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Multilateral Trade and Sustainable Development Policy, Green Deal, Conflict Minerals

# **Assessment for recognition of the supply chain due diligence scheme ‘Responsible Gold Guidance’ owned by the London Bullion Market Association (LBMA) under Regulation (EU) 2017/821**

## ***FINAL REPORT***

**February 2025**

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## **ACRONYMS AND DEFINITIONS**

**3TG:** tin, tungsten, tantalum, and gold

**ASM:** Artisanal and small-scale mining

**CAHRA:** Conflict-affected and high-risk area

**EU:** European Union

**LBMA:** London Bullion Market Association

**OECD:** Organisation for Economic Cooperation and Development

**OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas:** The OECD Due Diligence Guidance provides detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices.

**RGG:** The LBMA's Responsible Gold Guidance

**Shadow audit:** Observations by the Commission's evaluator of the activities of an auditor who is auditing a company against the requirements of the scheme.

## **SUMMARY**

In 2012 the LBMA developed the RGG for gold refiners seeking to be admitted to the LBMA's Good Delivery List. The RGG was developed to align with the requirements of the OECD Due Diligence Guidance for Minerals Sourced from High-Risk and Conflict-Affected Areas (the 'OECD Guidance'). Since its creation in 2012, the LBMA's RGG has undergone regular revision as the LBMA has sought to strengthen the scheme. One of the objectives of the RGG is to support companies importing gold into the EU in meeting the requirements of Regulation (EU) 2017/821.

This report assesses whether the Responsible Gold Guidance (RGG) owned by the London Bullion Market Association (LBMA) satisfies the conditions for recognition of equivalence under Regulation (EU) 2017/821<sup>1</sup>, as laid down in Regulation (EU) 2017/821 and Delegated Regulation (EU) 2019/429<sup>2</sup>.

According to Article 8(1) of Regulation (EU) 2017/821, scheme owners may apply to the Commission to have the supply chain due diligence schemes that are developed and overseen by them, recognised by the Commission. In 2019, the LBMA submitted an initial application to the European Commission for the RGG version 8 (RGG v.8) to undergo an alignment assessment for recognition of equivalence under the Regulation. DG TRADE assessed the application based on the requirements set out in Article 3(2) of Delegated Regulation (EU) 2019/429 and considered that the requirements for admissibility were met. Upon completion of the first assessment concluded in January 2023, the LBMA was notified that RGG v.8 was rated as Partially Aligned.

Subsequently, in June 2023 the LBMA submitted a repeat application for the recognition of RGG v.9 (published in November 2021). DG TRADE considered that requirements for admissibility were met based on the requirements set out in Article 3(2) of Delegated Regulation (EU) 2019/429 and declared the repeat application admissible.

Kumi Consulting Ltd was commissioned as external contractor to conduct the alignment assessment and draft the assessment reports. This report provides the findings of the assessment submitted by Kumi Consulting Ltd, which have been reviewed and are supported by the Commission. The Commission determines that the RGG continues to be **partially aligned** to the relevant requirements and **thus does not fulfil the general conditions for recognition of equivalence**.

### **Key strengths of the scheme RGG v.8**

- Effective programme management that includes extensive and proactive engagement with members and internal and external stakeholders, including on identifying risks and seeking risk mitigation solutions

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<sup>1</sup> [Regulation \(EU\) 2017/821](#) of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

<sup>2</sup> [Commission Delegated Regulation \(EU\) 2019/429](#) of 11 January 2019 supplementing Regulation (EU) 2017/821 of the European Parliament and of the Council as regards the methodology and criteria for the assessment and recognition of supply chain due diligence schemes concerning tin, tantalum, tungsten and gold.

- Strong focus on senior management buy-in and engagement with the process and to set up effective management systems.
- Risk-based audit programme that encourages companies to remain engaged, demonstrate and defend their own compliance, and continuously improve.
- Transparent reporting with both company and scheme-level information made readily available to stakeholders.

#### **Key gaps initially identified in the scheme RGG v.8**

- Several criteria in the OECD Guidance gold supplement are only partially included in LBMA policies and standards, particularly related to risk identification and assessments.
- Due diligence on supply chains of recyclable gold needs to be strengthened, both in terms of scheme requirements and refiner and auditor implementation.
- Variability in the effectiveness of audit delivery, either with respect to the technical subject matter expertise and risk awareness of auditors, or in relation to auditors' application of the ISAE3000 audit standard and its risk-based auditing requirements.

