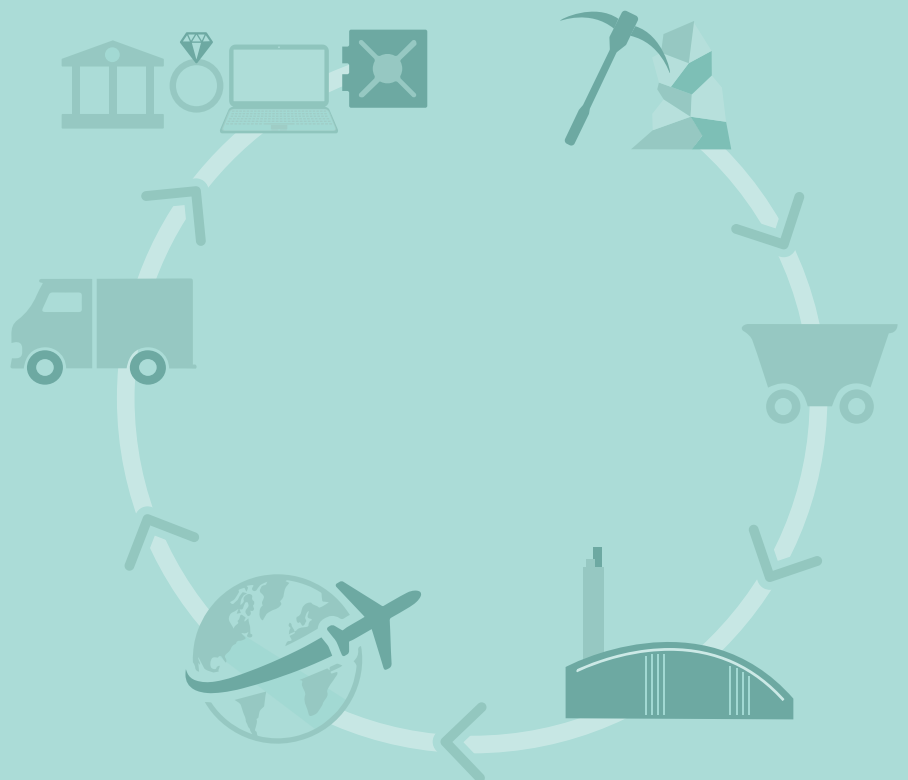


Responsible Sourcing Report

2021



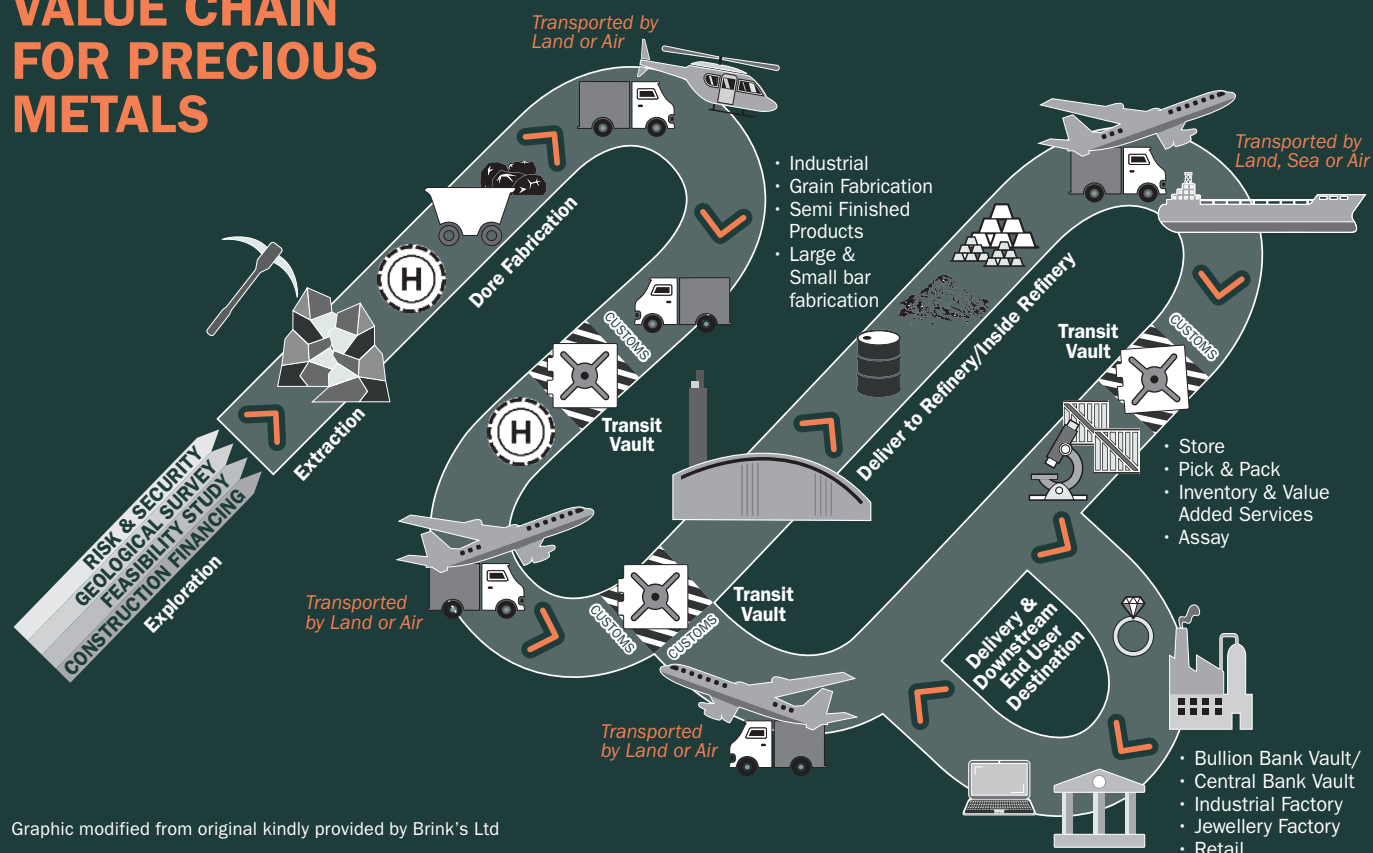
LBMA – The Independent Authority for Precious Metals

Our mission is to ensure the highest levels of leadership, integrity and transparency for the global precious metals industry by advancing standards and developing market solutions.

Responsible Sourcing is a commitment to ethical considerations by a company in all aspects of its procurement. Simply put, Responsible Sourcing means being a Responsible global citizen.

LBMA is committed to ensuring continuous improvement of Responsible Sourcing business practices and to supporting supply chains that are free from threat financing.

VALUE CHAIN FOR PRECIOUS METALS



Graphic modified from original kindly provided by Brink's Ltd

Contents

Building a Digital Future	4
---------------------------	---

LBMA's Strategic Objectives	6
-----------------------------	---

1 Introduction	8
-----------------------	----------

2 Responsible Sourcing 2021 Programme Update	10
---	-----------

3 GDL Refiners' 2020 Responsible Sourcing Performance	16
--	-----------

4 Auditors Update	22
--------------------------	-----------

5 Country of Origin Data for 2019	23
--	-----------

6 Future Development of the Programme	28
--	-----------

7 LBMA Outreach in 2020	29
--------------------------------	-----------

8 Programme Governance	30
-------------------------------	-----------

Supplementary Information & Appendices

9 LBMA and the Global Bullion Market	33
---	-----------

10 LBMA Good Delivery Standard	34
---------------------------------------	-----------

11 LBMA Responsible Sourcing Programme	35
---	-----------

12 Sourcing Gold and Silver	36
------------------------------------	-----------

13 The Responsible Sourcing Ecosystem	37
--	-----------

14 Residual Risks	38
--------------------------	-----------

15 Programme Deliverables	39
----------------------------------	-----------

16 Auditor Requirements	43
--------------------------------	-----------

17 Whistleblowing and Incident Review Process Procedures	44
---	-----------

Appendices	46
------------	----

RESPONSIBLE SOURCING

Building a Digital Future

RUTH CROWELL, CEO



It is a great pleasure to introduce LBMA's 2021 Responsible Sourcing Report, which provides an overview of LBMA's work as well as more detail on the performance of the annual audit process, our Incident Review Process, including case studies from individual Good Delivery List (GDL) refiners.

It also includes for the Country of Origin (CoO) of all gold and silver refined by each GDL refiner during the past year, as well as the Country of Destination. Transparency and stakeholder engagement are vital to creating credible standards. I welcome you to review LBMA's work over the last year and give feedback on the strategic priorities that we have identified for the future.

Responsible Gold - The Next Chapter

Since our last report, we have written and consulted on Responsible Gold Guidance (RGG) Version 9. This new chapter represents the most substantial change for industry since we launched the first version ten years ago. We are grateful for all of the stakeholder engagement to date and look forward to continuing to work on challenges beyond the LBMA's audit programme. RGG Version 9 not only demonstrates our commitment to enforcing our own standards but also significantly enhances refiner transparency and auditor standards.

Creating this next chapter is a significant achievement, particularly as we also had to implement virtual audit standards to ensure that the quality of audits did not suffer during the pandemic.

COVID-19 Due Diligence

During the ongoing COVID pandemic, we have all faced significant disruptions to our daily lives. The precious metals industry itself saw not only high prices, but also major disruption to supply chains & movement of metal around the world. Refiners were shut down; planes were grounded whilst travel restrictions forced many audits to be conducted virtually.

CALL FOR GLOBAL INDUSTRY ACTION – TRANSITION PLAN FOR NET ZERO EMISSIONS TARGETS



As people reflect on the lessons learnt from the pandemic, the issue of sustainability has come sharply into focus. Ensuring a sustainable future for the gold industry is, of course, a vital part of what we all do. And there is both opportunity and risk for industry.

Each firm is different, but we would recommend following the framework set out by the G20, FSB's Task Force for Climate Related Financial Disclosures – not just on what to disclose, but what to actually do. That means sorting out (Board level) governance, having a clear strategy, taking appropriate risk management measures and setting out targets and metrics.

Beyond our individual firms and markets, we should come together to help build a sustainable future for the industry. I call on all of the precious metals industry, from rock to ring, to create a Transition Plan for the industry to meet net zero emissions targets. This must be industry-wide, inclusive and truly global. And to be clear, this isn't just about saving the planet, or satisfying the regulators, this is a business agenda to ensure that the precious metals industry stays healthy and profitable. We must act now, given the given the pace of global warming, 2050/2060 targets may even be brought forward.



Despite these challenges, our [Responsible Sourcing Programme](#) and strategic plan has continued to advance, albeit with unexpected additional work streams. One main strategic priority however has faced further setbacks. Our CoO data shows a 16% drop in GDL refiners sourcing Artisanal & Small Scale Mined gold.

Notwithstanding our calls to action & support from stakeholders, more work is needed to support these vulnerable communities. More global engagement is needed to address this challenge. LBMA has worked to change its audit programme to provide support, but as an industry we need a collective approach.

“Our CoO data shows a 16% drop in GDL refiners sourcing Artisanal & Small Scale Mined gold.”

Support Needed for ASM Communities

Sourcing gold responsibly from high-risk and conflict-affected regions should be something that adds to a company's reputation. The cost of due diligence in these challenging environments, unfortunately, is often too high to sustain.

The real cost, however, is borne by the 40 million people around the world who depend on ASM for their livelihood. If we are going to create demand for responsibly sourced material from high-risk and conflict-affected areas, we need to educate consumers on the right questions to ask to make a positive difference in the lives of these vulnerable people. And we need industry and stakeholder support to communicate what responsible buying looks like and to celebrate companies that do the right thing.

Digitising the Value Chain

Educating consumers and downstream companies becomes significantly easier when you can share with them the life story of the gold they are buying. Even easier if they can see this value chain journey on their own phones. With real data, consumers can understand the different types of gold supply and trust that it has been sourced responsibly. Choosing to buy ASM gold becomes easier when you can see its digital life story.

Blockchain technology can allow consumers and investors to see exactly where the gold they own was mined, refined, recycled and traded. There are many products available which can do just that. LBMA has been working with the professional vaulting ecosystem to digitise the global value chain, through its Gold Bar Integrity initiative. Digitising the gold industry is a significant challenge, but I'm delighted to report that we have made real progress this year. LBMA has launched a Security Feature Standard and review process to recognise security features. The next step is the launch of the track and trace database to not only bring the value chain to life, but to enhance these security features. Refiners and mints around the world have used security features for years to protect the integrity of their individual production. A global database which brings these efforts together not only enhances the Security Feature, but delivers a better, transparent service to clients, investors and consumers worldwide. I'm grateful for all the stakeholder engagement to date and look forward to bringing this digital ecosystem into reality.



LBMA'S STRATEGIC OBJECTIVES

SAKHILA MIRZA, EXECUTIVE BOARD DIRECTOR AND GENERAL COUNSEL



Two years ago, we announced our three-year Responsible Sourcing strategy at the LBMA 2019 conference in Shenzhen.

We set out our five strategic objectives and confirmed our commitment to Responsible Sourcing. A lot has been delivered against the strategy, but more still must be done, especially as we start thinking about the next three-year strategic plan. There is no escaping the growing focus on Environmental Social and Governance (ESG) risks, and the need for sustainable supply chains. Whilst Responsible Sourcing remains the front and centre focus for all our Good Delivery List (GDL) refiners, as well as the wider global precious metals market, the sustainability agenda is much broader. It is therefore important that as we look ahead into 2022, we work together to help define sustainability for the global precious metals market and identify the supporting priorities, in line with the UN Sustainable Development Goals. Our ultimate objective will be to ensure Responsible and Sustainable supply chains for the global precious metals, and to achieve this, we must work with the various actors along the entire value chain.

Refiners' Audit Programme

Integral to our commitment to continuous improvements, is our Responsible Sourcing Audit Programme. The latest Responsible Gold Guidance (RGG) Version 9, due to be published later this year, is another step in the right direction of raising the bar and improving standards, especially given the focus on ESG requirements and recycled gold. There has been a strong shift in demand for more recycled gold, as evidenced by our country-of-origin data. The main challenge with recycled gold is understanding its true origin, and we therefore need to make sure the right systems and controls are in place to effectively identify recycled gold and to mitigate the risks associated with it. The progress, however, doesn't stop there, and even before version 9 has been officially launched, we have already started the planning for version 10. We understand that to bring about effective change, the development of the programme must be a phased approach, and refiners need the time to effectively implement the changes. In 2023, we will be able to meaningfully review the effectiveness of the new version and then consider how we can further improve the audit programme.

Whilst audit programmes are a valuable tool to help identify and address supply chain risks, support is needed from the wider responsible sourcing ecosystem.

Industry audit programmes are not enough, but if combined with the efforts of national authorities and key upstream and downstream actors, the entire eco-system can effectively ensure the legitimacy of the gold and silver entering global supply chains.

“There is no escaping the growing focus on Environmental, Social and Governance (ESG) risks, and the need for sustainable supply chains.”

International Bullion Centres (IBCs)

One of the key developments over the last 12 months, has been our work on the IBC Recommendations. Our IBC Recommendations were the first step to help with the consistent implementation of OECD standards across all the major gold trading centres. We recognised that not all major IBCs operate to the same standards. They all have a strong interest in understanding the risks but are perhaps less clear on how these risks should be addressed and what is required.

