	\$ 69.2	43%	56%	\$ 41.7	\$ 17.9	\$ 27.8	37%
Repairs and Consumables	\$ 43.0	\$ 76.9	85%	91%	\$ 69.6	65%	74%	\$ 56.7	\$ 6.5	\$ 16.6	22%
Production Consumables	\$ 42.2	\$ 35.9	96%	90%	\$ 32.2	88%	87%	\$ 31.1	\$ 20.0	\$ 18.7	52%
Services	\$ 125.6	\$ 158.4	78%	84%	\$ 132.6	65%	76%	\$ 120.9	\$ 20.1	\$ 15.8	10%
<b>Total</b>	<b>\$ 453.1</b>	<b>\$ 486.3</b>	<b>83%</b>	<b>83%</b>	<b>\$ 404.5</b>	<b>62%</b>	<b>69%</b>	<b>\$ 335.9</b>	<b>\$ 83.0</b>	<b>\$ 92.8</b>	<b>19%</b>

The AngloGold Ashanti-operated Geita mine in Tanzania has published cumulative figures on how it has shared gold sales revenue.<sup>8</sup>



7 Oyu Tolgoi, *Procurement in numbers*, [www.ot.mn/procurement/procurement-in-numbers](http://www.ot.mn/procurement/procurement-in-numbers).

8 Geita Mine, *How we have shared gold sales revenue*, [www.geitamine.com/en.html#tax](http://www.geitamine.com/en.html#tax).

Mexico's National Hydrocarbons Commission publishes project-level procurement spend targets and actual figures for each contract that it manages.<sup>9</sup>

Local Content and Rules for Procurement										
Local Content										
Stage										%
Exploration										13%
Development	25% on the first year and annual increases until reaching at least 35% on 2025.									
Program of Compliance with Local Content submitted by the Operator										
Item	Period 1		Period 2		Period 3		Period 4		Estimated Local Content Percentage	
	Expenditure in million pesos	Estimated Local Content Percentage	Expenditure in million pesos	Estimated Local Content Percentage	Expenditure in million pesos	Estimated Local Content Percentage	Expenditure in million pesos	Estimated Local Content Percentage		
1. Goods and Services	16.4	93.00%	3.4	50.00%	257.9	25.00%	0.7	36.00%		
2. Workmanship	3.7	6.00%	2.9	8.00%	3.1	8.00%	1	8.00%		
3. Training Services	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
4. Technology transfer										
4.1. Construction and operation of research and development centers	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
4.2. Financing and contribution to research programs and technology development	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
4.3. Value and developed patent royalties	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
4.4. Technology selection, adaptation and implementation	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
4.5. Specialized formation	3.8	100.00%	3.8	100.00%	2.3	100.00%				
5. Infrastructure	0	0.00%	0	0.00%	0	0.00%	0	0.00%		
Definition according to the Financial Guide: <sup>1</sup> Expenditure by the contractor in the goods and services sector <sup>2</sup> Estimated payments to workers involved in tasks related to the contract, provided the payments are directly made by the contractor. <sup>3</sup> Estimated payment for training services procured by the contractor in activities related to the contract. <sup>4</sup> Refers to the planned expenditure amount for each stage of the project, according to the Methodology. <sup>5</sup> Refers to the physical local or regional infrastructure expenditure that will be met in every stage of the project										
Rules for Procurement of Goods and Services 										
<b>Equal to or less than:</b> 1,000,000.00 US Dollars The Contractor will be at liberty to determine the procedures and methods to choose the appropriate provider.										
<b>Value greater than :</b> 1,000,000.00 US Dollars up to 20,000,000.00 US Dollars The Contractor must have at least 3 quotes and justify any choice exceeding the previous one by 5%										
<b>Value greater than :</b> 20,000,000.00 US Dollars The Contractor must issue an invitation for a contest or public international bidding process										

9 Comisión Nacional de Hidrocarburos, *Rondas Mexico*, <https://rondasmexico.gob.mx/eng/contracts/cnh-r01-l01-a22015/?tab=08>.

## SUPPLIER TAXATION

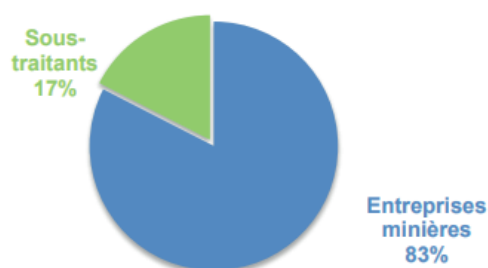
Mali's 2016 EITI report covers payments to the government from suppliers that amount to 17 percent of total extractive industry revenues, a list of local suppliers, their tax identification numbers, the value of goods and services procured in the reporting period and the nature of goods/services and locality.<sup>10</sup>

### 1.1. Revenus du secteur extractif

#### Revenus générés par le secteur extractif

Sur la base des données déclarées par les régies financières, après conciliation, les revenus générés par le secteur extractif totalisent un montant de 291 952 millions FCFA pour l'année 2016 dont 241 080 millions FCFA provenant des entreprises extractives. La contribution des sous-traitants dans le secteur extractif, totalise 50 873 millions FCFA soit 17,42% du total des revenus du secteur extractif. Les paiements effectués par les sous-traitants sont détaillés dans l'Annexe 6 du présent rapport.

Figure 1: Revenus générés par le secteur extractif



Société	Sous-traitants	Effectif des Nationaux		Effectif des Non Nationaux	
		Permanents	temporaires	Permanents	temporaires
Goukoto		127	12	4	0
	Sous-traitant	789	227	25	0
SEMOS S.A	Boart longyear Mali ( BLY)	20	7	0	1
	MOOLMAN	273	50	0	11
	BME, Bamako	10	16	0	2
	Société de Forage et de Travaux Publics	86	0	0	1
	CV CIVIL	9	0	0	8
	TOTAL MALI	8	0	0	0
	GIE SADIOLA SANYA	35	0	0	0
	GIE SADIOLA VERT	21	0	0	0
	GIE SADIOLA VERT 3	15	0	0	0
	GIE SADIOLA DJIGUIYA	19	0	0	0
	ENTREPRISE SENO SARL	4	0	0	0
	SADIOLA VIGILLANCE	17	0	0	0
	GIE BALIMAYA	68	0	0	0
	SANDBLASTING & COATING LTD	0	0	0	10
	SARA	23	0	0	0
	SECURICOM	21	0	0	0
	EXPRESS LINE	0	0	0	7
	ENTREPRISE MAMADOU DEMBELE	10	0	0	0

<sup>10</sup> Mali EITI, EITI Report, 2016, 12.