#### **Key findings after reviewing RGG v.9**

- Revisions to the RGG made with RGG v.9 have strengthened the standard and addressed many of the gaps with the RGG v.8 standard that were identified in the first assessment.
- At a scheme oversight level, the LBMA has introduced various control mechanisms to strengthen its oversight of LBMA audits, including:
  - Auditor training
  - Shadow audit observations by LBMA staff
  - Processes to identify potential risk areas pre-audit and to inform internal audit quality assurance by LBMA staff
  - Internal governance processes for review and approval of audits of higher-risk refiners
- These measures are welcome. However, they have not been sufficient to ensure that the requirements of the RGG are being implemented adequately. The LBMA's internal control mechanisms, whilst sensibly conceived and designed, were observed to have significant gaps in implementation.
- Significant gaps were identified in the work undertaken by auditors, materially impacting the application of the documented standards of the LBMA's RGG to the due diligence practices of refiners.
- The internal review process for the shadowed audits did not rectify the material gaps that were observed in audit delivery and the auditors' original opinions were ultimately relied on for the approval refiners' adherence to RGG requirements. What should have been seen as major non-conformances with the LBMA system, were not identified as such and did not result in any consequences. The observed deviations from the LBMA's requirements did not, in the end, have any material consequences for either the refiners or audit firms involved.

## **ASSESSMENT CONCLUSION**

### *Summary dashboard*

The table below compares the LBMA's RGG v.9 assessment results against the requirements for a scheme to meet Full Alignment and achieve the recognition of equivalence as set out in Article 4 of Delegated Regulation (EU) 2019/429 supplementing Regulation (EU) 2017/821.

SECTION	REQUIREMENT FOR FULL ALIGNMENT	LBMA ASSESSMENT RESULTS	
<b>A – Overarching due diligence principles</b>	100% of criteria 'Fully Aligned'	<i>Total # of applicable criteria</i>	14
		<i># of 'Fully Aligned' criteria</i>	11
		<i># of 'Partially Aligned' criteria</i>	3
		<i># of 'Not Aligned' criteria</i>	0
		<i>% score</i>	<b>89%</b>
<b>B and C – Overall alignment with the five-step framework</b>	80% or more + no 'Not Aligned' criteria	<i>Total # of applicable criteria</i>	64
		<i># of 'Fully Aligned' criteria</i>	52
		<i># of 'Partially Aligned' criteria</i>	12
		<i># of 'Not Aligned' criteria</i>	0
		<i>% score</i>	<b>91%</b>

*Note: In the OECD Alignment Assessment methodology, a 'partially aligned' criterion is awarded half the score of a 'Fully Aligned' criterion. An explanation of the assessment methodology is provided on page 16.*

Following the completion of this assessment, **the Commission considers that the LBMA scheme is rated overall as 'Partially Aligned'.**

Consequently, the general conditions for recognition of equivalence set out in Article 4 of Delegated Regulation (EU) 2019/429 are not fulfilled.

## Assessment criteria preventing a rating of Fully Aligned

Criterion	Policies and Standards	Implementation
A.8	<p><i>The programme expects that the measures that a company takes to conduct due diligence should be commensurate to the severity and likelihood of the identified risks.</i></p>	<p>The guidance does not explicitly state that risk-based due diligence involves assessing both the likelihood and severity of risks.</p> <p>However, it does call for the application of risk-based due diligence, which implies consideration of these two factors.</p> <p>Additionally, the guidance distinguishes between potential risks, which address the likelihood of an event occurring, and actual risks, which focus on severity.</p> <p>To ensure clarity, it is recommended that this distinction be explicitly addressed in any auditor training programmes.</p> <p>[Fully Aligned]</p>

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country's mechanisms to counter money laundering and terrorist financing.

See also comments in A.9 below, A.11, B.32 and B.33 within the Excel-based Alignment Assessment Tool.

It is important to note that the LBMA has made efforts regarding the gaps raised within the initial implementation assessment. The LBMA has initiated its own shadow audits and management reported that the learnings from this will be incorporated into subsequent training.

Civil society stakeholders interviewed by the evaluator expressed concern about gaps in refiners' due diligence, particularly with regards to when sourcing from intermediate refineries and processors, where risk and likelihood of severity were deemed to not being sufficiently addressed.

The LBMA has outlined in their reapplication that each Approved Service Provider (ASP) must undergo a mandatory 6-hour training and achieve a mark of 70% or higher in the following exam. Assessors have reviewed the training and confirmed that it addresses the gaps noted during the review of RGG v.8 (as recorded in the Alignment Assessment Tool) but in practice very substantive gaps in auditors' understanding of relevant risk factors were still observed.

[Partially Aligned]

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A.9	<i>The programme includes in the definition of red</i>	[Fully Aligned]	The key control measures that the LBMA has established relevant to ensuring the concept of red flags
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*flags  
considerations of  
location of mineral  
origin and transit,  
supplier  
characteristics  
and trade-related  
circumstances.*

considers the location of mineral origin and transit, supplier characteristics and trade-related circumstances are (1) the training that is provided to auditors to raise their awareness and understanding, and (2) the quality control processes the LBMA has established to challenge and oversee audit results:

#### (1) Training

The LBMA has implemented a training programme that includes an exam with a 70% pass mark requirement. If an ASP fails the test, they must undergo a review process that involves enhanced training. In December 2022, ASPs were only given one opportunity to pass the test; otherwise, they would be removed from the list. In order to review progress made “in the field”, the LBMA has launched its own shadow audit programme and management confirmed shadow audits are undertaken periodically throughout the year by LBMA staff.