LBMA therefore identified three main priorities as part of the IBC Recommendations: addressing the risks that arise in relation to sourcing of recycled gold; eliminating cash transactions; and supporting responsible Artisanal Small Scale Mining (ASM).

1

Whilst LBMA is committed to raising the standards on the sourcing of recycled gold through RGG Version 9, support is still required from the IBCs to help with the implementation of the OECD guidance within their markets.

2

In relation to ASM, we need to provide a safe platform for our GDL refiners to be able to meaningfully source responsible ASM. However, support from national authorities is also needed to help GDL refiners access responsibly mined ASM, particularly in their assessment of ASM sites and the provision of credible ASM data.

3

Finally, LBMA is very focused on eliminating cash transactions, subject to very limited exceptions (as explained under Section 2 of this report).

Going into 2022, we are developing a methodology to review each IBC's development and implementation of the OECD guidance. Our analysis will aim to assess the promotion and implementation of responsible and transparent sourcing practices. This will help us to have a better-informed conversation with each IBC, and how we can work together to address any gaps.

Upstream and Downstream Engagement

Both the Upstream and Downstream have important roles to play within the Responsible Sourcing Ecosystem. There is a lot of development in relation to individual corporates committing to the UN Guiding Principles on Business and Human Rights. However, what does this mean in practice, and how can the gold industry benefit from this commitment?

We have strengthened our engagement with upstream actors. For example, over the years we have been part of the consultation for the development and implementation of the World Gold Council's Responsible Mining Guiding Principles. There are lessons learnt and shared, so that both the miners and refiners can better understand expectations and the pressure points. Our GDL refiners have welcomed the ongoing development of standards in the upstream, but also recognise we can further collaborate with them on supporting responsible ASM.

“
LBMA is committed to increasing direct sourcing of ASM-produced gold.”

Further work needs to be done with the downstream, who arguably have a lot of leverage. In the coming year, we will be working on the roadmap for engagement with the downstream actors and how they can use their leverage to support the responsible supply chains, especially in relation to ASM. There are many on-the-ground initiatives that are employing controlled measures to support ASM communities and some downstream actors, have committed their support. However, more is needed, because the status quo is to avoid ASM material, rather than find solutions to the many obstacles and risks associated with the

sector. LBMA is committed to increasing direct sourcing of ASM-produced gold and plans to work with refiners and other key stakeholders to explore new approaches and mechanisms to support this initiative.

Capacity

Finally, LBMA strengthened its team with the recruitment of Alan Martin as Head of our Responsible Sourcing Programme (Programme). Prior to joining LBMA in December 2020, Alan spent over a decade carrying out investigative research into the intersection between natural resources, human rights and illicit financial flows. As the former Director of Research at the Canadian organisation IMPACT and member of the RJC's Standards Committee from 2014-2017, he has an intimate understanding of the challenges and vulnerabilities to responsible sourcing across the value chain—from artisanal mining, trading and refining hubs to jewellery manufacturing centres. We look forward to him sharing his expertise and knowledge as we undertake our next strategic review and build our Programme.

To conclude, and to emphasise, ownership of responsible supply chains is shared across the entire value chain. It's the role of LBMA to take the lead on establishing, and improving standards, but LBMA can't do this alone. Collaboration and engagement is absolutely essential to help ensure supply chain integrity and we welcome your support.

1. INTRODUCTION

Since the first *Responsible Sourcing Report* was published in September 2020, it has been an unprecedented intervening period for all of us, as the global pandemic disrupted supply chains and took our lives into an ever more virtual world.

From a Responsible Sourcing perspective, COVID-19 restrictions interrupted the ability of refiners to visit suppliers as part of their due diligence requirements and of auditors to travel to physically access refineries. Virtual meetings had to replace the on-site visits, whilst virtual audits replaced on-site audits. New standards had to be introduced, even if in some cases only temporarily. However, what was important was the need for strong communication lines across the entire value chain. In 2020, LBMA developed a weekly webinar programme that helped stakeholders understand the market challenges and developments. These proved, and continue to prove, to be very popular, and have supported the efforts to engage and better communicate with all key stakeholders.

The pandemic changed the way we engaged with external stakeholders, imposing a virtual presence at key international events – such as the OECD Forum on Responsible Mineral Supply

Chains. LBMA also actively sought out the views of key partners on priorities, objectives and actions through bilateral conversations, participation in constructive external events such as African Mining Indaba and through ongoing engagement with collaborative initiatives with partners such as the RMI, RJC, WGC and ICMM.

LBMA's outreach to International Bullion Centres (IBCs) provided us with an opportunity to raise Responsible Sourcing practices and expectations directly with government and industry decision-makers. There was strong engagement from all 12 IBC centres, as well as close co-operation with other key stakeholders in a virtual capacity which made the lines of communication easier. We report more below on the progress to date.

Finally, the development of the Responsible Gold Guidance (RGG) Version 9 afforded extensive consultation with refiners and a broad range of stakeholders, including Good Delivery List (GDL) refiners, industry partners and international organisations. LBMA would like to extend a special thanks to all those that provided constructive feedback to RGG Version 9. Your insights and suggestions are very much appreciated and undoubtedly have contributed to a better final product.

The LBMA Responsible Sourcing Programme (Programme) has been dynamic in its approach to continuous improvement and has strived over the years to reflect on lessons learnt as well as feedback received from stakeholders. The rest of this report is focused on providing an update on the Programme.



LBMA STANDARDS

Systems, processes and controls have been, and continue to be, established to maintain an efficient market that is built on integrity and transparency. LBMA maintains three important standards:

1

The Good Delivery system, which covers metal quality and provides market participants with the assurance that their gold and silver bars meet the international requirements. Only gold and silver bars that meet the Good Delivery standards, produced by GDL refiners, are acceptable in the settlement of a Loco London contract. See Section 10 for more information on the GDL.

2

The Responsible Sourcing Programme (Programme), which covers the ethical sourcing of the metals and provides confidence in the market that all the gold sitting in the London vaults has been sourced details. Every GDL refiner must pass an audit under this programme. See Section 11 for more details on the Programme.

LBMA's Programme is a commercial necessity for any major refiner. Loss of LBMA accreditation would have serious commercial consequences for refiners.

3

The Global Precious Metals Code, which covers the ethical trading of precious metals and applies to all participants actively trading in the Loco London precious metals market.

WHERE DO GDL REFINERIES SOURCE THE METAL?

Refiners source their gold and silver from many different sources. This can largely be broken into: Mined Material (Large-Scale Mining (LSM); Artisanal and Small-Scale Mining (ASM); Mining By-product and Recycled Material (unprocessed, melted, industrial by-product, jewellery, electronic scrap, etc). Each source poses different risks and challenges, and all refiners are required to address this as part of their due diligence assessments. See Section 12 for more details.

RESPONSIBLE SOURCING ECO-SYSTEM

Although LBMA administers the GDL, ultimately the responsibility to ensure that metal is ethically sourced is shared across the entire industry. This means that the Programme is part of a wider ecosystem, which together ensures coverage in parts of the supply chain that other components simply cannot reach. Industry due diligence programmes, National authorities, downstream actors and other stakeholders, such as civil society, all have a role to play and must work together to successfully address supply chain risks. See Section 13 for more details.

This means collaboration, intelligence-sharing and consultation are crucial to ensuring the highest standards of Responsible Sourcing across the industry.

“Responsible sourcing cannot exist in silos. It requires commitment, collaboration and action from a broad spectrum of actors - from national governments, enforcement agencies, industry partners - and, of course, GDL refiners.”

ALAN MARTIN,
HEAD OF RESPONSIBLE SOURCING, LBMA

2. RESPONSIBLE SOURCING 2021

Programme Update

The LBMA Programme plays a fundamental role in providing trust and confidence in the global precious metals market. All Good Delivery List (GDL) refiners must comply with the Responsible Sourcing requirements, or risk losing their GDL accreditation.

In 2020, LBMA identified five focus areas, which underpin the priorities for the Programme:

VALUE CHAIN ACCOUNTABILITY:
BUILDING LEVERAGE TO ELIMINATE GOLD LAUNDERING

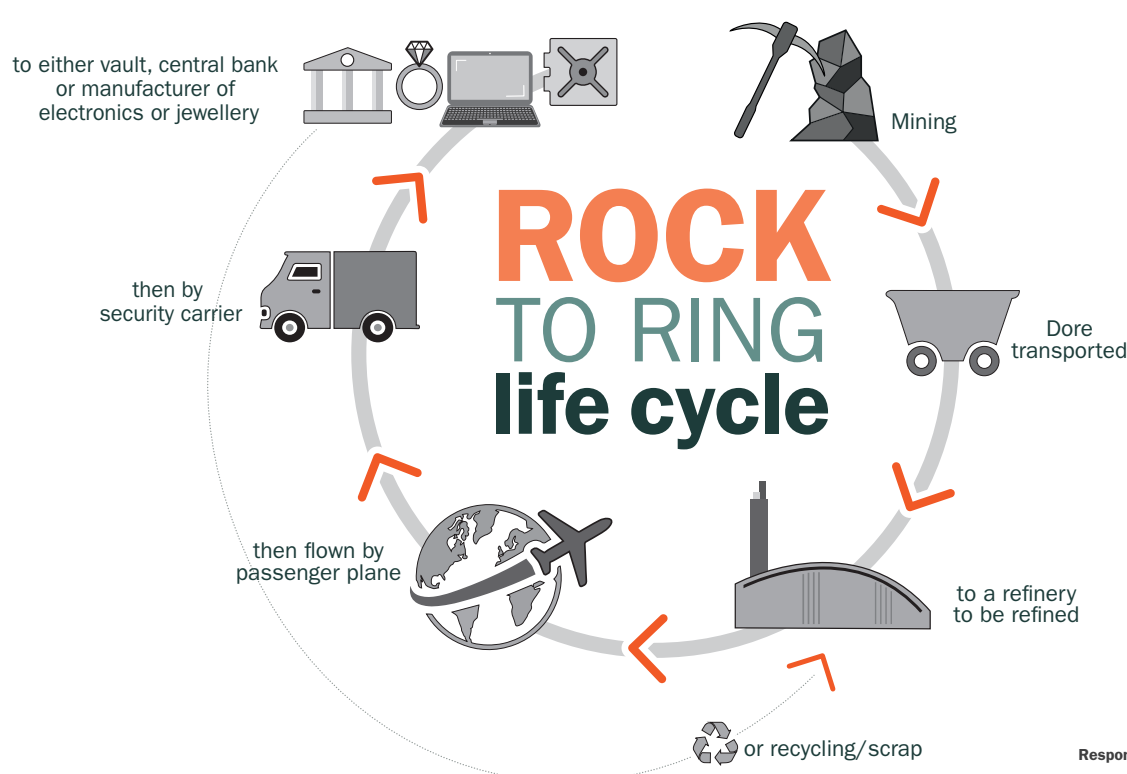
ADVANCING STANDARDS:
DEFINING BEST PRACTICE

TRANSPARENCY:
MANDATORY DISCLOSURE GUIDANCE

AUDIT PROGRAMME:
AUDITOR TRAINING

ARTISANAL AND SMALL-SCALE MINING (ASM):
ENGAGING RESPONSIBLY

These five focus areas outlined in more detail are important to help build long-term trust and credibility in the industry globally. While the Programme has achieved significant milestones over the last nine years, LBMA recognises that more remains to be done.



VALUE CHAIN ACCOUNTABILITY: BUILDING LEVERAGE TO ELIMINATE GOLD LAUNDERING

A global effort among all the value chain actors, national authorities, and law and enforcement agencies is required to continue addressing the outstanding challenges and risks.

There are limitations to any audit programme. While LBMA can effectively remove a refiner from the Good Delivery List (GDL) for Responsible Sourcing failures, unauthorised material may still potentially find its way into the Good Delivery system. See Section 14 on Residual Risks. To address these limitations, LBMA published the International Bullion Centres (IBCs) Recommendations, which support the OECD Due Diligence Guidance framework and also respond to key findings from the Financial Action Task Force (FATF).

Given the reliance by the international market on the GDL, LBMA is well placed to collaborate and engage with IBCs, to advance standards that ultimately aim to address the integrity of the precious metals market. The breadth of the activities undertaken within IBCs and the involvement of international counterparties mean that IBCs can be vulnerable to Responsible Sourcing risks.

In November 2020, LBMA wrote to 12 major IBCs¹ with recommendations to encourage consistency in Responsible Sourcing standards across these major trading hubs. Each recommendation supports LBMA's overarching objectives of integrity, trust and confidence.

The IBCs operate important market infrastructure for bullion trading activities. This includes trading exchanges; storage facilities; processing, recycling and refining facilities; international and domestic logistics facilities; domestic consumption; and regulatory oversight. Responsible Sourcing vulnerabilities in IBCs can and will cause a negative impact for the financial institutions, refiners, investors, mints, and jewellery and electronic companies who rely on the integrity of the bullion market.

The IBC Recommendations focus on three strategic priorities:

1

**RESPONSIBLE SOURCING
OF RECYCLED GOLD**

2

**ELIMINATION OF
CASH TRANSACTIONS**

3

**PROVISION OF
SUPPORT FOR ASM**

In order to address these strategic priorities as a global industry, LBMA urges IBCs to implement the following five key recommendations:

- 1.** Effective scrutiny and verification of local and regional supply chains: IBCs must have visibility of local and regional supply chains, in particular on recycled bullion to ensure its legitimacy.
- 2.** Effective regulation of local and regional supply chains: IBCs must implement stringent rules governing local and regional bullion activities.
- 3.** Effective enforcement powers: IBCs must be appropriately empowered in order to apply any regulations.
- 4.** Effective co-operation with local, regional and international organisations.
- 5.** Develop ASM-specific guidance to support and further legitimise ASM supply.

1. China, Hong Kong SAR, India, Japan, Russia, Singapore, South Africa, Switzerland, Turkey, UAE, UK and USA.

LBMA believes these recommendations must be implemented and enforced to ensure a globally responsible supply chain. If an IBC fails to meet the recommendations, GDL refiners and other parties throughout the supply chain could be discouraged from engaging with that Centre. While LBMA encourages responsible engagement, the failure of IBCs to adopt these recommendations may bring the legitimate global supply chain into disrepute.

Over the course of 2021, LBMA undertook bilateral outreach with all the IBCs. An initiative of this magnitude requires extensive collaboration between many actors and will take time to achieve its objectives. Since sending the initial letter, all 12 IBCs¹ have been supportive of LBMA's initiative and are proactively developing their own individual agendas to support the development of Responsible Sourcing practices. In addition, the OECD engaged directly with all 12 centres, starting with a meeting in May 2021, to further the countries' work on implementing the Due Diligence guidance.

Furthermore, LBMA, together with an external consultant, is developing a methodology to help review the Responsible Sourcing progress in each IBC. This will help LBMA engage in constructive dialogue with each centre in 2022. Each country report will be used to engage with the IBCs on next steps and to help identify any relevant gaps.

ADVANCING STANDARDS: DEFINING BEST PRACTICE

Version 8 of the *Responsible Gold Guidance (RGG)*, launched in 2018, marked a major strategic expansion to include Environmental, Social and Governance (ESG) issues. RGG Version 9 will be issued later in 2021 after undergoing a thorough public stakeholder consultation and will be applicable for GDL refiners beginning from 1 January 2022.

