

LBMA & DEVELOPMENTS IN THE PRECIOUS METALS SECTOR



EC-IPMI Lisbon

Neil Harby, Chief Technical Officer

November 2022

WHO WE ARE

Independent Authority for Precious Metals



**Advancing
Standards for
the Common
Good of the
Global Industry**



Standards

- Good Delivery
 - Metal Quality
- Global Precious Metals Code
 - Business Conduct
- Responsible Sourcing



Market Solutions

- Problem Solving
- Market Infrastructure
- Tools & Training
- Education



**Voice and
Champion
of the Market**

Principal contact
for regulators, media,
industry and clients

OUR MISSION IS TO ENSURE THE HIGHEST LEVELS OF



Leadership



Integrity



Transparency

for the global precious metals industry by advancing standards and developing market solutions

ADVANCING GLOBAL STANDARDS



Good Delivery
Metal Quality



**Global Precious
Metals Code**
Business Conduct



**Responsible
Sourcing**
Ethical Sourcing

MARKET CONSULTATIONS

Make your voice heard!



LBMA Membership

Does the strategy make sense?

Does it support your global precious metals business?



Good Delivery List Rules

What are your views around the minimum GDL criteria?

How do you think the Rules should change?



Global Precious Metals Code

Remote Working,
Diversity, Settlement &
ESG Addressed

Central Banks
encouraged to attest



Gold Bar Integrity

Industry wide effort to increase transparency, accessibility and fungibility of gold

Join the global Taxonomy work

GD RULES CONSULTATION

Three Key Areas



Good Delivery Application Non-Technical Criteria

Are the current criteria still fit for purpose:

1. Gold – 10 tonnes minimum refined production; and Silver – 50 tonnes minimum refined production
2. £15 million TNW
3. 5 years Operational Period and; 3 years prior at threshold



Listing of By-Product Below Current Threshold

Refiners not receiving recognition for all the work they are doing to maintain standards for non-Listed metals

Allows existing GD refiners to be Listed for a second, by-product metal, despite annual production being below minimum tonnage requirement



ESG/Provenance Bar Listing

All Good Delivery bars are currently meeting ESG requirements as part of the Responsible Gold Guidance v9

This will allow refiners looking to make additional claims & provide additional transparency and provenance information to apply for an additional GD Listing

GLOBAL PRECIOUS METALS CODE V2

Public Consultation & December Launch



The Code first published in May 2017 sets out the standards and best practice expected from market participants in the global precious metals market. During the course of 2022 the Code has been reviewed by the GPMC Working Group, consisting of over 30 individuals representing **different sectors of the precious metal industry**, with a view to ensuring that it maintains relevance to developments in the market.



In addition to reviewing and enhancing the existing content the working group considered the following topics: **Working from Home, Diversity and Inclusion, Physical Settlement Risks and Environmental, Social and Governance Criteria**



The Code now makes reference to the following: **Financial Markets Standards Board (FMSB) papers and spotlight reviews, Responsible Gold and Responsible Silver Guidance, Conflict Mineral Regulation**

RESPONSIBLE SOURCING

Collective Actions

Sustainability

Gold Industry Declaration



To bring the industry together in demonstrating commitment to **promoting responsible and sustainable business practices**

Responsible Sourcing

Sustainability & RS Report



To **increase transparency** on the LBMA's work and **call for multi-stakeholder support** on outstanding challenges

Artisanal Mining

ASM Feasibility Study



To explore how the industry can work together to **encourage the inclusion of ASM gold production** into mainstream supply lines

SUSTAINABILITY










Gold Industry Declaration of Responsibility & Sustainability Principles

- The Declaration is a broad statement of awareness and intent, which aims to draw the sector together and set it on a common path.
- The intention is to allow market participants to publicly demonstrate their commitment to promoting responsible and sustainable business practices, with positive social and environmental outcomes, in co-ordination and collaboration with the wider sector.