In addition to this, RGG v.9 includes more detail on KYC processes and types of documentation an auditee is required to gather if high risks have been triggered through location, material or supplier information (as seen in section 2.1 and 2.2 of RGG v.9).

The LBMA has also produced a toolkit that includes documentation to support ASPs to ensure that all engagements consider the correct information, this can be seen in the- draft Assurance Provider toolkit.

#### (2) Quality control

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The LBMA has established a five-step quality control process for audits (explained in Section C. below – criterion C.9) involving pre- and post-audit steps. Whilst the logic of the process appears sound, in practice the system of controls is not working effectively, as evidenced when the evaluator followed the controls process through one of the shadow audits:

- The media ‘crawling’ tool used by the LBMA to identify potential risk areas relevant to a refinery and to inform the pre-audit auditor briefing by LBMA staff did not identify media articles about the shadow auditee sourcing gold from a Articles 4 (1)(a) & 4(2), first indent

(a supply route with potentially significant human rights and bribery and corruption risks), and LBMA staff were not aware of these articles until the evaluator mentioned them. Therefore, the control of pre-audit media screening was not working effectively on this occasion.

- The auditor during this particular shadow audit either did not receive the pre-audit briefing from the LBMA, or paid no attention to it, as no challenge was provided on the level of due diligence done by the shadow auditee on the gold sourced from Articles 4 (1)(a) & 4(2), first indent. Therefore, the control of pre-audit auditor briefing was not working effectively on this occasion.

- The country-risk database used by LBMA staff as a reference to provide an initial indication of whether refiners may have higher risk supply chains by analysing country of origin data and categorising countries as high,

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medium or low risk did not include high-risk sourcing Articles 4 (1)(a) & 4(2), first indent and also did not include other known higher risk countries for gold sourcing Articles 4 (1)(a) & 4(2), first indent. LBMA staff were unable to explain why the country database had so many gaps. Therefore, the control of country risk screening was not working effectively on this occasion.

- As noted in A.8, the refiners' report made clear that Articles 4 (1)(a) & 4(2), first indent, in its view all of its supply chains were low risk, and no enhanced due diligence was warranted. The auditor had given an unreserved reasonable assurance opinion confirming the refiners' report. Therefore, the control of robust, independent challenge by the external auditor was not working effectively on this occasion.

- At the point of the LBMA process viewed by the evaluator, no concerns had been identified by LBMA staff and the audit was due to be submitted to the Compliance Panel. Whilst there was still the possibility for the Compliance Panel to reject the audit, apart from the attention being provided by the evaluator's scrutiny, the process and system of controls had not yielded a single actionable red flag to the LBMA staff that might indicate the audit needed to be rigorously scrutinised. LBMA staff reported that the Compliance Panel have never rejected an audit outright; that no 'special audits' were undertaken in 2023 as a result of concerns identified by a

Compliance Panel review; and that there was only one occasion in 2023 when the Compliance Panel asked an auditor to revisit a refinery which was to check closure of a corrective action (the refiner in question was a silver refiner, not a gold refiner).

There is insufficient evidence that the Compliance Panel was able compensate for weaknesses in all the other control areas listed above, not least as the Compliance Panel relied heavily on the information generated through the preceding stages to inform their review. Although the Compliance Panel review process involved additional questions from the LBMA to the refiner, the evaluator observed that some of the refiners' answers to LBMA questions were not consistent with practices that had been directly observed at the refiner during the audit. The Compliance Panel review process did not, in the end, correct the audit delivery gaps that had been observed, and RGG conformance was awarded based on the original audit opinions without any qualification.

In light of the multiple control failures noted above, which resulted in important red flags not being identified through the audit process, the only reasonable conclusion the evaluator can make is that the system of controls, whilst well intentioned, is not working effectively.

[Partially Aligned]

A.10 *The Programme expects that due diligence activities* [Fully Aligned]

Articles 4 (1)(a) & 4(2), first indent  
 [Redacted]  
 [Redacted]

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*on red-flagged supply chains should involve on-the-ground assessments, to be undertaken by upstream companies. Upstream companies may cooperate through joint initiatives but retain individual responsibility for their due diligence and should ensure that all joint work duly takes into consideration circumstances specific to the individual company.*

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According to RGG v.9, mined gold from ASM sources is considered high risk and site-based due diligence should be undertaken. At one refiner, the auditor challenged the refiner on their due diligence practices and the refiner provided evidence of on-the-ground assessment of every ASM supplier. At the other refiner, the refiner had not done any on-the-ground assessments and the auditor did not raise any concerns or challenge the refiner about this.