The main changes reflected in Version 9 include:

Recycled gold

RGG Version 9 provides further clarity on the due diligence expectations for recycled material, including what forms of paperwork are required to give assurance of origin and legality. It will be expected that the refiner's assessment of the supplier should cover all precious metals activities carried out by the supplier rather than the refiner's direct supply chains only.

The revision categorises types of recycled gold by the level of risk posed and provides additional due diligence and enhanced due diligence guidance per category. To address calls to extend due diligence beyond Tier 1 suppliers, RGG Version 9 stipulates the requirement for secondary refiners supplying recycled melted gold to LBMA Good Delivery refiners to undergo independent assurance on conformance with an OECD-approved Responsible Sourcing scheme.

The disclosure of disaggregated data in their confidential Country of Origin filings will provide LBMA with more accurate data with which to monitor and analyse market trends.

Each new iteration of the Responsible Gold Guidance is our commitment to continuous improvement. We look forward to implementing Version 9 of the RGG in January 2022, with the first audits against the new standard being received in 2023.

1. China, Hong Kong SAR, India, Japan, Russia, Singapore, South Africa, Switzerland, Turkey, UAE, UK and USA.

Elimination of cash transactions

RGG Version 9 is a first step toward prohibiting cash transactions except in jurisdictions with rigorous checks and balances or when dealing with ASM between mine site and national level aggregator only.

For transactions over \$10,000 in value, refiners must make and receive payments for gold through official banking channels and should not undertake any cash-based transactions. Refiners may only make cash transactions with suppliers that have successfully passed an identity check.

Provision of support for responsible ASM

The guidance will continue to stipulate LBMA's support for measures to create economic and development opportunities for ASM miners and assist legitimate ASM producers to build secure, transparent and verifiable gold supply chains from mine to market. The guidance has been updated to provide streamlined due diligence requirements for legitimate ASM supply chains.

Environmental, Social and Governance (ESG)

RGG Version 9 also builds on the ESG requirements that were first introduced in Version 8. It requires refiners to consider and report on adverse ESG factors in their gold supply chain. While LBMA acknowledges the inclusion of ESG to be a significant step change for refiners, LBMA's vision is to deploy a graduated programme of implementation for this important aspect of precious metals due diligence.

Risk mitigation requirements

RGG Version 9 clarifies the risk mitigation strategies to be taken by LBMA refiners and completes the alignment with the OECD due diligence guidance.

Auditor independence and audit quality

Refiners will be required to rotate auditors every ten years in line with the EU mandatory audit firm rotation requirements to enhance independence. The third-party audit guidance will also be updated to align to RGG Version 9.

Disclosure guidance

RGG Version 9 reaffirms our commitment to ongoing improvements to the public disclosure of information. This is particularly relevant as LBMA meets the challenge of complying with OECD reporting requirements relating to high-risk supply chains and any discontinuance of relationships due to concerns about a supplier's sourcing practices.

After consultation with the OECD, refiners will begin to disseminate high-level information to LBMA on a phased-in basis. With effect from 1 January 2022, refiners will disclose to LBMA the number and location of high-risk suppliers. In 2023, refiners will complete all relevant contractual changes with suppliers to allow for greater disclosure, while continuing to provide information to LBMA. Thereafter, refiners will provide LBMA with the full list of suppliers operating in high-risk locations. Future versions of the RGG will focus on fuller public disclosure of this information.

Other guidance documents

In addition to the RGG, LBMA revised the *Third-Party Audit Guidance*, the *Refiner's Toolkit*, and formalised the standard operating procedures for the Country of Origin data analysis and Incident Review Process.

TRANSPARENCY:

MANDATORY DISCLOSURE GUIDANCE

In December 2020, the [Refiners Disclosure Guidance](#) was launched, which outlines the disclosure expectation that refiners must adopt as part of their supply chain disclosure practices. Refiners are encouraged to opt for proactive disclosure, rather than reactive communication, with regards to potential risks in the supply chain. The guidance includes a template, which highlights what level of disclosure is expected from refiners.

The following recommendations and principles are provided to guide refiners on enhancing their due diligence disclosure:

TRANSPARENCY

Refiners should disclose the nature of the risks that are being dealt with and give information as to the context in which they might occur. For instance, they should provide the location in the supply chain and broader geographical area, as well as the identity of the refiner and local exporter located in the red flag locations.

ACKNOWLEDGE THE COMPLEXITY OF RISKS

Welcome and publicly acknowledge any (new) source of material information with regards to possible risks in the company supply chain and provide external stakeholders with an understanding of the challenges related to the management of these risks.

ONGOING COMMUNICATION

Demonstrate the company's efforts in raising awareness about the complexity of the issues.

ACCOUNTABILITY

Assure external stakeholders of the company's responsibility in managing the potential risks in its supply chain.

PREDICTABILITY

Regularly communicate to external stakeholders on the identified issues and on the due diligence steps to be implemented, as per the company due diligence and risk management strategy.

AUDIT PROGRAMME: AUDITOR TRAINING

LBMA recognises that any audit is only as good as the auditor. The ongoing review and enforcement of LBMA's *Approved Service Provider List* (list of approved auditors) are important elements for the credibility of the Programme. LBMA engages with auditors through training sessions, webinars and bilateral discussions.

During November and December 2020, LBMA partnered with Synergy Global Consulting to launch a comprehensive training programme for auditors. Participation in this course was mandatory for all LBMA approved auditors. The training focused on improving auditor understanding of the gold market and gold supply chains, as well as focusing on auditor expectation under the audit programme. Detailed case studies were examined and a test was carried out to confirm auditor understanding at the end of the three-day course.

ARTISANAL SMALL-SCALE MINING (ASM): ENGAGING RESPONSIBLY

In addition to amendments to the RGG, LBMA is seeking to improve and increase market access of ASM gold to GDL refiners. For this to happen, a paradigm shift will be required that sees ASM in a separate light to industrial production. In addition to LBMA's support for standards such as the CRAFT Code, LBMA will also look to support initiatives that focus on supporting progressive improvement, traceability and due diligence in the ASM sector.

Several GDL refiners are already finding innovative ways to do this, such as PX-Precinox's construction of a smelter close to ASM mine sites in Peru. LBMA also supports linkages between refiners, NGOs and mining co-operatives seeking to formalise and destigmatise the sector.

More information on our ASM strategy can be found in Section 6 covering the Future Development of the Programme.



3. GDL REFINERS' 2020

Responsible Sourcing Performance

LBMA receives an audit report from a Good Delivery List (GDL) refiner for its previous 12 months' production. For example, during 2021, LBMA reviewed audit reports for 2020 production. Audit reports for each year's production are due within three months of the GDL refiners' financial year end.

In 2021, the review process for all 2020 audits was further strengthened. This was supported through the addition of more resource, to provide for an enhanced first-level review, by both the Responsible Sourcing Manager (RSM) and the Responsible Sourcing Officer (RSO). During the assessment process, the Responsible Sourcing (RS) team routinely requests additional information from refiners and auditors in order for LBMA to achieve maximum comfort from the audit reports. However, during this year's review, out of an abundance of caution and in line with changes made to RGG Version 9, refiners were asked to voluntarily disclose additional information on recycled material listed in their Country of Origin (CoO) data. This included disaggregating recycled material according to source (i.e. grandfathered stock, industrial by-products or jewellery), and listing the number of suppliers. While out of scope of RGG Version 8, most refiners willingly provided this information.

Each report received has always been assessed in conjunction with the previous year's report, to help better understand the improvements and challenges – and to ensure that any previous non-conformances are not repeated. The RSM together with the RSO review all reports as a starting point and determine which reports will be escalated to the Compliance Panel. The review includes an assessment of a refiner's compliance and management reports, CoO data and any Corrective Action Plan (where applicable).

Detailed reports are then provided to the Compliance Panel for review and discussion. Once the review is completed, provided that the only non-conformances identified are low risk, the refiner will pass the audit for the year. However, if any medium- to high-risk conformances are identified, the refiner will be given a period of time to address them. However, where there is a zero-tolerance finding, the refiner will be removed from the GDL and will not be able to apply to become GDL accredited for another five years. See Section 15 for details on programme deliverables, risk categorisation and the review outcomes.

During 2021, the RS team had several extended interactions with auditors and refiners to seek clarity regarding information in audit reports or concerns that were raised outside the audit process.

For example, one refiner disengaged from a high-risk supplier without naming them or giving the reason why. The supplier was also closely associated with an individual who had recently been listed on several sanctions regimes. In this instance, the refiner was asked to confirm that it had not taken any material from the sanctioned individual after its listing date – and to provide an assurance statement from its auditors attesting to that fact.

In another instance, our audit process uncovered that the business licence of one supplier in Latin America had been suspended and that the company had moved to a neighbouring country. This required the refiner to demonstrate to LBMA that the material in question had been sourced prior to the suspension and that the CoO data was correct.

In a third case, the audit discovered that a refiner did not make its suppliers sign its supply chain policy, which prohibits suppliers from breaching Annex II violations as defined in the OECD Due Diligence Framework. LBMA worked with the refiner to agree to a timetable by which its supplier contracts would be amended to correct this oversight. In 2020, no GDL refiner was moved to the Former List for failure to comply with the Responsible Sourcing Programme (Programme). Despite the higher than normal reliance on virtual audits, LBMA did not encounter any deleterious impacts to the integrity of the audit framework.

Whilst there were several escalations related to sourcing concerns during 2020, each one was addressed appropriately, with full co-operation from the GDL refiner in question. As highlighted earlier, LBMA relies on two important processes to help identify Responsible Sourcing issues. Firstly, the annual audit reports, and the information provided in these reports, will flag non-conformances. Also, market intelligence, media reports and credible NGO reports may provide information that will then instigate inquiries with refiners to better ascertain the circumstances surrounding a particular issue or incident. If the severity of a particular case warrants it, an Incident Review Process (IRP) will be launched.

NON-CONFORMANCES: WHAT THE NUMBERS TELL US

		RISK LEVEL			TOTAL
		Low	Medium	High	
Gold	2020	31	10	0	41
	2019*	82	9	5	96
	2018	29	8	2	39
	2017	37	2	0	39
	2016	33	5	0	38
	2015	46	4	1	51
Silver	2020	45	12	2	59
	2019	93	35	10	138
	2018	64	44	24	134

*First year of RGG Version 8

Gold – Non-conformances

Overall, 2020 saw a marked decline in the number of non-conformances from the previous year, and a return to the median recorded over the earlier years. The improved numbers were largely reflected in the low-risk category, while the number of medium non-conformances remained steady. The implementation of RGG Version 8 in 2019, specifically the transition from the ISO to ISAE 3000 assurance framework, was largely responsible for the increase in non-conformances as refiners adapted to the new reporting requirements. The improved audit reports demonstrate a better awareness of supply chain vulnerabilities by refiners. In line with LBMA best practice, all medium-risk non-conformances for gold were referred to the Compliance Panel for consideration.

No zero-tolerances or high-risk non-conformances were reported in 2020. However, LBMA did suspend one refiner – Kyrgyzaltyn JSC – for failing to meet the requirements of the Programme. The audit of another refiner determined it to be non-compliant with the RGG and required the implementation of a 90-day Corrective Action Plan to bring them back into conformity. All CAPs require an additional assurance statement from their auditors confirming that identified non-conformances have been remedied before the annual certificate can be issued.

Silver – Non-conformances

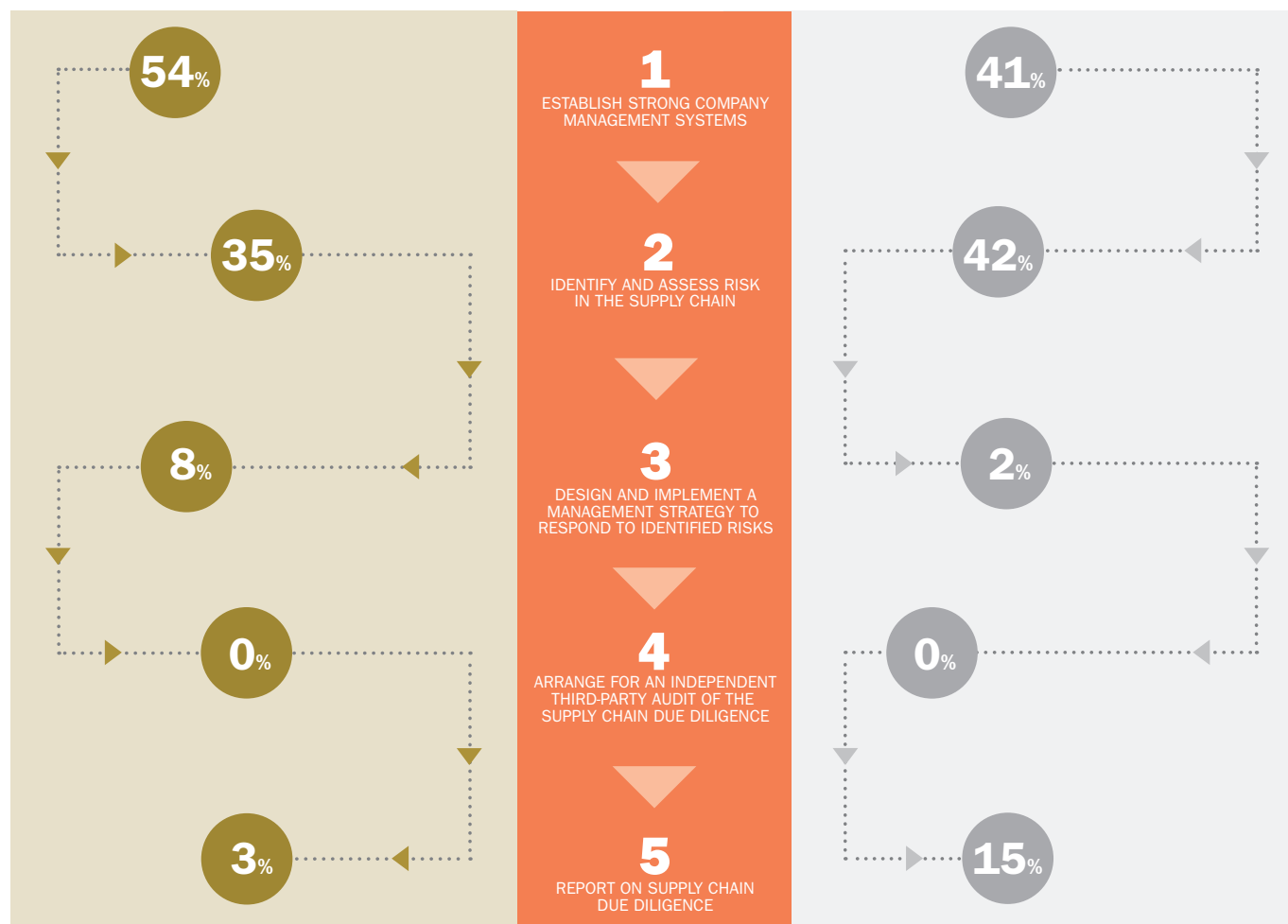
As with gold, there was a significant drop in reported non-conformances in silver, with incidents dropping by more than 50 percent from 2019 figures. Improvement was noted across the risk spectrum and indicates refiners have moved past some the teething stages associated with 2019 implementation of RGG Version 8. It was especially welcomed to see progress in the more complicated medium and high-risk non-conformances which dropped to their lowest levels since LBMA began keeping records. No refiners were found to have any high risk or zero-tolerance non-conformances.