DECLARATION PRINCIPLES

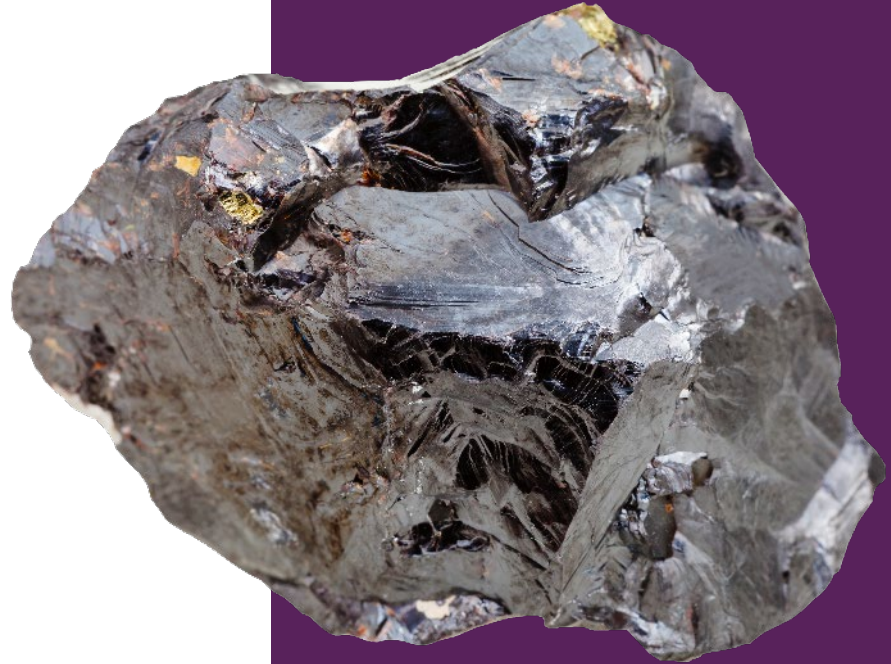
-  **Responsible Sourcing Standards**
-  **UN Sustainable Development Goals (SDGs)**
-  **Indigenous Peoples and Other Potentially Vulnerable Populations**
-  **Promoting Diversity, Equity, and Inclusion**
-  **Respecting Human Rights**
UN Guiding Principles for Business & Human Rights & International Labour Organisation
-  **Reporting on Progress**
-  **Responsible Artisanal and Small-Scale Gold Mining (ASGM)**
-  **Greenhouse Gas Emissions**
Paris Agreement.
-  **Industry-wide Participation and Collaboration**
-  **Reporting its Positions on Climate Change**
Task Force on Climate-Related Financial Disclosures (TCFD).

GOLD BAR INTEGRITY (GBI)

The aim is to increase transparency, accessibility and fungibility of gold across the industry.

This includes **gold supply integrity, provenance and chain of custody** throughout the entire value chain (from rock to ring), spanning **all products**

The goal is to have a **standards-based open market model** that allows the industry to adopt different technology solutions for the security feature, under LBMA guidance



ENTIRE GLOBAL VALUE CHAIN

Over 30 Market participants from rock to ring



 ASAHI REFINING

aura
360° MINING

BARRICK

BRINKS

 CME Group

Degussa 


HELVETICOR

 HUMMINGBIRD
RESOURCES

 LOOMIS

 MKS PAMP
GROUP

METALOR®

 NEWCREST
MINING LIMITED

Newmont™


THE
PERTH MINT
AUSTRALIA

pro aurum
Edelmetalle. Münzen. Barren.


RAND REFINERY



we are one
**Sibanye
Stillwater**

umicore 



valcambi
suisse

Argor Heraeus SA, Asahi, Aura Minerals Inc., Barrick Gold Corporation, Brinks, Centerra Gold Inc., CME Group, Degussa, Helvetitor, Hummingbird Resources Plc, Loomis, MKS PAMP, Metalor, Newcrest Mining Limited, Newmont Corporation, Perth Mint, Pro Aurum, Rand Refinery, Royal Canadian Mint, Sibanye Stillwater Limited, Sharps Pixley, Standard Chartered, Umicore, Valcambi

DIGITAL GLOBAL ECOSYSTEM - PILOT

Pilot will allow those taking part to:

- **Test Vendor systems** to better understand the technology and the associated benefits
- **Work through** various **Use Case Scenarios**, including from mine to vault
- **Identify challenges** and determine if these can be addressed
- Provide **feedback on mandatory data fields**
- Understand the **data accessibility** (confidentiality, data protection)

The outcome of the Pilot will help determine next steps on the global adoption of the ecosystem.