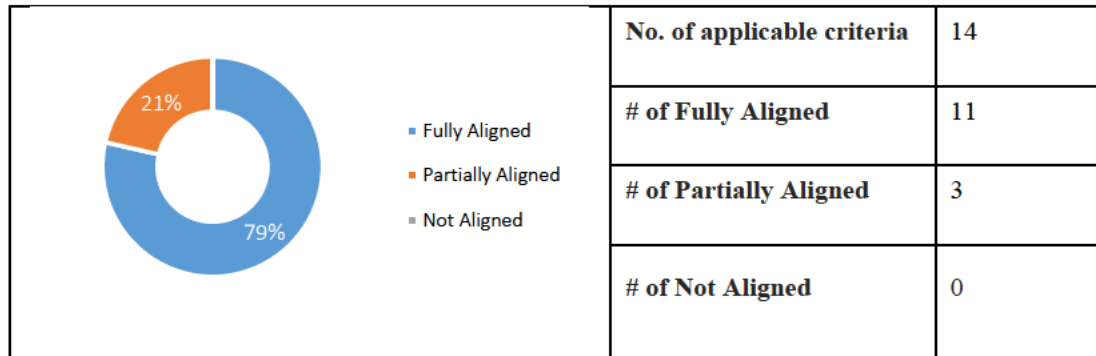
[Partially Aligned]

### Section scores

The charts below summarise the LBMA assessment scores against each of the three sections of the Alignment Assessment.

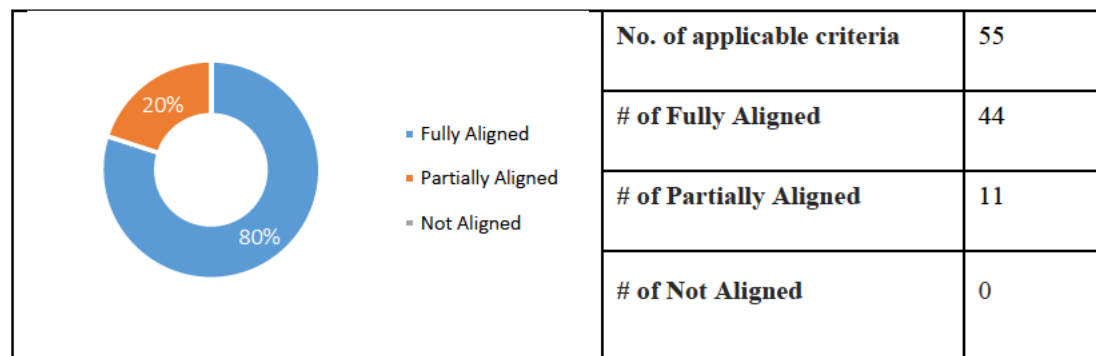
#### **Figure 1: Section A - Overarching due diligence principles**

The criteria in this section relate to whether key overarching due diligence principles have been incorporated into the design and implementation of the scheme.



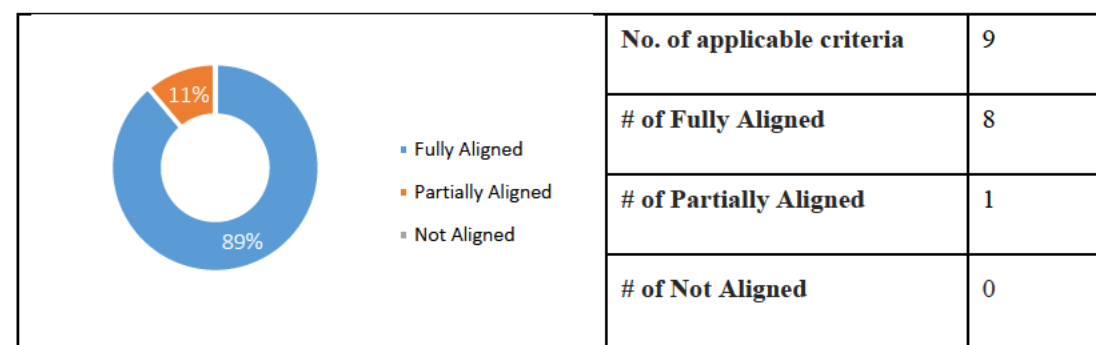
#### **Figure 2: Section B – Alignment of programme requirements with the five-step due diligence framework**

The criteria in this section relate to whether the scheme's requirements for companies are aligned to the specific recommendations of the OECD five-step due diligence framework and are implemented in practice.



#### **Figure 3: Section C – Specific responsibilities of the programme**

The criteria in this section relate to whether the activities directly undertaken by the scheme itself are aligned to the specific recommendations for schemes within the OECD five-step due diligence framework.



**Overall, scoring in sections A and B improved from the review of RGG v.8 however, section c remained the same.** Full details of the findings can be found in the sections below.