COMMON THEMES OF MEDIUM AND LOW-RISK NON-CONFORMANCES

Below is a breakdown of the most common types of non-conformances raised against the five steps of the RGG and RSG.

GOLD TOTAL NON-CONFORMANCES = 41

SILVER TOTAL NON-CONFORMANCES = 59



The most common gold non-conformances (54%) is related to Step 1 of the RGG which requires refiners to establish and demonstrate strong company management systems. The second most often cited non-conformances (35%) is linked to Step 2, the identification and assessment of risk in the supply chain. Less common were vulnerabilities in Step 3, which covers a refiners' implementation of a management strategy to respond to identified risks. The low numbers related to Step 5, the public reporting on supply chain due diligence, demonstrate the greater acknowledgement refiners have to publicly report information, in line with the OECD Due Diligence Framework.

While each of the Steps are important, LBMA has identified the need to focus on further education with refiners on how to improve risk mitigation strategies (Step 2). LBMA believes disengagement should be a last resort; and that in instances of sourcing challenges, refiners should work with suppliers to educate and resolve any identified issues. Some may feel avoidance of certain risks (such as ASM material) is the best defence, but the interconnectedness of the gold market means those challenges, left unopposed, will eventually affect and taint the entire market. Risk mitigation requires asking questions, visiting suppliers to understand the nuances and challenges of their lived reality, sharing perspectives, and responding to outside criticism that offers constructive solutions. Incrementally, risk mitigation builds trust and understanding between people and across positions, which is why it cannot be overlooked in our journey to build a more responsible gold supply chain.

EXAMPLES OF COMMON THEMES

Communication and acknowledgement of supply chain policy.

A gold refiner had provided suppliers with its supply chain policy but applied an inconsistent approach to suppliers' adherence to the policy. While all suppliers had supply chain policies consistent with the refiner's, the refiner insisted it could not legally force all suppliers to sign their policy. Through the audit assessment process, the refiner accepted their policy would have to supersede that of their suppliers; and that all supplier contracts would have to be amended to reflect that.

Communication of confidential grievance mechanisms.

During the year there were several examples of gold and silver refiners either not possessing a grievance mechanism or having one that was not easily accessible to employees and the public. In some instances the policy was not published in English, or buried on their website. Through corrective actions, all affected refiners took steps to simplify access to their grievance mechanisms.

Staff supply chain training programmes.

A refiner had a turnover of middle and senior management but induction training on responsible sourcing was delayed for several months. The lack of awareness about the importance of due diligence and risk mitigation practices posed a potential risk to the refiner's conformance with responsible sourcing. The audit process revealed this vulnerability, and the refiner took immediate action to provide the needed training and put in place measures to avoid this from reoccurring in the future.

Maintaining adequate records.

A gold/silver refiner used a transport provider in a medium risk location that did not have an adequate human rights policy. This raised the concern that the transporter could compromise the refiner's sourcing practices. The refiner subsequently ensured that all transport suppliers drafted and approved a human rights policy consistent with both the RGG and Annex II of the OECD Due Diligence Framework.

Escalation due to inaction of earlier non-conformances.

Should any low risk non-conformance(s) appear two years in a row without successful remediation, it is automatically escalated to a higher non-conformance (i.e. low to medium; medium to high). For a refiner with an otherwise low-risk supply chain this can result in a Corrective Action Plan and greater scrutiny by LBMA, including an automatic referral of their audit assessment to the Compliance Panel. Whether through a CAP or the regular assessment process, any medium or high-risk non-conformances must be corrected within 90 days, and prior to their certificate being issued.

CASE STUDIES

Every year, we highlight gold-related case studies that best exemplify the broad range of sourcing experiences and challenges faced by Good Delivery List (GDL) refiners. Here are three case studies that summarise the issues raised during the audit process as well as the follow-up actions taken.



PERTH MINT – Case Study One:

Incident Review Process (IRP)

An IRP was invoked in June 2020 in response to media allegations regarding the Perth Mint sourcing from an aggregator in Papua New Guinea (PNG). Engagement with the refiner and its auditors confirmed that while The Perth Mint had suitable systems and controls in place, LBMA considered that “there was a lack of clarity” in the application of The Perth Mint’s policies and procedures to a particular gold aggregator in PNG. Notably, the refiner’s country and risk assessment procedures did not flag the need for an in-country assessment due to an assessment process weighted to country rather than counterparty risk. As part of the IRP, a second special audit was undertaken with an audit firm chosen by LBMA. The initial auditor was removed from the list of LBMA approved auditors. While no zero-tolerance non-conformances were identified, a Corrective Action Plan was put in place to address improvements to the refiner’s management systems.

The Perth Mint fully complied during the IRP and implemented all the required improvements outlined in the Corrective Action Plan in October 2020. Subsequently, The Perth Mint has introduced additional measures above those identified in the CAP to further enhance their risk assessment processes.

PX PRECINOX – Case Study Two:

Allegations of illegally mined Peruvian ASM

In September 2020, Peruvian police alleged that a criminal gang was laundering illegally mined gold through Dynacor, an ore processing plant that supplies PX Precinox with legally mined ASM material.

The refiner stood by its due diligence and sourcing practices, having created a tailor-made traceability system with Dynacor. Miners selling ore to Dynacor have to meet a strict list of criteria, including being registered with the government, and having a tax ID number and the right to work on a concession. Verifications are done on every single transaction. PX Precinox had also made a long-term commitment to source ASM material in Peru. Through its partnership with Dynacor, PX Precinox offers an attractive alternative to the illicit market, thanks to a chemical extraction process that does not use mercury and recovers almost double the gold of traditional methods. The higher recovery rate encourages the miners to sell their ores rather than extracting the gold using mercury.

Throughout the police investigation, PX Precinox kept LBMA informed of the situation and maintained its engagement with more than 500 ASM miners that supplied Dynacor. The criminal investigation involved five ore producers with no allegations or charges being laid against Dynacor or PX Precinox.

MMTC PAMP – Case Study Three:

North Mara Update

LBMA invoked an IRP in June 2019 in response to the human rights and environmental allegations relating to the North Mara mine in Tanzania (formerly owned by Acacia Mining).

While details of this process have been already been covered in the 2020 Responsible Sourcing Report, we highlight it again because of the ongoing commitment and engagement by both the refiner and miner to prevent and mitigate potential and actual adverse impacts. This is evidenced by the continued appointment by the refiner of independent expert consultants to monitor and provide suggestions on ways to mitigate potential risks. This is a high risk mine dealing with legacy issues that will require continual engagement between stakeholders and, as such, represents a model others in similar circumstances may want to emulate.

LBMA’S STARTING POINT FOR GDL REFINERS IS THAT DISENGAGEMENT FROM SUPPLIERS SHOULD BE CONSIDERED AS A LAST RESORT, AND ONLY WHERE THE ADVERSE IMPACT IS IRREMIEDIABLE AND THERE IS NO PROSPECT OF CHANGE.

4. AUDITORS UPDATE

In 2020, LBMA took the following stringent measures to ensure the ongoing credibility of the Audit Programme:

- Issued a warning to one auditor on the Approved Service Provider List due to concerns about its assessment of risk.
- Removal of one lead auditor from a firm on the Approved Service Provider List due to poor performance.

AUDITOR TRAINING

LBMA collaborates closely with the Responsible Minerals Initiative (RMI) and Responsible Jewellery Counsel (RJC) to identify opportunities for joint training of auditors.

The mandatory auditor training programme, a key pillar of our Responsible Sourcing Strategy, was rolled out in November 2020. LBMA teamed up with Synergy Global Consulting and Nirali Shah, an independent consultant to LBMA, to facilitate an eight-hour online training of more than 120 auditors worldwide. The key objectives of the audit were to:

- establish a common understanding of the contextual risks in precious metals supply chains
- help to effectively transition from ISO to ISAE 3000 assurance, and
- provide a platform for continuous professional development.

The training focused on enhancing the auditors' understanding of the LBMA RGG requirements and other relevant reference standards (e.g. OECD Due Diligence Guidance) as well as the ISAE 3000 risk-based assurance approach and its application for LBMA RGG audits. Participants also explored the contextual risks related to mineral supply chains, and gold supply chains in particular, and how to identify and address these in the audit process. The training sought to equip LBMA auditors to not only check whether traceability and due diligence systems are in place, operational and compliant with LBMA requirements, but also whether risks are being effectively identified, assessed, managed and reported on. The training provided a platform for auditors to share common challenges and approaches to effectively address these. The training also touched upon LBMA's disclosure guidance and the expectations that auditors should have of the quality and completeness of the Refiners' Compliance Reports as well as the consistency in audit deliverables.

The training was very well received by our auditors, with overwhelmingly positive feedback. More than 30 auditors attended the training, which included passing a test as a requirement for completing the course. The training was mandatory for all auditors on the [Approved Service Provider List](#).

Further online training opportunities are planned for late 2021. In 2022, we anticipate a return to in-person training built around informing auditors of material changes made in Responsible Gold Guidance (RGG) Version 9.

LBMA REVIEW 2020

As in past years, LBMA undertakes an annual review of auditors to ensure that they remain independent and have appropriate capacity, as well as robust quality assurance policies and procedures.

Where there have been issues identified against auditors, LBMA will revisit its criteria and check to ensure that the auditor remains compliant.

An updated Approved Service Provider List for 2022 was published in late 2021.

This followed LBMA's extensive review of each auditor by the Compliance Panel, which is undertaken annually. This review includes an assessment of the quality of their audits, as well as compulsory attendance and completion of annual training seminars.

Guidance from LBMA's Physical Committee, which collaborates closely with the LBMA Executive on Responsible Sourcing matters, contributes during the auditor review process. The Committee provides a crucial role in ensuring that the Approved Auditors List can continue to be relied upon to provide confidence to the market.

The measures provide an additional control to ensure that the most appropriate auditor is appointed to suit a GDL refiner's business model. However, the restrictions can be changed and/or removed, if the auditing firm can demonstrate that it has implemented a development plan that addresses the restrictions.

5. COUNTRY OF ORIGIN

Data for 2019*

WHERE DOES THE METAL COME FROM AND WHERE IS IT BEING REFINED?

*The data represents submissions from 2019/2020, depending upon the financial year end of the refiner.



ASM



LSM

Mined:

- Artisanal and Small-Scale Mining (ASM)
- Large-Scale Mining (LSM)



RECYCLED

Recycled:

- Scrap
- Grandfathered Stock

Gold Flow Transparency

Responsible Sourcing Audits must contain a confidential annex that details where every kilogram of gold was sourced and the type of process used to produce it.

This information has enabled LBMA to produce a matrix showing where gold is produced against where gold is refined.

The data is provided on a confidential basis and therefore a method to protect confidentiality has been developed. In order to respect the source data, destination countries and regions are grouped according to the following:

1. Countries that have four or more refiners can be listed as the individual country
2. Regions with only one refiner are grouped with the nearest geographical region
3. Countries are excluded from the region if they fall under the first criteria, to avoid double accounting
4. Known or expected Good Delivery List (GDL) changes are considered to enable trends to be studied (applications, new listings and removals).

Data Validation

Whilst the numbers for LSM are comparable to the official numbers, the amount of known ASM production being refined through these refineries is negligible.

The origin numbers can be compared to the official known output of a country and the destination numbers can be compared to the import data of a country where the material is to be refined, although this may be harder to determine for regions.

Country of Origin (CoO) data can also be compared to the refined output of a refinery to ensure that no 'alchemical' bad practices are taking place (you can't get more out than you put in!). It is mandatory for refiners to supply refined output on an annual basis to LBMA and as this is the second year that the CoO data has been available, this has enabled an enhanced 'sense-check' to be performed. It was necessary, in some cases, to clarify numbers with the refiner.

This has resulted in the following groupings:

Country/Region	Gold Refiners	Silver Refiners
China	15	23
Germany	4	5
Japan	11	11
Russia	7	6
Switzerland	5	3
Asia & Australia	14	14
Europe & Africa	7	12
Americas	9	8
Total	72	82

Silver Flow Transparency

The same process as that used for gold was used to produce the silver matrix. In the case of silver, however, ASM sourcing is less significant.



The Units expressed in the table below are in kilograms.

The smaller icons represent countries that refined less than 200kg.

REFINERY LOCATION

PLACE OF ORIGIN

		CHINA	GERMANY	JAPAN	RUSSIA	SWITZERLAND	ASIA & AUSTRALIA	EUROPE & AFRICA	AMERICAS
PLACE OF ORIGIN	AFRICA	6534	1	22	20 10	1415 171122 56440	54560	1156 221046 10847	17769
	EAST ASIA	235207 470512	65	5881 169657		6148 7514 58703	43510	482	5727
	EURASIA		2		2 1909	10050 5982	75243 3811	10 361	
	MIDDLE EAST	212	18			6502 310329	10083 48990	15 1811	
	SOUTH & SOUTH EAST ASIA	6182 50735	634	2407		8603 159022	39 14018 143574	1 1111	66
	EUROPE	5324 8515	2171 78119	538 1081	286350 35279	7131 514817	117 2931	6880 178419	5791
	AMERICAS	37822 2326	926	1314 4	155 69	12882 183632 47749	58452 319	73 14873 25509	479059 155306
	OCEANIA	27679 150	111	333 16		2290 23048	308400 12187	2198 306	921



ASM



LSM



RECYCLED

The Units expressed in the table below are in kilograms.

The smaller icons represent countries that refined less than 200kg.

REFINERY LOCATION ▶

PLACE OF ORIGIN



CANADA



CHINA



GERMANY



JAPAN



RUSSIA



SWITZERLAND



ASIA &
AUSTRALIA



EUROPE
& AFRICA



AMERICAS

AFRICA



235



4



25147



1211



322



3



37



160



2



1



128158



1252



9635



52401



22178

EAST ASIA



3765058



1721686



2380



3327



1756431



1283



1567



26306



5870



403018



15387



9208

EURASIA



1508



12560



3974



4058



1873



1073369



497



4566



4645

MIDDLE
EAST



1999



23962



57



3069



958

SOUTH &
SOUTH
EAST ASIA



927



32361



82852



34973



1048

EUROPE



126652



13759



382



2110798



61091



13539



543874



357809



1354



330644



46879



4853



1792104



1127472

AMERICAS



1415876



224626



36040



2784874



42



35858



127624



50580



11025



485



14231



722,604



18600



331601



125841



346964



452707



6437633



647535

OCEANIA



55300



148943



48



446



216



25



240



222721



278897



10113



54246

2018 vs 2019

DESTINATION TRENDS

Country of Origin (CoO) data enables LBMA to state with confidence that it knows exactly where Good Delivery List (GDL) refiners get their feedstock, what form it takes and how much they receive.

The data adds credibility to LBMA's Responsible Sourcing Programme (Programme) in many ways and gives a fascinating insight into the global physical flow of gold and silver.