GOLD INTEGRITY PILOT NEXT STEPS

To advance development, the proposed next steps are:



Pilots

Pilots took place:
Two Service Providers
Over 30 market participants
13 locations
16 test cases

COMPLETED: May - July



Lessons Learnt

Useful to understand the technology
& uses for the precious metals
supply chain

Showcased the platforms digitalizing
the value chain

Showcased the integration of
provenance data & traceability of
chain of custody

Tested the handling of edge cases
and bulk uploading of material/ bars



Next Steps

Some participants are testing
'real world' scenarios

LBMA & WGC will work to
establish governance and
industry consultation for a
standard taxonomy, dispute
resolution process, and
developing best practice



LBMA

SUPPORT NEEDED FOR ASM COMMUNITIES

- From 2019 to 2020, there was a 27% drop in the Artisanal & Small Scale Mined gold sourced by GDL refiners
- An estimated 40 million people around the world depend on ASM for their livelihood
- Industry needs a collective approach

Source: LBMA, IISD

COUNTRY OF ORIGIN DATA

Aggregated dataset: from the country of origin, where GDL Refiners source their feedstock, to the country/region of destination, where the material is refined.

2020

Gold Data

ASM – 16t (0.3%)

LSM – 2,467t (44%)

Recycled – 3,100t (56%)

2019

Gold Data

ASM – 22t (0.4%)

LSM – 2,270t (46%)

Recycled – 2,646t (54%)

2018

Gold Data

ASM – 26t (0.5%)

LSM – 2,127t (44%)

Recycled – 2,683t (55%)

Source: LBMA

LBMA RESPONSE

to ASM feasibility Study recommendations

1

Develop a Strategic Plan to address Recommendations

Set up Task Force to develop Plan and determine:

- Necessary regulatory regime
- Steps to support better ASM/LSM co-operation
- Criteria to enable GDL refiners to source ASM gold from Intermediate Refiners

2

Communicate & Deliver on Plan

Effective engagement with producer governments

Strengthen engagement with downstream

3

Creating Responsible ASM Demand & Build Global Awareness

Identify the right stakeholders to create responsible ASM demand

Determine ways to support progressive improvements for ASM sourcing

Develop plan and execute (this includes training and education)

ADVANCING ETHICAL SOURCING STANDARDS

LBMA Responsible Sourcing Programme



Mandatory for ALL
LBMA Good Delivery
List Refiners



Annual Independent
Auditing and Public
Reporting



Building Global
Demand for
Responsible Sourcing

RESPONSIBLE GOLD GUIDANCE, VERSION 9



The responsible sourcing of **recycled gold**: clarity on due diligence expectations



The **elimination of cash** transactions except for ASM where transactions will require approvals



Provision of support for **responsible ASM** measures to create economic & development opportunities



Clarity on **Origin of material**. Integrated approach to risk assessment & strengthened due diligence process



Further detail on **ESG risk assessment**



Risk mitigation requirements clarified & aligned with OECD due diligence guidance



Auditor independence & **audit quality**: rotation of auditors every 10 years & annual assurance checks



Mandatory conformance with **Disclosure guidance** to promote better reporting practices

INTERNATIONAL BULLION CENTRES

Building leverage to eliminate gold laundering



Engagement with the Centres

Since the launch in November 2020, **LBMA has had good and ongoing engagement** with the International Bullion Centres. Across the different Centres, LBMA has met with a variety of governmental and industry bodies.



OECD Intergovernmental Meeting

The OECD hosted a **follow-up Intergovernmental Meeting** for the Centres in January to promote information sharing amongst the group and gather updates on the progress made over the previous year

The Centres remain committed to continuing working together to improve responsible sourcing standards.



Financial Action Task Force (FATF)

Since the start of the IBC work, **LBMA has had increased dialogue with FATF**. LBMA provided a response to the FATF report on Money Laundering from Environmental Crimes which was made public in July 2021.



Update

LBMA are engaging 121 with the IBCs to understand their challenges & progress in adopting the **OECD Guidelines**.

The goal is for LBMA to have a better-informed conversation with each IBC, and identify how to **work together to address remaining challenges**.