## METHODOLOGY

The LBMA was evaluated using the OECD’s Methodology for the Alignment Assessment of Industry Programmes<sup>3</sup>, as defined in Delegated Regulation (EU) 2019/429. As required under the OECD Methodology, the scheme was assessed against two aspects:

- **Policies and standards** that set out the requirements that smelters and refiners must comply with to participate in the programme.
- **Implementation** of these policies and standards by the scheme, primarily (but not exclusively) achieved through independent third-party verification (i.e. audits) of smelters’ and refiners’ due diligence activities.

The scheme is assessed against three criteria groups, known as A, B and C criteria. Criteria A relate to whether key overarching due diligence principles have been incorporated into the design and implementation of the scheme. Criteria B and C relate to whether the scheme’s requirements for companies and the activities it undertakes itself are aligned to the specific recommendations of the OECD five-step due diligence framework and implemented in practice.

Each applicable criterion is rated as “fully aligned”, “partially aligned” or “not aligned” and the overall conclusion of the Alignment Assessment is calculated and reported as follows:

- **Fully Aligned:** (Section A = 100% of criteria 'Fully Aligned') + (Sections B and C = 80% or more of criteria 'Fully Aligned') + (no 'Not Aligned' criteria)
- **Partially Aligned:** All other combinations between 'Fully Aligned' and 'Not Aligned' criteria
- **Not Aligned:** (Section A = <50% of criteria 'Fully Aligned') OR (Sections B and C = 20% or more of criteria are 'Not Aligned')

According to Article 4(2) of Delegated Regulation (EU) 2019/249, a scheme shall be recognised only if the Commission considers that the conditions for the scheme to be rated as “**fully aligned**” in accordance with Section 4 of the OECD Methodology are satisfied.

The evaluation of RGG v.8 for the first assessment was carried out through a desk-based review of relevant documentation (including reviews of each the LBMA RGG Standard and relevant supporting documentation), as well as interviews with LBMA staff, engagement with key stakeholders of the scheme (with business, civil society and government organisations; seven individuals and/or organisations were consulted as part of this process) and through shadow audits at a sample of five refiners participating in the scheme.

To ensure the assessments were representative, shadow audits were conducted at five gold refiners.

Articles 4 (1)(a) & 4(2), first indent

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<sup>3</sup> [OECD-Due-Diligence-Alignment-Assessment-Methodology.pdf](#)



When assessing RGG v.9, the desk-based review of relevant documentation supported by interviews with LBMA staff was repeated. Two further shadow audits were undertaken, and the ‘end-to-end’ audit process followed through to observe quality assurance mechanisms. The evaluator observed an auditor training event, and also undertook further engagement with external stakeholders for the scheme.

### Alignment Assessment scoring methodology

To develop Alignment Assessment conclusion scores, each rating for each criterion is assigned a numerical value of 0, 1 or 2, depending on whether a criterion is ‘Fully Aligned’, ‘Partially Aligned’ or ‘Not Aligned’. The final percentages are then calculated using those numerical values, as follows:

$$((\text{Sum of all numerical values, as established by their alignment status}) / (((\text{total number of applicable criterion}) * 2))) * 100$$

$$= \text{final \% score leading to alignment assessment conclusion score per applicable section}$$

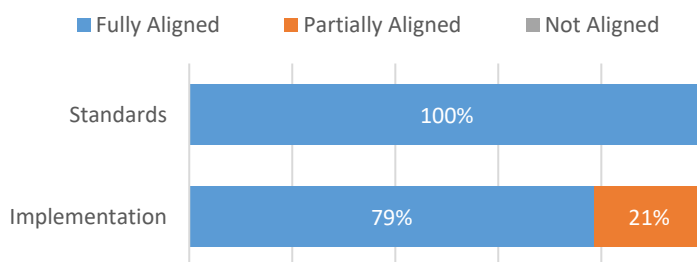
For example, if there were a total number of 5 applicable criteria, and 3 were considered Fully Aligned, 1 Partially Aligned and 1 Not Aligned, the scoring would be as follows:

$$((2 + 2 + 2 + 1 + 0) / (5 * 2)) * 100 = (7/10) * 100 = 0.7 * 100 = 70\%$$

## **SECTION A. OVERARCHING DUE DILIGENCE PRINCIPLES**

As shown in Figure 4 below, neither the LBMA policies and standards nor the implementation of those policies were found to be fully aligned with all of the criteria for Overarching due diligence principles that are set out in the OECD Alignment Assessment methodology.

**Figure 4. LBMA's score under 'Overarching due diligence principles'**



### **Key strengths of RGG v.8**

In RGG v.8 it is explicitly stated that due diligence is an ongoing process undertaken by companies. It expects refiners to maintain responsibility over the due diligence process and recognises that participation in the LBMA's responsible sourcing programme does not release refiners from being responsible for conducting due diligence in their own supply chains and to do so proactively and in reaction to changes of circumstances and risks in the supply chain.

