



LBMA Response to Concerns Regarding Human Rights Abuses and Presence of Illegal Gold in Global Supply Chain

Civil society engagement

The LBMA acknowledges the challenges in the gold supply chain and appreciates your input towards enhancing the Responsible Gold Guidance (RGG). Since its inception in 2012, the RGG has evolved, covering 85%-90% of global gold production, and is vital for access to the Loco London market. Recognizing LBMA's role in setting industry standards, particularly regarding human rights and illegal gold, is crucial for aligning EU practices with global best practices. Failure to recognize these standards would leave the EU industry without a framework, hindering progress.

LBMA emphasizes the importance of engaging with civil society organizations (CSOs) for oversight and improvement of the Responsible Sourcing Programme. Bilateral discussions and planned events like the CSO roundtable during the 2024 OECD Forum demonstrate LBMA's commitment to constructive exchanges and continuous improvement. LBMA seeks to enhance CSO involvement in the assurance process, aiming for effective collaboration and reflection of CSO perspectives in supplier reviews.

Due Diligence

Regarding due diligence practices among Good Delivery List (GDL) Refiners, LBMA emphasizes adherence to stringent standards. All GDL Refiners are obligated to continuously assess and mitigate risks, drawing on intelligence from credible sources and employing on-the-ground agents for due diligence support. LBMA's involvement in the Minerals Grievance Platform (MGP)

enables stakeholders to anonymously report concerns related to mineral supply chains, triggering investigations by the implicated Refiners. Non-compliance may result in GDL status suspension. LBMA stresses responsible engagement over disengagement in high-risk areas, aligning with OECD Guidance. Allegations of inadequate due diligence lack credible evidence and are addressed promptly, reflecting both regulatory requirements and market demand for assurance.

LBMA underscores the importance of discerning media reports from factual evidence, employing a thorough Incident Review Process (IRP) overseen by the Compliance Panel. Only credible allegations warrant public announcement of an IRP, as unsubstantiated claims risk damaging a Refiner's reputation unfairly. LBMA's cautious approach ensures fair treatment while upholding industry standards and customer trust.

Transparency

LBMA highlights its efforts to enhance transparency in the gold supply chain, particularly through updates in the Responsible Gold Guidance (RGG) and Disclosure Guidance. These revisions broaden reporting requirements, emphasizing accuracy in country of origin data, disclosure of recycled material, identification of high-risk suppliers, and enhanced due diligence measures. While LBMA aggregates industry information for contextual understanding, individual Refiners are responsible for their own disclosures.

LBMA commits to ongoing improvements in transparency, considering feedback, governance, and

commercial considerations. Following the World Gold Council's decision for member Refiners to disclose refining partners, GDL Refiners will reciprocally disclose with mining partners. LBMA seeks clarity from the OECD on implementing Footnote 59 of the Gold Supplement to the OECD Guidance, proposing a moderated session at the upcoming OECD Forum to address interpretations. Collaboration in advancing this discussion at the forum is welcomed.

Assurance Programme

A robust and independent assurance program is pivotal to the credibility of the Responsible Sourcing Program (RSP). LBMA introduced Responsible Gold Guidance version 9 (RGG v.9) in 2021, accompanied by additional policies to bolster the assurance process. RGG v.9 brought significant changes, such as eliminating cash transactions except for Artisanal and Small-scale Mining (ASM), clarifying material origin, and enhancing due diligence processes. It also mandated conformance with Disclosure Guidance and introduced a 10-year rotation for assurance providers.

LBMA is committed to continuous improvement, with RGG v.10 under development, including a review of supporting tools and consideration of feedback on community and worker engagement disclosure. The training program for Assurance Providers (APs) has been strengthened, with LBMA bringing training in-house and increasing the pass threshold to 80%. Assurance provider rotation every 10 years promotes independence and audit quality, aligning with global best practices and EU regulations. While LBMA acknowledges the need for more assurance providers to support a shorter rotation period, it remains open to addressing capacity issues in collaboration with other audit programs.

Origin of Gold:

RGG9 introduced stricter due diligence measures for recycled gold, requiring GDL Refiners to ensure their high-risk suppliers undergo OECD-aligned assurance. LBMA plans to refine these requirements based on future experiences and align its definition of recycled gold with the ongoing ISO 21261 Working Group discussions on product claims. Clarifying definitions remains a priority for RGG 10 development, especially regarding the distinction between secondary material for due diligence and recycled material for product claims. LBMA emphasizes the criticality of due diligence on recycled gold, equivalent to that on ASM supplies, and requires

GDL Refiners to report the origin of gold extracted from host material, even if from countries without operational mines. LBMA ensures thorough scrutiny of reported data and seeks input on additional data points for RGG 10.

Governance and Awareness Raising:

LBMA launched the ASM Initiative two years ago to address governance challenges in the artisanal and small-scale mining (ASM) sector, aiming to bring responsibly produced ASM material into legitimate markets. The ASM Toolkit, released at a recent summit, supports due diligence assessments for GDL Refiners and ASM suppliers, aligning with OECD guidance and allowing for progressive improvement over time. LBMA acknowledges the need for continued progress and invites support from industry stakeholders and local authorities. Recognizing the attraction of gold to criminal networks, LBMA consistently enhances governance measures, evidenced by the RGG's continual evolution with approximately 40 additional pages of requirements in RGG9. The Sourcing Advisory, issued in January 2024, highlights sourcing risks and encourages Refiners to remain vigilant. LBMA remains committed to addressing sourcing vulnerabilities and seeks to add ASM capabilities while welcoming input from civil society organizations. Adverse reports are thoroughly investigated, with significant incidents publicly announced and addressed through LBMA's Compliance Panel.

Looking forward

We greatly value your input and assure you that your recommendations will be carefully considered during the review and drafting of RGG10 next year, particularly in the context of the Good Delivery Brand. Some of your suggestions, such as disclosing payments to governments under the Extractive Industries Transparency Initiative (EITI), are already integrated into the existing RGG. We fully endorse the idea of improved engagement between Refiners and civil society to gain a deeper understanding of the local contexts from which they source. We welcome further opportunities to collaborate on areas of shared interest or concern and to explore constructive and pragmatic ways to enhance the RGG. Thank you once again for your letter to LBMA, and we eagerly await your response on how we can work together to advance more responsible business conduct in the global precious metals market.