We now have two years of data, and it demonstrates why supporting Artisanal and Small-Scale Mining (ASM) will be a key part of the future development of the Programme. Globally, ASM gold currently accounts for 20% of the mined material. However, GDL refiners' throughput comprises less than 1% ASM gold and that figure continues to decline, with the total gold sourced from ASM dropping 16% in 2019.

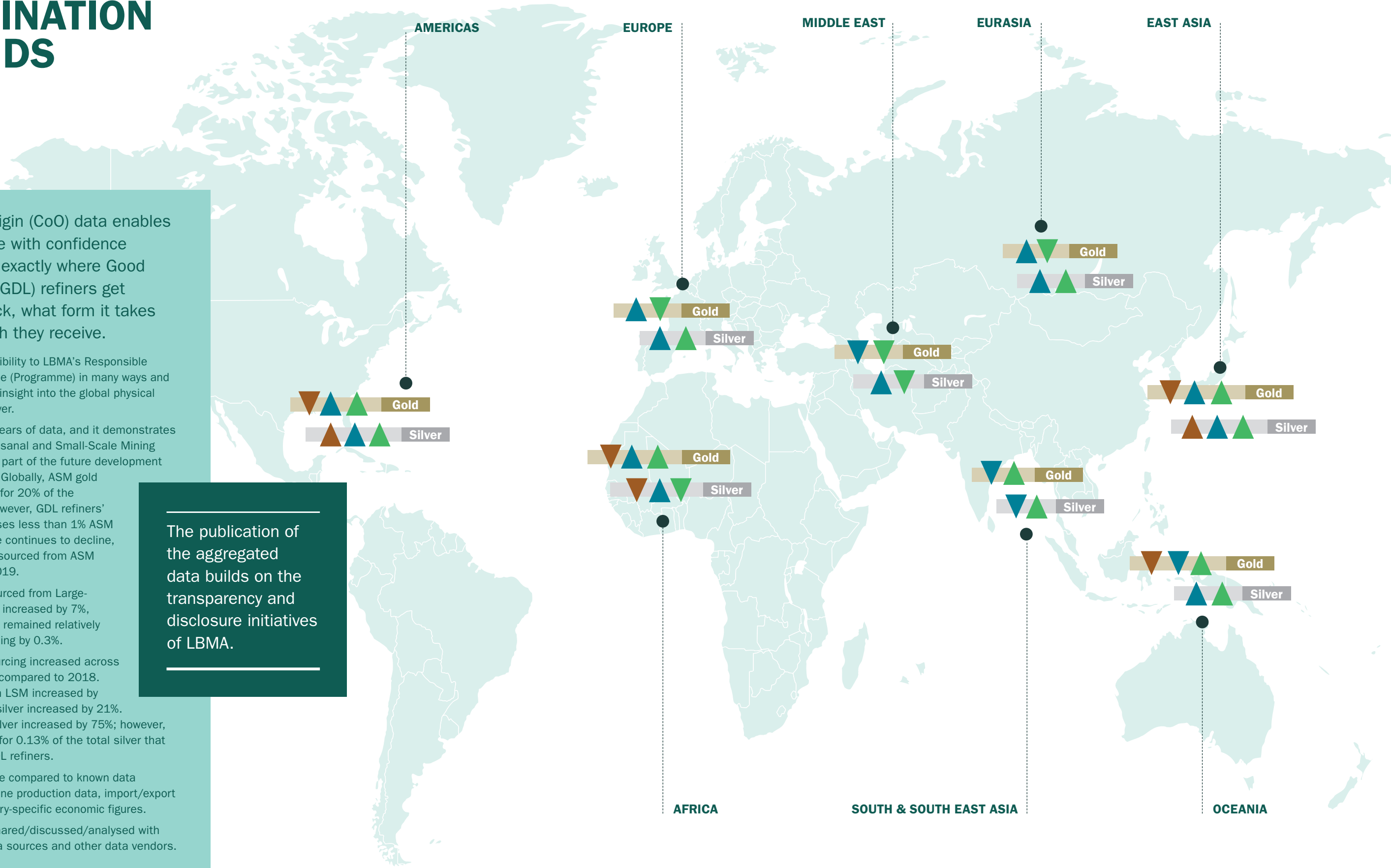
Elsewhere, gold sourced from Large-Scale Mining (LSM) increased by 7%, whilst recycled gold remained relatively unchanged, increasing by 0.3%.

However, silver sourcing increased across the board in 2019 compared to 2018. Silver sourced from LSM increased by 29% and recycled silver increased by 21%. Meanwhile, ASM silver increased by 75%; however, this only accounts for 0.13% of the total silver that was sourced by GDL refiners.

The numbers can be compared to known data sources such as mine production data, import/export numbers and country-specific economic figures.

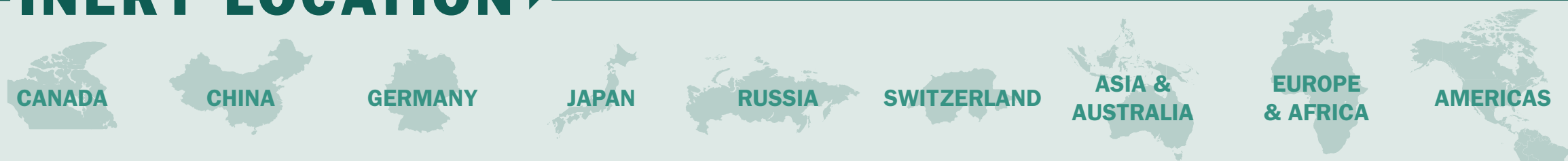
The data can be shared/discussed/analysed with well-respected data sources and other data vendors.

The publication of the aggregated data builds on the transparency and disclosure initiatives of LBMA.





REFINERY LOCATION



PLACE OF ORIGIN

	CANADA	CHINA	GERMANY	JAPAN	RUSSIA	SWITZERLAND	ASIA & AUSTRALIA	EUROPE & AFRICA	AMERICAS	
AFRICA		▼ -9%	▼ -100% ▼ -23%			▲ >100% ▲ 16% ▲ 56%	▲ >100% ▼ -59%	▼ -54% ▼ -4% ▲ 23%	▲ >100%	GOLD
EAST ASIA	▲ 5%	▲ 10%	▼ -10%	▲ >100% ▲ 15%		▼ -25% ▼ -22% ▼ -23%	▼ -43%	▲ 7%	▼ -49%	
EURASIA			▲ >100%	▼ -100% ▼ -100%	▼ -99% ▲ >100%	▲ >100% ▲ >100%	▲ 65% ▼ -75%	▲ 68% ▲ >100%		
MIDDLE EAST		▼ -94%	▲ 57%		▼ -100%	▼ -81% ▲ 40%		▼ -100% ▼ -99%	▼ -100%	
SOUTH & SOUTH EAST ASIA		▼ -70% ▲ >100%	▼ -69%	▼ -9%		▼ -5% ▲ >100%	▲ 25% ▲ >100%	▼ -39%	▲ -56%	
EUROPE		▼ -4%	▼ -21%	▲ 64% ▼ -100%	▲ 4% ▼ -58%	▲ 8% ▲ 51%		▲ >100% ▲ 43%	▼ -100% ▲ >100%	
AMERICAS		▲ >100% ▲ >100%	▼ -100% ▼ -31%	▲ >100% ▼ -62%	▼ -3% ▲ >100%	▲ 81% ▲ 64% ▲ >100%	▲ >100% ▲ >100%	▲ >100% ▲ 7%	▼ -100% ▼ -1% ▲ 24%	
OCEANIA		▼ -66% ▼ -3%	▼ -1%	▼ -20%		▼ -85% ▲ >100%	▼ -100% ▼ -4% ▲ 11%	▲ >100% ▼ -80%	▲ >100%	
AFRICA		▲ 19%	▲ 15% ▲ >100%			▼ -100% ▲ >100% ▼ -89%	▲ >100% ▼ -100%	▼ -18% ▲ 27%	▼ -100%	SILVER
EAST ASIA	▼ -100%	▲ 61% ▲ 25%	▼ -30%	▼ -9% ▼ -1%		▼ -100% ▼ -1% ▼ -15%	▲ >100% ▲ 39%	▼ -100% ▼ -3%		
EURASIA					▲ 74% ▲ >100%	▼ -3% ▼ -31%	▲ >100% ▼ -37%	▲ 71%		
MIDDLE EAST	▼ -90% ▲ 1%		▼ -17%	▲ 19%	▼ -100% ▼ -100%	▼ -64% ▼ -38%	▲ >100%	▼ -88% ▼ -76%		
SOUTH & SOUTH EAST ASIA	▼ -46%	▲ 69%	▼ -66%	▼ -89%		▼ -27% ▲ >100%	▼ -81% ▲ >100%	▼ -78%		
EUROPE	▼ -100%	▲ 22%	▲ >100% ▲ 30%	▼ -14% ▲ >100%	▼ -16% ▲ 8%	▲ 100% ▼ -36%	▼ -50% ▼ -84%	▲ 35% ▼ -20%		
AMERICAS	▼ -7% ▲ 37%	▲ 11% ▼ -99%	▲ >100% ▲ 72%	▼ -58% ▼ -1%	▲ >100% ▼ -100%	▼ -100% ▲ 3% ▲ >100%	▼ -100% ▼ -86% ▲ >100%	▲ 46% ▼ -2%	▼ -100% ▲ 74% ▲ 19%	
OCEANIA	▲ >100%	▲ >100%	▲ >100%	▲ >100% ▼ -4%		▼ -98% ▼ -100%	▲ >100% ▲ >100%	▼ -70% ▲ >100%		

6. FUTURE DEVELOPMENT of the Programme

STAKEHOLDER ENGAGEMENT

One challenge of Responsible Sourcing is that the status quo is never an option. The ethical landscape is continually shifting and requires industry actors – including LBMA – to be nimble and responsive when new issues surface.

Our Responsible Sourcing Strategy reaffirms LBMA's commitment to the implementation of the OECD Due Diligence Guidance and positions us as a leader for the continuous improvement of standards that ensure a sustainable precious metals market.

With the current three-year Strategy coming to a close in 2022, we anticipate a year of reflection and discussion as we define the priorities that will shape our future direction. Without prejudicing the outcome of those consultations, we expect that any new priority areas will build on and support existing programmatic efforts.

Likewise, 2021 marks the implementation of Responsible Gold Guidance (RGG) Version 9, but it also represents the start of a fresh round of thinking about what could be further improved and refined in Version 10.

One element that transcends both future iterations of the RGG and our strategic planning is transparency. RGG Version 9 represents a step forward in terms of the disclosure of high-risk suppliers. While commercial sensitivities will be respected, LBMA remains committed to working with refiners to be as publicly transparent as possible about their supply chains and sourcing practices.

Our work with International Bullion Centres (IBCs) will continue and constitutes a key plank of our external engagement and efforts to harmonise Responsible Sourcing standards and practices.

LBMA is fortunate to maintain positive working relationships with partners across government, industry and civil society. We look forward to hearing suggestions and recommendations that can help shape the development of the next three-year plan and support the broader integrity of the Programme.

It is imperative that stakeholders engage with LBMA, and we welcome your help with the development of the Programme.

To find out more, please get in touch with Alan Martin, Head of Responsible Sourcing, at: affairs@lbma.org.uk.

SUPPORTING ARTISANAL AND SMALL-SCALE MINING (ASM)

One puzzle we will be giving more thought to is how GDL refiners can increase the amount of gold they source directly from ASM suppliers.

Despite comprising 20% of globally mined material, artisanally mined gold currently accounts for less than 1% of the throughput of GDL refiners, and has dropped 16% from 2019. LBMA recognises that ASM gold's proximity to money-laundering, conflict, financial and other residual risks makes it unattractive to LBMA refiners. However, we also understand the critical role it plays in many underdeveloped economies, providing livelihoods to millions. The lack of direct sourcing by GDL refiners exacerbates the stigma associated with the sector, driving it underground or to secondary markets with less strenuous sourcing practices.

Our commitment to the sector takes several forms, including linking refiners with NGOs working to improve mining and sourcing practices in ASM communities; however, over the longer term, LBMA is considering a range of options to remove the key barriers that hinder direct sourcing of ASM material by GDL refiners.

Going forward, LBMA will convene the key actors in the supply chain as part of a feasibility study to consider and test various approaches that can offer greater sourcing assurances and traceability to GDL refiners. We will also consider ways to repurpose LBMA's ASM Working Group to include actors involved at critical steps in the value chain, providing a constructive forum for discussion and co-operation. This work is expected to begin in early 2022.

“The development of a three-year Responsible Sourcing Strategy gives us the perfect opportunity to take a step back and look holistically at our Programme and how we could better meet the needs of our stakeholders including our membership, refiners, investors, civil society, governments and, of course, the OECD.”

Ruth Crowell, LBMA CEO

7. LBMA

Outreach in 2020

Despite the travel restrictions imposed by the global pandemic, the LBMA Executive undertook extensive outreach across the world to inform, educate and engage key stakeholders on the [Responsible Sourcing Programme \(Programme\)](#).

By attending events hosted and attended by stakeholders from across the supply chain, LBMA can not only raise the profile of the Programme but also gather valuable feedback.

Participation in roundtables, panels and workshops – even on a virtual basis – allows LBMA to meet stakeholders from whom it can learn how to best develop the Programme. It is important to raise awareness, to share lessons learnt and to discuss improvements. These events are useful to allow for collaboration, but also to then provide updates on how the feedback has been reflected.

DATE	EVENT	HOST	LOCATION	REPRESENTATIVE
January 2020	International Bullion Centre Consultations	LBMA	Virtual	CEO, Executive Board Director, Chief Technical Officer
February 2020	Mining Indaba 2020	Indaba	Cape Town, South Africa	Executive Board Director, Chief Technical Officer
	IPMI Security & Anti-Money Laundering Seminar	IPMI	Florida, USA	CEO
March 2020	Responsible Sourcing & Technology Summit	LBMA	Virtual	CEO, Executive Board Director, Chief Technical Officer
	Webinar: Current State of the Gold Market	Wisdom Tree	Virtual	Executive Board Director
April 2020	Denver Gold	Denver Gold Group	Virtual	CEO
	Webinar: U.S. Perspectives on Responsible Sourcing for Gold in the Time of COVID-19	LBMA	Virtual	Executive Board Director
	Webinar: Regulatory & Responsible Sourcing Developments	LBMA	Virtual	Executive Board Director
	Webinar: Conflict & High-Risk Gold	LBMA	Virtual	Executive Board Director
	Virtual Summit Webinar: Refineries as the 'Gate Keepers'	LBMA	Virtual	Executive Board Director
May 2020	RESOLVE Challenge Summit: Crafting a COVID Recovery Strategy for ASM	RESOLVE	Virtual	Chief Technical Officer
June 2020	Webinar: ASM Amid the COVID-19 Pandemic	LBMA	Virtual	Chief Technical Officer
	Webinar: Sustainable Finance: Risks & Policy	LBMA	Virtual	Chairman, Executive Board Director
July 2020	Virtual Summit Webinar: Responsible Sourcing of ASM Materials: From Risk to Opportunity	LBMA	Virtual	Compliance & Responsible Sourcing Manager
	Virtual Summit Webinar: The Gold Jewellery Industry in the Pandemic: Now and Future	LBMA	Virtual	Chief Technical Officer
	Webinar: Switzerland's Public & Private Support for ASM	LBMA	Virtual	Chief Technical Officer
August 2020	OECD-BNM-SEACEN Forum	OSSP-BNM-SEACEN	Virtual	CEO
October 2020	RMI Conference	RMI	Virtual	Executive Board Director
	2 nd Bund Summit	Shanghai Gold Exchange	Virtual	Chairman
	Webinar: The CRAFT Code	LBMA	Virtual	Chief Technical Officer
	Webinar: LBMA Responsible Sourcing Report	LBMA	Virtual	Executive Board Director, Chief Technical Officer, Compliance & Responsible Sourcing Manager
November 2020	IPMI Conference	International Precious Metals Institute	Virtual	CEO
	India International Gold Convention	Fortell Business Solutions	Virtual	Chairman
	Webinar: GDL Refiner Disclosure Guidance	LBMA	Virtual	CEO, Compliance & Responsible Sourcing Manager
	Webinar: International Bullion Centre Recommendations	LBMA	Virtual	Executive Board Director
December 2020	Roundtable: Responsible Sourcing with LBMA	Wisdom Tree	Virtual	Executive Board Director, Chief Technical Officer

8. PROGRAMME GOVERNANCE

PROGRAMME MANAGEMENT

The Responsible Sourcing Manager (RSM) is responsible for the day-to-day running of LBMA's Responsible Sourcing Programme (Programme), supporting the development of the Programme and reporting into the General Counsel. The General Counsel has ultimate responsibility for the Programme Strategy, leading the Incident Review Process (IRP) and chairing the Compliance Panel.