The expectation that refiners continuously improve their due diligence practices is described as an 'integral component' of the LBMA's responsible sourcing programme. Stakeholders interviewed during this assessment recognise that the LBMA has proactively created a standard for the responsible sourcing of gold that facilitates compliance with the requirements set out in the OECD Guidance Gold Supplement and, therefore, the legal requirements of the Regulation (EU) 2017/821.

The LBMA also actively promotes sourcing of gold from CAHRAs and artisanal and small-scale mining (ASM) operations. The LBMA's internal Due Diligence Policy details that responsible sourcing from CAHRAs is one of the key considerations against which existing, accredited refiners, as well as applicants for Good Delivery accreditation are assessed.

The topic of responsible sourcing from ASM is one in which the LBMA has become increasingly active in promoting. With regards to ASM, the RGG states that refiners should consider measures to create economic and development opportunities for ASM and assist legitimate ASM producers of gold. In support of this, at the time of the assessment LBMA staff sat on the Alliance for Responsible Mining / CRAFT Code Technical Committee and were members of the Code Advisory Group, through which it actively supports initiatives for the responsible sourcing from ASM gold.

Interviews with stakeholders recognise the LBMA's active support of responsible sourcing of ASM gold. However, questions were raised in relation to how the LBMA requirements effectively reflect conditions for ASM operators on the ground. One example highlighted

by stakeholders relates to the RGG requirement to make payments through official banking channels wherever possible and how this may not always be feasible when sourcing from ASM sources where cash payments are common practice. Recognising this, during 2022 the LBMA commissioned and published a study on how to strengthen the ability of LBMA refiners to source ASM gold. The LBMA Board has formally responded to the report and committed to a taskforce to implement key recommendations from the report during 2023 and onwards.

To verify the ongoing implementation of the requirements set out in the RGG, the LBMA requires refiners to undergo an annual third-party audit. Where non-conformances are identified, refiners are required to implement actions to address these through a corrective action plan. Non-conformances and instances that raise concerns regarding the country of origin for the gold refined can trigger follow up audits and an in-depth review by the LBMA through its internal Incident Review Process. Where compliance with the LBMA's requirements is not achieved through continual improvement, refiners may be de-listed from the LBMA's Good Delivery List.

### **Key gaps initially identified in RGG v.8**

Nonetheless, as illustrated by Figure 4, the evaluator initially identified gaps or inconsistencies within RGG v.8 relating to the following criteria:

- At several of the audits shadowed for this Commission assessment, auditors' challenge on refiners' due diligence practices was observed to be substantially lacking.<sup>4</sup>
  - At one audit the refinery received approximately 70% of its gold input material from sister companies in the same corporate group (non-refiner operations physically located in different countries from the LBMA refiner that was being audited). Despite the fact these sister companies were not themselves subject to audit, the refiner considered these sources low risk because they were from the same corporate group and did not undertake any due diligence on its sister companies' sourcing practices. The auditor did not challenge this or seek to understand if there were any controls in place over the sister companies' sourcing practices. The outcome is that potentially only 30% of the physical production from this accredited LBMA refiner had been sourced via a due diligence process audited against LBMA requirements.
  - At one audit the refiner received gold from intermediary refiners located in countries that are known as transit routes for gold from high-risk sources, Articles 4 (1)(a) & 4(2), first indent. The auditor verbally explained that the refiners' due diligence of these suppliers was inadequate according to LBMA requirements, as they were high risk suppliers. Nonetheless this was rated by the auditor as a 'low risk' issue in the management report and had no bearing on the issuance of the RGG certificate.
  - Refiners were observed to conduct minimal due diligence where the contracted supplier was a multinational financial institution, being satisfied with a KYC

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<sup>4</sup> Criterion A.8 of the OECD Alignment Assessment Tool

(“Know Your Counterparty” check on anti-bribery, anti-money laundering and sanctions) and written letter from the supplier expressing its intent to follow responsible sourcing standards.