THE FUTURE FOR LBMA & RESPONSIBLE SOURCING



**International
Bullion Centres**



**Broaden
sustainability agenda**



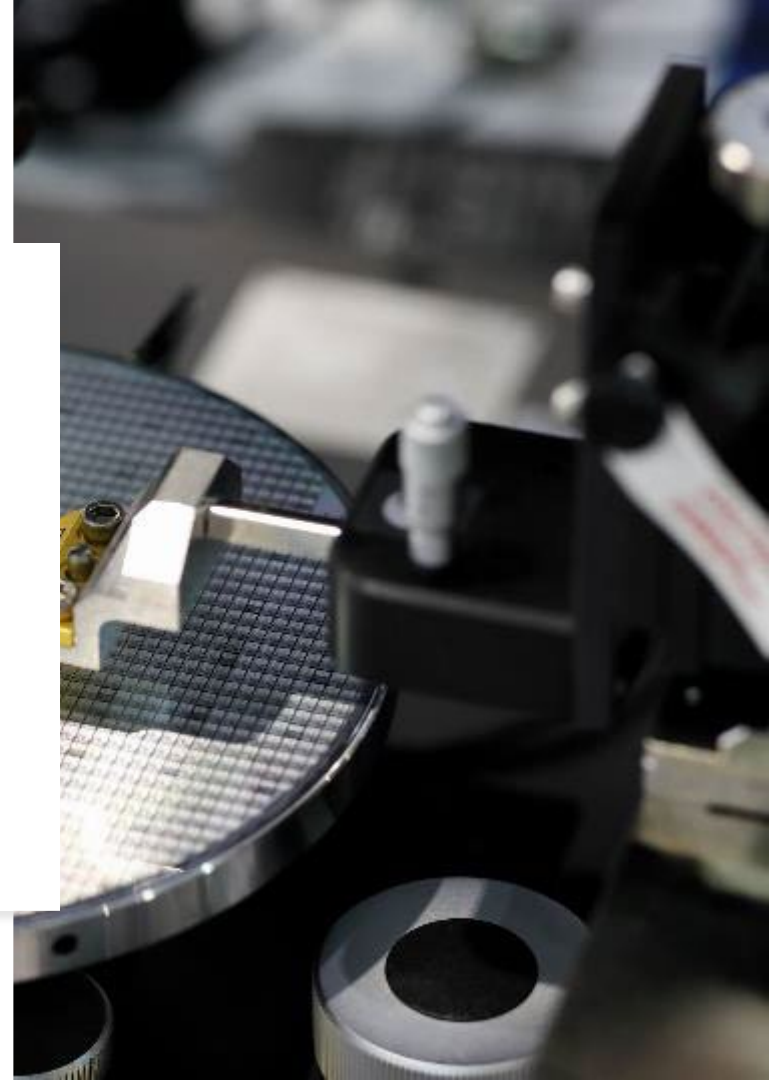
**Responsible
ASM**



**Increased engagement
with the
upstream/downstream**



**Advancing the Audit
Programme**







EU CONFLICT MINERALS REGULATION



This Regulation applies to:

IMPORTERS

Anyone importing gold into the EU over 100kgs.

This includes dore, bars, & coins.

REFINERS

LBMA Good Delivery Refiners already reporting through annual Responsible Gold Guidance.

OWNERS OF DUE DILIGENCE SCHEMES

LBMA Responsible Sourcing Programme will apply for EU recognition.

Who Is affected

- All EU importers (refiners, mints, banks, traders, retailers etc.)
- Non EU suppliers who need to prove to EU importers they source responsibly.

HOW CAN LBMA HELP?

ONGOING

- Refiners - LBMA already applying for Responsible Sourcing Audit to be formally recognised.
- Commercial Bullion Banks – LBMA developing management systems, audit & reporting.
- Central Banks – LBMA updating them and keeping them appraised of bullion bank standard
- Large Scale Miners – LBMA developing further industry cross recognition to assist with audit fatigue.