The RSM is the first point of contact for all Responsible Sourcing queries, dealing directly with stakeholders, and also refiners and auditors, to ensure a consistent application of the Programme.

The RSM works with the Good Delivery List (GDL) team, headed by the Chief Technical Officer (CTO), to review the annual audits, address issues and, where appropriate, escalate issues to the Compliance Panel. The RSM is also responsible for reviewing and managing the [Approved Service Provider List](#), by ensuring that the auditors are adhering to the [Audit Guidance](#) and maintaining regular contact with them. Any issues with the Approved Service Provider List are escalated to the Compliance Panel.

COMPLIANCE PANEL SUPPORTING THE PROGRAMME REVIEW

Purpose

The Compliance Panel was established to support the Audit Review process. Its purpose is to monitor adherence to the Programme, review zero-tolerance non-compliance immediately, as well as risks and incidents emanating from the Responsible Sourcing Audits, and address any concerns and issues. In addition, the Compliance Panel also reviews the performance of the auditors and ensures that they remain suitable as Approved Service Providers. When an incident has been raised, the Compliance Panel may consult the Physical Committee, which will provide industry intelligence for guidance. The Compliance Panel will also determine when to raise an IRP, and a full comprehensive report will be submitted to the LBMA Board, the independent Non-Executive Directors and the Executive Directors, to review and make final determination. Redacted versions of the IRP report will also be issued to the Physical Committee and the Board.

Audit Review

The RSM and the CTO determine which reports are low and high risk. All high-risk reports are therefore passed to the Compliance Panel for further review and discussion. There are many factors that help to determine which reports are considered high risk. This can include, but is not limited to, reports that have:

- Identified several medium- and/or high-risk non-conformances
- Repeated non-conformances from previous years
- Diverse list of Country of Origin (CoO) data, which may also include high-risk jurisdictions
- Market intelligence that has raised questions about the refiner's sourcing practices.

The Responsible Sourcing team provides a detailed report on the first-level review to the Compliance Panel. The Compliance Panel reviews and scrutinises all the high-risk reports. Further questions are raised with both the refiner and the auditor, and the answers need to satisfy all the members of the panel to determine the final outcome of the review. All decisions are minuted.

Incident Review Process (IRP)

The Compliance Panel is also responsible for reviewing the IRP (see Section 17 on Whistleblowing and IRP Procedures for further details), which is led by the General Counsel and supported by the RSM. The Compliance Panel determines whether a particular set of facts warrants an IRP, or whether it can be addressed during the current audit cycle. Once the IRP has been initiated, the Compliance Panel supports the review process. It is responsible for reviewing the relevant information being provided, raising questions on process and information obtained, as well as providing the final recommendation for the Sub-Board Group to consider. The Sub-Board Group takes the final decision on the outcome of the IRP. See below for more information on decision-making.

Compliance Panel Terms of Reference

The Compliance Panel has authority to determine the outcome of the high-risk audit reports only. The decision must be unanimous. If the decision is unanimous, then there is no further escalation. If the decision is based on a majority, then this will be escalated to the ExCom, and ultimately to the Sub-Board Group, who have the final right to decide the outcome. The Compliance Panel otherwise provides guidance on the IRP, as well on the Programme strategic direction.

The Compliance Panel convenes every four to six weeks, depending on the agenda. It is composed of the CEO, General Legal Counsel, CTO, RSM and the GDL Officer.

Sub-Board Group: Decision-making

The ultimate decision to remove a GDL refiner for Responsible Sourcing failures lies with the Sub-Board Group. Elected members of the Board are not involved in any decision involving refiners on the Good Delivery List. The Sub-Board Group is defined in the Membership Rulebook as:

The independent members of the Board, which include the independent Non-Executive Directors (NEDs), Chief Executive and the Executive Directors of the Board with the delegated authority to review matters arising in relation to Incidents or Enforcement with regard to members. Any decision by this group is considered final.

independent NEDs, six market representatives and two LBMA Executive Committee members (Chief Executive and General Counsel). The role of the LBMA Board is to set the strategic and business vision for LBMA. The overall aim of the Board is to enhance the governance and achieve the performance of LBMA's short- and long-term objectives in full support of its membership's needs.

LBMA's Executive Committee ultimately oversees the development and implementation of the Responsible Sourcing Programme and Strategy. The Executive Committee ensures that the Programme management and governance remains appropriate.

LBMA Physical Committee: Guiding the LBMA Executive

The Physical Committee comprises representatives from the physical services delivered within the precious metals market, which include the Chair of the Vault Managers Group. The representatives from the Bank of England are appointed as independent observers of the Committee's work.

The Committee is primarily responsible for monitoring, developing and enforcing the GDL. With an emphasis on continuous improvement and transparency, the Committee works to improve disclosures, scrutiny and risk management of both LBMA and the wider market. The Committee aims to ensure that the integrity, quality and standards set by the GDL are maintained, which involves collaboration with the LBMA Executive on all matters relating to the Programme and refiners' compliance.

LBMA Board: Setting and Reviewing Strategy

The LBMA Board is chaired by an independent Non-Executive Director and comprises two additional

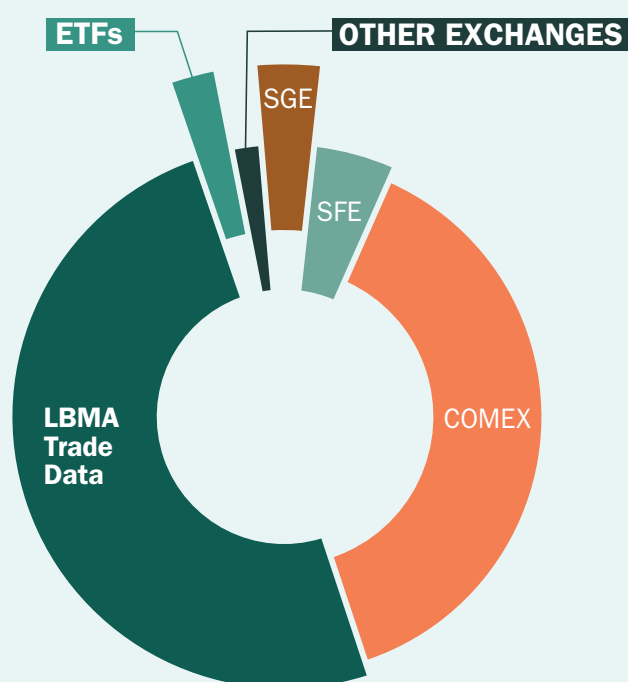
SUPPLEMENTARY INFORMATION



9. LBMA and the Global Bullion Market

LBMA plays a key role on behalf of the global precious metals market to ensure business integrity by advancing standards, acting as a voice and champion for the market, and developing market solutions.

GLOBAL GOLD MARKET 2021 YTD \$111.20 billion



For LBMA, this means that the requirement of what goes into all bars produced by its Good Delivery List (GDL) refiners is as important as the standard of the final product. It was for this reason that LBMA established the Responsible Sourcing Programme (Programme).

By setting standards for refiners' mineral purchasing decisions and practices, the scope of the Good Delivery List (GDL) has grown beyond the physical aspects of Good Delivery bars.

Responsible sourcing requires that firms go beyond financial, logistical and even reputational considerations, to take into account the wider impact of their own actions and those of their suppliers.

The Loco London Precious Metals Market (also known as 'Loco London') is the largest and oldest financial market for gold in the world, dating back to 1671.

In terms of liquidity and market size, the average daily volume for the Loco London market is US\$55 billion, with approximately 9,700 tonnes of gold, worth around \$550 billion, stored in the London vaults.

Key to the efficient functioning of this market is metal moving freely between market participants and the London vaults within the clearing system.

THE AVERAGE DAILY VOLUME FOR THE LOCO LONDON MARKET IS US\$55 BILLION, WITH APPROXIMATELY 9,700 TONNES OF GOLD, WORTH AROUND \$550 BILLION, STORED IN THE LONDON VAULTS.

10. LBMA

Good Delivery Standard

GOOD DELIVERY LIST (GDL)

The GDL represents a list of refiners that are accepted in the international market. This is the global industry standard, licensed and recognised by exchanges, central banks and traders worldwide.

A refiner must comply and satisfy all of the following three requirements, not just at the point of application for the GDL, but on an ongoing basis.

Due Diligence Requirement

GDL refiners are subject to stringent checks regarding their history in the market and their financial standing.

Bar Specification

The GDL refiners' bars must meet LBMA's exacting GDL Rules covering fine ounce weight, purity and physical appearance (including markings and surface quality).

Responsible Sourcing Programme (Programme)

All GDL refiners must implement and adhere to LBMA's Programme, through an independent annual audit.

Refiners that are accepted onto the GDL commit to responsibly sourcing all feedstock for their metal, refining it into Good Delivery bars (of approximately 400 troy ounces for gold and 1,000 troy ounces for silver) and shipping the bars to approved vaults in London. Bars are then freely traded between institutions within the market. All gold processed by the GDL refiners, and not just the GDL bars, must meet the Responsible Sourcing requirements.

These refiners process the overwhelming majority of the world's annual mined gold production and LBMA Good Delivery accreditation allows them to deliver into the world's major financial markets for precious metals. The commercial benefit from being an accredited refiner helps to raise standards and trust across the global precious metals industry.



11. LBMA

Responsible Sourcing Programme

The Programme is the leading independent audit programme for verifying the legitimacy of the gold and silver supply chain. The Programme follows the five-step framework for risk-based due diligence of the OECD Due Diligence Guidance.²

At its core, the Programme comprises the Responsible Gold Guidance (RGG), established in 2012, and the Responsible Silver Guidance (RSG), established in 2017.

Its original purpose was to set due diligence standards to help combat human rights abuses, contributions to conflict, money laundering and terrorism financing. Since the start of 2018, the Programme has also included environmental factors. Unlike other industry programmes, LBMA's Responsible Sourcing standard is a commercial necessity for any major refiner, as it allows access to Loco London, the largest marketplace in the world for precious metals. Loss of LBMA accreditation would have serious commercial consequences for refiners. Since the Programme's launch, three refiners have lost their accreditation due to failure to meet Responsible Sourcing requirements. This is the ultimate sanction. LBMA will impose this sanction if there have been failures that cannot be remediated or if attempts at remediation have been significantly poor. GDL refiners that are found to be applying the Programme in good faith, but have not met a satisfactory standard in some respects, will generally be given a reasonable opportunity to raise their standards to the required level. This level of enforcement ensures that all GDL refiners meet the Responsible Sourcing requirements given that GDL covers most of the market.

LBMA recognises that this audit process is only as effective as the auditors themselves. This is why the LBMA's Approved Service Providers List records the individual audit entities accredited to perform Good Delivery audits.

To become accredited, auditors must complete an application, under which they provide LBMA with details of their relevant experience, skills, and their firm's quality control and governance processes. Auditors are also required to demonstrate fulfilment of the requirements detailed in LBMA's Responsible Sourcing: Third-Party Audit Guidance. This helps to ensure that only the most competent auditors familiar with the precious metals supply chain and the importance of Responsible Sourcing are mandated with performing an audit under the Programme. Their accreditation and performance are reviewed on an annual basis to ensure they continue to meet LBMA requirements.

The outcome of the audit is not the only resource with which LBMA measures a refiner's compliance with the Programme.

Market intelligence is a fundamental resource that LBMA is able to draw on. Whistleblowing reports, media coverage and NGO research have all provided LBMA with valuable intelligence on refiners or their suppliers. LBMA welcomes stakeholders bringing concerns to its attention in order to enhance this work. LBMA will assess such information/evidence and make further enquiries, as required, or if warranted, launch a formal Incident Review Process. The IRP involves 11 steps to ensure a fair, accurate and reliable outcome. LBMA may publicly confirm if an IRP has been launched, provided it is new information and outside the annual audit cycle. For some non-conformances, the IRP can end with a refiner's removal from the Good Delivery List. That could be severely damaging to a refiner's business, through diminished market access, and is the most severe potential outcome.

LBMA's RESPONSIBLE SOURCING PROGRAMME IS A COMMERCIAL NECESSITY FOR ANY MAJOR REFINER. LOSS OF LBMA ACCREDITATION WOULD HAVE SERIOUS COMMERCIAL CONSEQUENCES FOR REFINERS.

2. OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (2010) and the requirements detailed in the OECD Gold Supplement (2012).

12. SOURCING GOLD AND SILVER

Where do refiners source gold and silver? This is extremely important as refiners have an obligation to perform tailored due diligence for every source of gold and silver that they accept for recovery and refining.

MINED GOLD

Mined gold is gold that originates from mines (Large-Scale, Medium-Scale or Artisanal and Small-Scale Mines) and has never been previously refined. This term means that any gold or gold-bearing material produced by or at a mine, in any form, shape and concentration, until it is fully refined (995 or greater), fabricated into a gold refiner product (e.g. bar, grain) and sold.

Large-Scale Mining (LSM)

LBMA relies on the OECD for the definition of LSM. Annex II of the OECD Guidance describes LSM as “...gold mining operations that are not considered to be artisanal or small-scale...”.

In reality, most LSM involves huge, long-term investment in infrastructure by experienced, multinational operations in multiple global locations. Operational responsibilities to all stakeholders is fundamental to ethical operators. These companies tend to be listed entities with legal reporting obligations and rigorous governance frameworks. For the purpose of due diligence, mined material emanating from LSM has well established logistics and supply chains. Some Large-Scale Mines can produce more than a million ounces of gold in a single year.

LBMA has developed toolkits to enable refiners to deal efficiently with Large-Scale Mines. It works closely with organisations such as the World Gold Council (WGC), the International Council on Mining and Metals (ICMM), and the Initiative for Responsible Mining Assurance (IRMA) to ensure that the various industry initiatives are aligned. In recent times, there has been an increasing focus on the Economic, Social and Governance (ESG) agenda, highlighting how the mining companies can work together with the refiners to address these issues.

Artisanal and Small-Scale Mining (ASM)

LBMA recognises the importance of engaging and maintaining relationships with Artisanal and Small-Scale Miners. This sector provides a livelihood for more than 40 million people across the world.

LBMA supports all initiatives that endeavour to bring responsibly produced Artisanal and Small-Scale Mined gold into legitimate supply chains. Where and when possible, LBMA will actively become involved to benefit the industry.

While ASM material currently comprises less than 1% of the throughput of GDL refiners, LBMA works with refiners and several respected NGOs to increase direct sourcing from ASM suppliers.

RECYCLED GOLD AND SILVER

Recycled gold and silver refers to metal that has been previously refined. This term traditionally encompasses anything that is gold-bearing and has not come directly from a mine (the first stage of the gold life cycle). In practical terms, recyclable material includes end-user, post-consumer products, scrap and waste metals, and materials arising during refining and product manufacturing, and investment gold and gold-bearing products.

This category may also include fully refined gold that has been fabricated into grain, Good Delivery bars, medallions and coins that have previously been sold by a refiner to a manufacturer, bank or consumer market, and that may thereafter need to be returned to a refiner to reclaim their financial value, or for transformation into other products (e.g. 1 kilo bars).

Recycled material can be strategically important for the industry. This is due to the increasing trend of downstream companies announcing decisions to only accept recycled material in an effort to address their environmental commitments.

Recycled gold due diligence may vary significantly over the wide range of suppliers and materials that are commonly received and processed. This is because the risk of illegality or wrongdoing will be very different supplier by supplier, material by material, and by type and form, value and area of origin.

For example, the risk of possible wrongdoing associated with scrap electronic circuit boards is less than the risk associated with scrap bullion jewellery, because the circuit boards have much greater bulk, have more traceability, require much more extensive processing and have a significantly limited market. Also, the purity of electronic scrap is very much lower than that of jewellery. Therefore, an attempt to mix contraband or conflict gold into the process would not only be detected but it would also greatly disrupt the processing of this material. Geography also plays a part: for example, the risk of conflict bullion being mixed with scrap bullion jewellery collected in Kansas City is different to the risk if that scrap bullion jewellery was collected in Kinshasa. Each source of material must be assessed for its local risk characteristics.

13. THE RESPONSIBLE SOURCING Ecosystem

Although LBMA administers the Good Delivery system, ultimately, the responsibility to ensure gold/silver is ethically sourced is shared across the entire industry and with the authorities in the relevant jurisdictions. This means that LBMA's Responsible Sourcing Programme (Programme) is part of a wider ecosystem that has four key components.

1

Industry due diligence programmes seek to raise standards throughout the supply chain, whether at the mining, refining or retailing level. Their administrators, including LBMA, can enforce those standards should non-conformances be identified. The commercial and reputational power of the Programme helps to ensure their development and influence. Any Good Delivery List (GDL) refiner that loses its accreditation by LBMA cannot sell its gold into major international markets, including Loco London, the largest financial market in the world for precious metals.

Industry programmes have limitations, however, in terms of their legal authority, scope, applicability and supporting resources for enforcement. Hence, additional components are key to the functioning of the wider ecosystem. National authorities, downstream representation and stakeholder engagement are important for ensuring coverage in parts of the supply chain that industry programmes simply cannot reach.

2

National authorities, through regulatory change and law enforcement, provide the ultimate sanctions across the supply chain. Industry programmes can complement and expand these regulations by defining industry best practice and enforcing requirements globally by reaching refiners and supply chain actors outside of the reach of authorities' jurisdictions. LBMA collaborates with willing authorities to implement important recommendations in international bullion to help raise global standards.

4

Other stakeholders are key to providing support and feedback to all parties in the industry. By identifying and escalating unique issues through investigative research, important support and feedback are gained by all parties in the supply chain.

3

Downstream actors, including banks, electronics and jewellery companies, continue to collaborate with their suppliers to ensure that material is sourced and processed responsibly from beginning to end. Some can exercise significant influence and work with their supply chains to bring about change.

Each of these four components of the ecosystem has its expertise and its limitations

Collaboration, intelligence-sharing and consultation are important to ensure the highest standards of due diligence for Good Delivery List refiners and for the wider precious metals industry.

14. RESIDUAL RISKS

LBMA's Responsible Sourcing Programme (Programme) plays a fundamental role in providing trust and confidence in the global precious metals market. LBMA can effectively remove a refiner from the Good Delivery List (GDL) for Responsible Sourcing failures. Yet, unauthorised material may still potentially find its way into the Good Delivery system. This is the residual risk arising from illegitimate activity.

Residual risk can arise under many circumstances, and mainly through the secondary/recycled material market.

Examples include:

- The inability to identify the ultimate origin of recycled material
- Recycled material – potentially illegitimate – being re-refined by a non-GDL refiner, which is then sent to a GDL refiner
- Fraudulent trading.

In summary, it's clear that there is potential for the origin of some material to be doubtful. The risks are heightened where recycled gold is coming from or through regions where the authorities are not appropriately supervising and enforcing due diligence requirements. For example, the risk of fraud can only effectively be addressed with support from national authorities and crime prevention units that have the powers to investigate and impose appropriate criminal sanctions to deter such practices.

Furthermore, the industry has seen a number of challenges with regards to Artisanal and Small-Scale Mining (ASM). Over the years, some refiners have disengaged given the high due diligence risks. Proactive engagement undoubtedly does involve risk. At the same time, disengagement with Artisanal and Small-Scale Miners, or aggregators, can have a devastating impact on local communities and economies, far outweighing the reputational or commercial concerns at stake. And gold from such communities may simply be re-routed to support the illegitimate market. There is no shortage of ASM material being produced, yet very little is being processed through the GDL refiners. Where does that material end up?

There isn't a perfect solution. A global effort, amongst all the value chain actors, as well as national authorities, and law and enforcement agencies, is required to continue addressing the outstanding challenges and risks. LBMA is committed to working with all legitimate stakeholders but needs full engagement and co-operation as its own standards can only reach so far.

CREATING DEMAND FOR RESPONSIBLE ASM

There needs to be real downstream demand for responsibly sourced gold from Artisanal and Small-Scale Mining (ASM). If not, it is likely that such gold will support the illegitimate market. Sourcing gold responsibly from artisanal miners should be something that adds to a company's reputation. Currently, the opposite is true and these miners bear the highest costs as a result. While LBMA can help create and grow the supply of responsibly sourced ASM gold, downstream actors and other global stakeholders need to work collectively and urgently to create and sustain demand.

DEALING WITH RECYCLED MATERIAL

Given the challenges in due diligence, LBMA recognises that more needs to be done in order to address such risks, particularly for recycled metal.

This supports LBMA's focus on working with its GDL refiners and the relevant national authorities in the major 'recycled hubs' to call for higher and better standards that can be enforced.

This has resulted in LBMA developing recommendations for International Bullion Centres.

15. PROGRAMME DELIVERABLES

OVERVIEW

LBMA receives an audit report from a Good Delivery List (GDL) refiner for its previous 12 months' production. For example, during 2020, LBMA reviewed audit reports for 2019 production. Audit reports for each year's production are due within three months of the GDL refiner's financial year end.

Mandatory audit deliverables submitted to LBMA:

- | | | |
|---|--|---|
| • Refiner's Compliance Report (Public) | • Independent Assurance Report (Public) | • Management Report (Confidential) |
| • Country of Origin Annex (Confidential) | • Corrective Action Plan (if required) | |

In compliance with the OECD Due Diligence Guidance, Step 5 (reporting on independent third-party audits), refiners are required to submit to LBMA, and make publicly available, the Refiner's Compliance Report and related Independent Assurance Report, in accordance with the ISAE 3000 standard.

LBMA is working on enhancing refiner reporting (Disclosure Guidance) on a phased-in basis beginning in 2022, so as to increase the quality and level of information publicly disclosed. The Disclosure Guidance aims to improve GDL refiner disclosure and reporting practices, seeking greater alignment with the OECD Step 5 requirements on public annual reporting, and more open and robust communication by the industry in general.

Refiner's Compliance Report

GDL refiners are required to publicly report on their compliance for activities over a 12-month reporting period in the Refiner's Compliance Report, with appropriate regard for security, proprietary information and the legal rights of the other supply chain actors.

The Compliance Report should include a conclusion statement on overall compliance and state any non-compliance (other than low-risk deviations from conformance) that may have been identified during the audit process. The descriptions of the activities and conclusions contained within the Compliance Report are the subject of independent assurance.

Independent Assurance Report

The Independent Assurance Report is prepared by the third-party auditor and discloses details of the assurance engagement and the assurance conclusion.

The auditor may include an Emphasis of Matter paragraph to draw attention to the item(s) already disclosed in the Refiner's Compliance Report.

Management Report

The Management Report issued by the auditor is the formal mechanism for communicating observations to the refiner. The Management Report should include details on assurance findings and may also include specific observations with respect to the refiner's Corrective Action Plan and implementation progress.

Country of Origin Annex

The Country of Origin Annex lists the countries of origin and amounts of mined and recycled material received during the audit period, and is independently verified by the third-party auditor. The Annex is confidential and, whilst available to LBMA, is not disclosed publicly. The data is collated and aggregated, and then published.

Corrective Action Plan

A Corrective Action Plan must be submitted if medium-risk or high-risk non-compliances are identified during the audit process. Refiners may also include low-risk non-conformances in the Corrective Action Plan to demonstrate a commitment to continuous improvement. The Corrective Action Plan should be reviewed by the auditor as part of their assurance testing.

RISK CATEGORISATION

The risk categorisation supports the LBMA review of all audit reports.

The risk categories are either objective, subjective or a combination of both. LBMA will use the risk matrix to help with the review of each refiner and the audit reports. It should be noted that various categories will be reviewed together to determine the overall risk profile of the refiner and should not be read in isolation. For example, a refiner's throughput might be low, but the material might be sourced from high-risk jurisdictions and therefore LBMA will determine the refiner to have a high-risk business model.

REFINER RISK CATEGORISATION

LBMA has developed an internal tool to determine the appropriate level of scrutiny.

The rationale behind the risk categories and their rating (low, medium or high) is described below. A high-risk rating or a combination of medium risk ratings will require enhanced scrutiny.

	RISK LEVEL		
	Low	Medium	High
Throughput (t)	10-50	50-100	> 100
Material Type	Industrial by-product; Conversion of London Good Delivery Bar	Scrap; LSM*	ASM**
Geographical Risk	Local	Regional	International
Market Intelligence	No Issues	Minor Issues	Known Issues
Location	As per country risk assessment		
Business model	As per business model assessment***		

*Large-Scale Mining. **Artisanal and Small-Scale Mining. ***This takes into account how a refiner is funded, controlled, owned, etc.

Throughput

Risk increases in line with the amount processed. For example, a large throughput from multiple sources would be riskier than relatively small amounts from a single source.

Material type

Risk increases in line with the amount of due diligence required to determine the origin of the feedstock material. For example, grandfathered stocks from a financial institution would probably require less due diligence than material originating from multiple ASM sites.

Geographical Risk

Risk increases when a refiner sources material from regions that have different characteristics from the region in which the refiner is based, such as legislation, customs (import/export as well as traditions) and even language.

Market Intelligence

If a refiner is acting atypically, market intelligence can reveal riskier behaviour. For example, a refiner that has traditionally only sourced industrial by-products is now attempting to source mined material.

Location

For example, some refiners may be operating in higher-risk jurisdictions such as those with political instability, high crime rates or environmental sensitivities.

Business Model

This is a more subjective risk category, but a refiner may have a higher risk appetite if it relies on a certain input level to maintain viability. There is a finite amount of uncaptured/available material and the global refining industry is very competitive.

COUNTRY RISK CATEGORISATION

LBMA has also developed an internal Country Risk Categorisation based on publicly available sources combined with market intelligence.

	Description	Source
Category 1	Extreme Risk (US, UK, EU and UN sanctions)	Relevant List
Category 2	Dodd-Frank	Section 1502
Category 3	Conflict	Heidelberg Conflict Barometer
Category 4	Known Issues	Market Intelligence
Category 5	No Issues	

It should be noted that the above categorisations are used as guidance and are not definitive or exhaustive.

In the past year, LBMA took additional measures to leave no doubt with Good Delivery List (GDL) refiners on the rules around economic trade sanctions. These included issuing communications on the issue and bolstering the relevant sections in the latest version of the GDL Rule Book.

OUTCOMES

Once an audit review has been completed, the following outcomes are possible:

Pass

After the review, if no issues have been identified and/or all questions have been resolved, then a certificate is issued for the next 12 months.

Zero tolerances

Any zero tolerances may lead to a GDL refiner losing its accreditation. This would mean that the refiner can no longer sell its material into London and/or the global market. A refiner would not be able to reapply for a minimum of five years.

LBMA EXPECTS ALL MEMBERS, ASSOCIATES AND GDL REFINERS TO COMPLY WITH RELEVANT SANCTIONS LISTS, AS SET OUT IN CATEGORY 1 OF LBMA'S COUNTRY RISK CATEGORISATION.

Non-conformances: Corrective Action Plan

It is accepted under the Programme that the annual audit may identify a series of low-risk, medium-risk or high-risk non-conformances, provided the GDL refiner is acting in good faith. This encourages the requirement for continuous improvement, but also recognises changes in the GDL refiner's business model and risk profile. The GDL refiner should address any low-risk deviations from conformance as part of normal business practice and as part of its continuous improvement activities. Low-risk non-conformances should be addressed by the following year's audit.

When there are medium-risk or high-risk non-conformances, the GDL refiner is required to prepare a Corrective Action Plan (CAP). In cases where high-risk non-conformances are identified, relevant follow-up audits are performed within 90 days of a CAP being issued, to confirm to a reasonable assurance level that the GDL refiner has taken adequate corrective actions to address these.

A certificate is only issued after the Corrective Action Plan has been implemented and a satisfactory follow-up audit has been completed.

Zero Tolerance

Non-conformances that put the credibility and integrity of LBMA's GDL system at risk are not tolerated. Any instances of zero-tolerance non-conformances will be reported by the auditor to those charged with governance at the refiner within 24 hours and communicated to the LBMA Chief Executive. The LBMA Executive will review each case in a timely and objective manner, and may remove the refiner concerned from the list of accredited Good Delivery precious metal refiners. Any of the following non-compliances are considered zero tolerances (the following list is non-exhaustive):

- Access is partially or fully denied to the auditor by the refiner;
- Precious metal-bearing material is identified that is associated with armed conflict, serious human rights abuses, financing of terrorism or money laundering;
- The refiner attempts to influence the outcome of the assessment through unethical means;
- Evidence is found that documentation has been falsified by the refiner, or with the knowledge and acceptance of the refiner, by any actor in the refiner's precious metals supply chain;
- The refiner fails to comply with local laws and regulations, or Environmental, Social and Governance (ESG) responsibilities;
- The refiner deliberately misrepresents facts through deception, coercion or interference, or
- Any other action or absence thereof by the refiner putting at risk the credibility or integrity of LBMA's system.

Special Audit

A Special Audit has a very specific focus and helps to provide a second opinion to confirm the GDL refiner's compliance with LBMA's Responsible Sourcing Programme during the reporting period. It can arise out of:

- Queries resulting from Country of Origin data reported confidentially to LBMA;
- Media allegations;
- Whistleblowing;
- Part of an Incident Review Process.