POTENTIAL SUPPORT

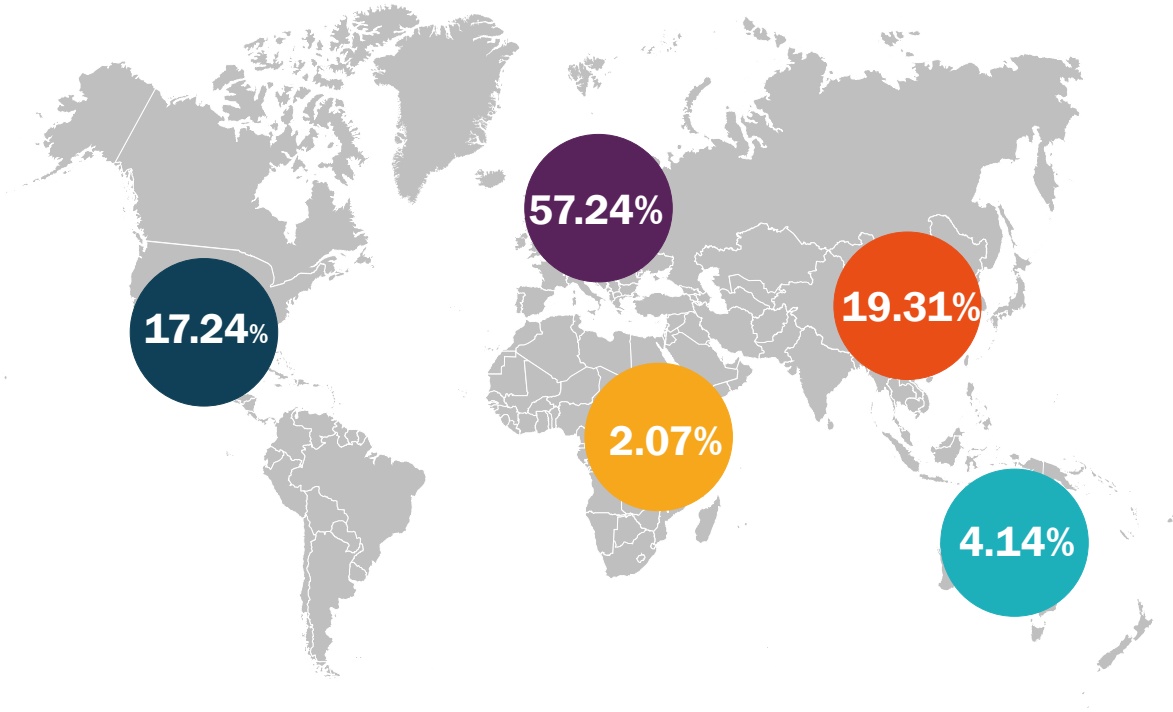
- Mints – LBMA could help develop industry standard for management systems, audit & reporting.
- Other Importers - LBMA could help develop industry standard for management systems, audit & reporting.

LOBBYING

- LBMA applying for EU programme recognition.
- ALL actors should support this during upcoming Member State implementations

JOIN US!

A global membership



Membership of the LBMA provides companies with an assurance that they are part of a credible and internationally renowned and respected trade association

Members have a seat at the table to contribute to the future direction of the precious metals industry.

Access to in-house expertise and advice on a range of compliance and regulatory issues.

A range of complimentary events and discounts to expand your network.

If you are interested in becoming a Member of the LBMA, please email: Membership@lbma.org.uk

UPCOMING EVENTS AND ENGAGEMENT

A chance to grow your network

01

Member Events

Seminar & Annual Dinner,
7 December 2022
Natural History Museum, London

LBMA Assaying & Refining Conference,
12 - 15 March 2023
Hilton Tower Bridge, London

02

Global Events

Global Precious Metals Conference
15-17 October, 2023
W Hotel, Barcelona

Regular Webinars
Monthly

03

Professional Training Courses

**New Responsible Sourcing 101
Launched**

Vault Training

E-learning resources and
assessment tools to help raise
standards for vault operators
around the world

An Introduction to Loco London
Definitive primer for any investor or
institution looking to take part in
the global precious metals market.

How to Use Loco London
This one day course offers a
deeper dive into the products
traded on a daily basis.

SAVE THE DATE!

GLOBAL PRECIOUS METALS CONFERENCE 2023

15-17 October

Conference@lbma.org.uk
www.lbma.org.uk/events

BARCELONA 2023



LBMA



LONDON
PLATINUM &
PALLADIUM
MARKET





ASSAYING AND REFINING CONFERENCE 2023

Sunday 12 - Wednesday 15 March
Hilton London Tower Bridge, London, UK

- Meet leading industry figures and specialists
- Comprehensive programme, technical sessions and expert speakers
- Exceptional networking opportunities

Interested in Sponsoring or Exhibiting?
Enquire now by emailing
events@lbma.org.uk

**REGISTRATION
IS NOW OPEN**

**DON'T MISS
OUT, BOOK
YOUR PLACE
TODAY**

OPEN DISCUSSION

Questions? Comments?





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THANK YOU



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