Under a Special Audit, LBMA selects the auditor, who is independent of the original auditor. LBMA required one GDL refiner to undergo Special Audits after its 2019 audits: one GDL refiner in Australia (see case study one).

Mutual Recognition

LBMA recognises the importance of harmonising supply chain standards, and interoperability is key for supply chain due diligence schemes.

For this reason, LBMA considers GDL refiners' accreditation by certain industry schemes as evidence of their compliance with the Programme. While compliance with these external schemes does not provide automatic compliance with the Programme, the interoperable elements of the schemes ensure that refiners' efforts are not duplicated unnecessarily.

These industry schemes and standards include:

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, including the Supplement on Precious Metal;
- Responsible Minerals Initiative, in particular the Responsible Minerals Assurance Process (RMAP);
- Responsible Jewellery Council, in particular the Chain of Custody Standard;
- World Gold Council, Conflict-Free Gold Standard, in particular the Management Statement of Conformance Documentation that precious metal-mining companies can provide to refiners;
- Fairtrade and Fairmined Standard for Precious Metal from Artisanal and Small-Scale Mining, including Associated Precious Metals.

In addition to recognising GDL refiners' efforts to comply with alternative due diligence schemes, LBMA works with these industry bodies to exchange market intelligence, Programme development suggestions and best practice considerations.

LBMA also works closely with the World Gold Council (WGC) on ensuring a smooth interface between the Programme and the WGC Responsible Gold Mining Principles (RGMPs), which provide a comprehensive framework of the key Environmental, Social and Governance (ESG) issues across the mine life cycle.

16. AUDITOR REQUIREMENTS

OVERVIEW

LBMA's Responsible Sourcing Programme (Programme) is only as good as the audit process and the auditors themselves. Ongoing review and enforcement of LBMA's Approved Auditor requirements are important elements for the credibility of the Programme. LBMA engages with auditors through training sessions, webinars and robust quality control.

QUALITY CONTROL

LBMA's ongoing scrutiny helps ensure that Approved Auditors meet the stringent standards expected of them as set out in the Responsible Sourcing: Third-Party Audit Guidance (Audit Guidance).

The OECD Due Diligence Guidance mandates the auditor as the party responsible for checking that the GDL refiner is applying the right level of due diligence required for a counterparty, rather than the industry programme provider such as LBMA.

The auditor's procedures are based on the output of their planning and risk assessment of the business model and the risk profile of the GDL refiner, which is unique for each engagement. LBMA puts significant efforts into reviewing the audit reports received, and will often challenge an auditor and ask for more information based on this scrutiny. In certain circumstances, LBMA will engage with the auditor to draw their attention to information learned about potential risks associated with a refiner's supply chain.

The Audit Guidance notes, under Auditor Qualification, that the auditor (also referred to as the Approved Service Provider) must be able to fulfil include the following requirements:

Independence

The service provider must have complete financial and other independence from the GDL refiner. In particular, the auditing body shall not provide services for the GDL refiner related to the design, establishment or implementation of the GDL refiner's precious metals supply chain practice for a period of at least 24 months prior to the engagement.

Institutional capacity

The service provider must have adequate organisational capacities including:

1

A robust system of quality control, including at least the minimum requirements for independence, conflicts of interest, ethics and audit quality control reviews to be followed.

2

The capacity to process appeals and/or handle complaints.

In addition, auditors are required to detail in the Auditor Application Form their quality assurance and conflicts of interest policies, and explain how they comply with the various core principles, which include ethical conduct, due professional care, independence and integrity. Where any of these aspects come under disrepute, the auditor is removed from the Approved Service Providers List. In such circumstances, another audit can also be requested.

17. WHISTLEBLOWING AND Incident Review Process Procedures

It is vital that Good Delivery List (GDL) refiners develop and publicise a mechanism allowing any employee or external stakeholder to anonymously voice concerns about the precious metals supply chain. LBMA encourages stakeholders, including GDL refiners and their employees, third-party service providers, members of civil society, affected communities and other interested parties (GDL stakeholders), to anonymously report information against an organisation in the GDL supply chain.

WHISTLEBLOWING PROCEDURE

LBMA's Whistleblowing Policy enables GDL stakeholders to report illegal activities, wrongdoing or malpractice occurring throughout the GDL supply chain.

However, where GDL stakeholders are directly affected by the matter in question, or where GDL stakeholders feel victimised for escalating the concern, the matter may be raised to LBMA confidentially under the whistleblowing process, anonymously.

Stakeholders also have the option of filing a case with the Mineral Grievance Process (MGP), an online cross-industry platform to screen and address grievances linked to smelters and refiners present in global supply chains. The MGP is a collaboration between LBMA, the Responsible Minerals Initiative (RMI) and the Responsible Jewelry Council (RJC).

The purpose of the platform is to create a connected and efficient grievance review system that benefits a wide range of stakeholders and builds on existing relationships and mechanisms. The platform aggregates grievances associated with in-scope supply chains, provides a forum for supply chain actors to address these grievances, and provides a log of grievances that have been received and addressed for transparency and stakeholder communication. For more information, or to submit a grievance, please visit the [Mineral Grievance Platform](#).

INCIDENT REVIEW PROCESS

The Incident Review Process (IRP) is invoked in response to serious and credible incidents of a reputational nature. Information can come from a variety of sources, including but not limited to trade associations, law enforcement or media agencies, non-governmental organisations and market intelligence.

An IRP comprises 11 steps for LBMA to take in response to any incidents.



Refiners and Members can raise concerns about the process directly with LBMA. Complaints must be made in writing and be accompanied by supporting evidence. The Responsible Sourcing Manager will first review the details of the complaint and escalate the case to senior LBMA leadership and the Compliance Panel.

Led by the General Counsel, the process is designed to ensure a thorough and fair review of refiners' activities and involves follow-up communications with the auditor, refiner and any other relevant stakeholder related to the incident.

All GDL refiners are monitored continuously; therefore, the IRP is an effective tool to address issues that arise between the annual audits. During an IRP, LBMA will seek corroboration wherever possible; however, due to the sensitivities involved, LBMA may keep the information received under the process confidential.

Each step within the IRP is a high priority for LBMA. Upon receipt of information indicating any incident that may impact the credibility of the Good Delivery List and the wider precious metals market, the Compliance Panel reviews

whether to instigate the IRP. The refiner, as well as LBMA's Physical Committee and London Precious Metals Clearing Limited (LPMCL), will then be notified of the identified issue before LBMA publicly notifies the market via its website. LBMA may also contact pre-identified stakeholders, NGOs, press contacts and downstream market participants to help with the review.

LBMA will urge the refiner to demonstrate transparency on the allegations reported, publicly. LBMA requests the refiner to disclose the challenges and identified risks, and how those risks have been mitigated, as well as what further action the refiner is taking. All refiners are obligated to co-operate fully with the investigative process.

Following these initial communications, LBMA will undertake another thorough review of the refiner's audit report, contextualised by the alleged incident. LBMA will then communicate closely with the refiner and the

auditor as part of an extensive information-gathering exercise to determine whether there is any evidence of the issues raised. Should it be required, LBMA will engage external counsel to advise on any legal implications raised by the incident.

Given that the process involves numerous stakeholders to verify the information (including those within LBMA's Responsible Sourcing, Good Delivery, and Membership teams), it is difficult to conclude an average lifespan of each incident reviewed under the IRP. However, it must be viewed as an iterative process, particularly in situations where new information is produced or a situation escalates. In this scenario, LBMA may revisit an IRP to ensure that the issues identified are reviewed prudently.

The outcome of an IRP can involve a refiner being suspended or removed from the Good Delivery List. Other outcomes include an independent auditor developing a Corrective Action Plan for the refiner's future activities or a re-audit of the refiner's activities that were originally reviewed.

Once an outcome has been agreed, LBMA will mirror its earlier communications strategy to ensure all relevant parties are informed of the decision made. Due to the consideration of confidential commercial information during the adjudication stage, LBMA does not publicly disclose the comprehensive IRP report.

IRP SUPPORTS the review of issues in between Audit Reports

ENFORCEMENT

The ultimate sanction that LBMA can impose is to move the refiner to the Former List.

The Former List includes GDL refiners whose bars are no longer accepted as Good Delivery by the London bullion market. For more information on the Former List, please visit the [LBMA website](#).

It is important to note that any bars produced by these refiners prior to their transfer to the Former List on the date given continue to be acceptable as London Good Delivery.

A refiner may also face suspension from the GDL in instances where serious breaches of the RGG have been raised and an IRP has been initiated. In these instances, the refiner will be prevented from trading on the London Market and the suspension will last until an investigation makes its final adjudication. If a refiner is cleared of any wrongdoing, or satisfactorily completes any Corrective Action Plan, the suspension will be lifted.

APPENDICES

Appendix 1: Data Supporting the Gold and Silver Flows

Detailed Country of Origin data is broken down by individual countries and type of material.

Country of Destination information is broken down to individual countries when there are four or more refiners in one country. **47**

Appendix 2: Useful Links

Links referenced throughout this report. **49**



Appendix 1

GOLD COUNTRY OF ORIGIN

AND COUNTRY OF DESTINATION MATRIX

The unit of measure for data in this table is kgs except for the Totals in the final three columns where the unit of measure is tonnes

	CHINA		GERMANY		JAPAN		RUSSIA		SWITZERLAND		ASIA & AUSTRALIA		EUROPE & AFRICA		AMERICAS		TOTAL (Tonnes)					
	LSM	RECYCLED	LSM	RECYCLED	LSM	RECYCLED	LSM	RECYCLED	ASM	LSM	RECYCLED	ASM	LSM	RECYCLED	ASM	LSM	RECYCLED	ASM				
AFRICA TOTAL		6534		1	22			20	10	1415	171122	56440		1156	221046	10847	17769	3	465	74		
Botswana											1414					357			1			
Burkina Faso											36571		14700			1			51			
Cameroon											79					1						
DRC												7023		25065		4	15174		25	7		
Egypt										1415									15			
Ethiopia																		1				
Gabon		1482																		1		
Ghana											52122		17671		24897	88			95			
Guinea											2050		3176		7610				13			
Ivory Coast											13318		1910		8741	1			24			
Kenya											45				233	15						
Liberia											3260								3			
Mali											30458		3136		26178				60			
Mauritania											12130				421				13			
Morocco			1								225		62		38							
Namibia														7389					7			
Senegal										13136			1026		1				14			
South Africa		5052			22			20	10		49417				94465	10327	2116		97	65		
Sudan											5714				874				1			
Tanzania													12880		20935				40			
Togo															2							
Tunisia															2							
Zambia																						
Zimbabwe														1224		58			1			
EAST ASIA TOTAL	235207	470512		65	5881	169657			6148	7514	58703		43510	1156	3435	8		1	3	749		
China	235166	335300				125					700		1190			482		5727	6	249		
Hong Kong		109552									43903		22158			189				235		
Japan	41	15497			5881	167160					14100		19587			89		5727		176		
Macao		98																	6	222		
Mongolia									6148	7514												
Taiwan		10066		65		2372							575			172		6	8	13		
EURASIA TOTAL				2			2	1909		10050	5982		75243		3811	10	361		85	12		
Armenia								1900											5	2		
Azerbaijan										3811									4			
Georgia				2						1439									1			
Kazakhstan							2	8			1762		40768		814	10	109		41	3		
Kyrgyzstan								1					18804		2945				19	3		
Tajikistan											4220									4		
Uzbekistan													15670		18		252		16			
MIDDLE EAST TOTAL		212		18						6502	310329		10083	48990		15	1811		17	361		
Bahrain											30											
Israel				6							20					16						
Jordan											280					44						
Kuwait																1						
Lebanon											16293					3				16		
Oman										19												
Saudi Arabia										6483									13	1		
Turkey											4523		6480		3603	47696			4	54		
UAE		212		12							289183					185				290		
SOUTH & SOUTH EAST ASIA TOTAL	6182	50735		634		2407				8603	159022	39	14018	143574		1	1111	66	29	357		
Cambodia											1400					599				2		
India																19080				19		
Indonesia		759				39					12960		8906				341	37		69		
Korea, Republic of		531				51					725		199			55377			9	69		
Laos	695									890						2190		29		4		
Malaysia		20				639					3279		1449			199			4	4		
Pakistan																						
Philippines	5487	31108				385				7713		39	1273		5				14	32		
Singapore		11475				109					14312				5610		1			32		
Sri Lanka																3						
Thailand		6842		634		1022					96093				60253					165		
Vietnam						163					30253					83				30		
EUROPE TOTAL	5324	8515	2171	78119	538	1081	286350	35279		7131	514817	117	2931		6880	178419		5791	309	825		
Austria				4840							777					210				6		
Belarus				3				15			311					24						
Belgium				499							30266					4532				32		
Bosnia and Herzegovina																2						
Bulgaria			1436	25	8								117	257			284		2	1		
Croatia				8													406					
Cyprus										36												
Czech Republic				17							147					89						
Denmark		41		559												125				1		
Estonia											160			675						1		
Finland				199							51					70			6			
France				8087						6017	61905				443	19437				89		
Germany	1			47965				17			49364			94		4290				102		
Greece				19																		
Hungary				54												14						
Iceland				4												2						
Ireland				28							13											
Italy				968							15480						115084			132		
Latvia																7						
Liechtenstein				2							197											
Lithuania				6												77						
Luxembourg				65							129											
Malta																	15					
Monaco				1																		
Netherlands				4565		1081					3					2470				8		
Norway				26							1486					51				2		
Poland				1939							31					78				2		
Portugal				809													2346			3		
Romania				67							1206				97		108			1		
Russia	5323						286350	35247			706					683			292	37		
San Marino																						
Serbia											187			84								
Slovakia				459												359						
Slovenia				11												5						
Spain				31		530				420	3537					15766			1	19		
Sweden			734	1027						658	200			17	5899		421		7	2		
Switzerland		4867		3666							294239			1707		4188				309		
Ukraine											823					4				1		
United Kingdom		3607		2168							53599					10581		5791		76		
AMERICAS TOTAL	37822	2326		926	1314	4	155	69	12882	183632	47749		58452	319	73	14873	25509	479059	155306	13	775	232
Argentina										32471	100		4754			18	27	9581			47	
Bolivia										100						548	122	905			2	
Brazil					154				17	12831	5638		1130	315		1957	872	43358	332		59	7
Canada	36584	2050		107						9550	10		270			95						

The unit of measure for data in this table is kgs except for the Totals in the final three columns where the unit of measure is tonnes

Responsible Sourcing REPORT 2021 | 4

Appendix 2

Useful Links

Auditor Documentation and Approved List of Auditors

<http://www.lbma.org.uk/auditors>

Global Precious Metals Code

<http://www.lbma.org.uk/global-precious-metals-code>

Good Delivery Lists

<http://www.lbma.org.uk/good-delivery-list>

Good Delivery Rules

<http://www.lbma.org.uk/good-delivery-rules>

International Bullion Centres Recommendations

<https://www.lbma.org.uk/articles/international-bullion-centres-recommendations>

Responsible Sourcing Programme and Guidance Documents

<http://www.lbma.org.uk/guidance-documents>