- Some auditors did not always challenge refiners where potentially high-risk suppliers had been rated by the refiner as low risk, despite the supplier characteristics representing well-known industry risks. At several audits, auditors were quick to accept assurances regarding such suppliers from the auditee at face value without seeking corroborating evidence (e.g. accepting a refiners' explanation that the simple fact of a supplier being legally incorporated in a certain country is sufficient to ensure compliance with RGG requirements because there was good rule of law in that country).<sup>5</sup>
- Whilst the RGG standard is clear on the expectations for on the ground assessments of red-flagged supply chains, at three of the five observed audits the auditor did not provide much challenge to whether refiners were adequately applying the RGG requirements in this area. At these audits whilst some questions were asked about on the ground assessments, auditors did not seek to challenge whether the scope of the visits and competencies of the assessors was appropriate. In some instances, supplier visits for commercial or quality purposes were presented by auditees as due diligence assessments, despite no records of RGG due diligence considerations being included within the visit scope. In another instance, evidence of assessment of a high-risk supplier was provided (and accepted by the auditor) despite that assessment being undertaken five years previous to the audit period.<sup>6</sup>
- The lack of a consistent requirement for refiners to use good faith and reasonable efforts in their due diligence. Whilst this requirement is clearly stated in the RGG for ASM mined gold and large-scale mined (LSM) gold, there is no explicit requirement stated for recycled gold. It is worth noting that a general statement that risk management should use reasonable and good faith efforts is included for all types of gold in Step 3, however it is not included as a statement for all due diligence steps required under the RGG.<sup>7</sup> It is possible that insufficiently explicit recognition regarding the need to assess potential risks in supply chains of recyclable gold may be contributing towards the gaps highlighted above.

## **Key findings after reviewing RGG v.9**

### **Policies and standards**

Various improvements have been made to the content of RGG v.9 compared to RGG v.8, including changes to address the above referenced identified gap relating to using good faith and reasonable efforts in due diligence for all forms of gold, not just mined material.<sup>8</sup> Further information has been provided on KYC processes and types of documentation an

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<sup>5</sup> Criterion A.9 of the OECD Alignment Assessment Tool

<sup>6</sup> Criterion A.10 of the OECD Alignment Assessment Tool

<sup>7</sup> Criterion A.11 of the OECD Alignment Assessment Tool

<sup>8</sup> Criterion A.11 of the OECD Alignment Assessment Tool (Reassessment column)

auditee is required to gather if high risks have been triggered through location, material or supplier information (as seen in section 2.1 and 2.2 of RGG v.9).

Nevertheless, whilst the guidance offers a range of tools and tips on how to identify risk and what information to gather, RGG v.9 still does not explicitly state that risk-based due diligence means reviewing the likelihood and severity of a risk and using that assessment to inform next steps. The guidance does offer a list of indicators of risk to review, but it is specific in setting out that these are indicators that refiners are expected to consider, without indicating why such information sources are relevant or reminding refiners that the determination of risk is a judgement that each refiner is individually responsible for. This proscriptive approach could lead to refiners following a ‘checklist’ of activities rather than setting up a system that actively works to identify and prioritise risks based on severity and likelihood. Without specifically elaborating the importance of considering severity and likelihood of risks, refiners and auditors may overlook important issues and prioritise the collection of documents rather than focusing on the decisions that should be taken. The relevance of this risk is borne out by observations under ‘implementation’.<sup>9</sup>

### Implementation

The LBMA introduced new control measures with the aim to address gaps highlighted in the initial assessment, with a particular focus on strengthening the assurance programme:

- The LBMA has implemented a training programme for auditors that includes an exam with a 70% pass mark requirement. If an auditor fails the test, they must undergo a review process that involves enhanced training. In December 2022, auditors were only given one opportunity to pass the test; otherwise, they would be removed from the list of ‘approved auditors’ able to undertake LBMA audits.
- In order to review progress made ‘in the field’ with the audit programme, the LBMA has launched its own shadow audit programme and management confirmed shadow audits are undertaken periodically throughout the year by LBMA staff.
- The LBMA has introduced a systematic quality control process for audits, which involves:
  - Pre-audit media screening to identify potential risks prior to an audit
  - Briefings to auditors on identified risks and, for refiners deemed ‘high risk’ by the LBMA, evaluation of audit plans
  - Sourcing country risk screening of refiners by LBMA staff, based on country of origin information provided by refiners, to inform the review and challenge of the audit
  - Internal quality assurance processes, including both technical review by the LBMA’s compliance team and review escalation and sign-off processes which for higher risk refiners are undertaken by a Compliance Panel comprised of LBMA senior management.

However, despite the increased specificity of due diligence requirements set out in RGG v.9 compared to the previous RGG v.8, and the additional control measures established by

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<sup>9</sup> Criterion A.8 of the OECD Alignment Assessment Tool (Reassessment column)

the LBMA, significant gaps in the implementation of programme requirements and in the execution of quality controls were observed:

- One of the refiners whose audit was observed was sourcing gold from multiple sources that reasonably should have been considered high risk and therefore subject to an increased level of due diligence, but the refiner had categorised these sources as ‘low risk’ and undertaken limited due diligence beyond KYC checks. The rationale and evidence for such a ‘low risk’ categorisation by the refiner was unchallenged by the auditor. These sources included gold produced by ASM in countries where there are known to be significant risks of serious human rights abuses and bribery and corruption associated with ASM gold in that country, as well as gold from well-known ‘transit hubs’ for gold from CAHRAs.<sup>10</sup>
- The LBMA’s internal quality controls process for audits, whilst logically conceived, was found to have multiple failures in execution of these controls. The control failures included:
  - A failure by the media screening tool to identify highly relevant and widely publicised information about one of the observed refiner’s supply chains that should have raised ‘red flags’ for both the LBMA and the auditor
  - A failure in the pre-audit briefing processes that meant the auditor did not adjust their audit approach in response to risk information communicated to them by the LBMA
  - Gaps in the tool used by the LBMA for country risk screening, meaning that multiple countries which are well-established high-risk sources for gold were not included in the tool, and therefore analysis of a refiner’s supply chain using the tool would not identify that it was sourcing from such high risk countries
  - A lack of challenge by the auditor to question ‘low risk’ designations assigned by the refiner, as previously noted above, meant there was an absence of robust, independent challenge to the refiner’s sourcing practices through the audit process (the audit process itself being a key control for the programme).
  - A failure by the LBMA’s internal processes to have yielded any actionable red flag to the LBMA staff that might indicate the audit in question needed to be rigorously scrutinised or generate evidence that could empower a robust challenge by the Compliance Panel.<sup>11</sup>
  - A failure by the LBMA’s Compliance Panel review processes to adequately challenge auditors’ conclusions or correct gaps post-audit, meaning RGG conformance was awarded to refiners based on flawed assurance delivery.

As a consequence of the above, the only conclusion available to the evaluator is that **the system of controls established by the LBMA programme, whilst well-intentioned and logical, is not working effectively in its delivery.**

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<sup>10</sup> Criterion A.8 of the OECD Alignment Assessment Tool (Reassessment column)

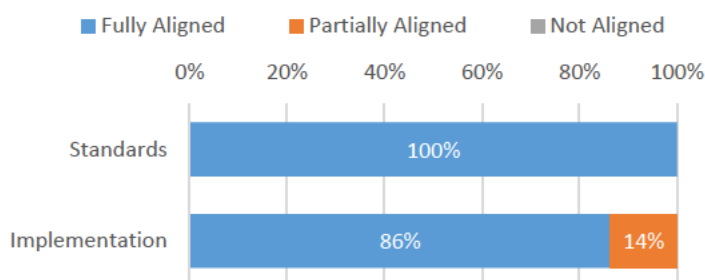
<sup>11</sup> Criterion A.9 of the OECD Alignment Assessment Tool (Reassessment column)

## **SECTION B. ALIGNMENT WITH THE FIVE-STEP FRAMEWORK**

### **STEP 1 – ESTABLISH STRONG COMPANY MANAGEMENT SYSTEMS**

The requirements for the establishment of strong management systems that the LBMA sets out are defined in the policies and procedures of the RGG. As Figure 5 shows, all criteria in this section of the OECD Methodology were found to be Fully Aligned in terms of policies and standards. However, some gaps were identified in relation to implementation of the LBMA's requirements.

**Figure 5. LBMA score under Step 1: 'Establish strong management systems'**



### **Key strengths of RGG v.8**

The LBMA requires refiners to establish strong company management systems, including:

- Adopting and publicly communicating a policy that sets out the principles and standards for conducting due diligence in the supply chain and that is consistent with the standards provided in Annex II of the OECD Guidance.
- Establishing internal management structures that support supply chain due diligence and communication of policy expectations to both employees and suppliers. This includes assigning responsibility to senior staff with sufficient authority to oversee due diligence activities and allocating enough resources to run and monitor the due diligence system effectively.
- Wherever possible, ensuring long-term engagement with suppliers as opposed to short-term contracts.
- Establishing systems of control and transparency over the supply chain and maintain relevant due diligence documentation.
- Establishing a grievance mechanism available to internal and external stakeholders.

### **Key gaps initially identified in RGG v.8**

In general, the LBMA's management system requirements were observed to be quite consistently implemented by refiners and challenged by auditors during the RGG audit process. However, the evaluator initially identified gaps or inconsistencies relating to the following:

- At several of the observed audits there was very little challenge by auditors of the content of refiners' policies, specifically as relates to Annex II risks and the content requirements specified by the RGG. Consequently, the fact that not all of the

auditees' policies were consistent with the RGG requirements was not picked up by the auditors during the audit.

- Assessing how refiners support capacity building of suppliers. Whilst the requirement for refiners to do this is clearly stated in the RGG and the OECD Guidance, this requirement was not assessed at most audits shadowed by the evaluator. There was also limited or no evidence of refiners seeking to build supplier capacity for due diligence (see also comments regarding risk mitigation under Step 3 below).
- The OECD requirement to cooperate fully and transparently with law enforcement agencies is inferred in the RGG standard but not made explicit and at observed audits, specific questions were not asked around this criterion, except when it was raised by the auditee themselves. It was noted by refiners that regardless of RGG requirements, in many countries' gold refiners are legally required to engage with authorities on a regular basis to ensure compliance with anti-money laundering and related regulations and that failure to do so would constitute a criminal offence.

### **Key findings after reviewing RGG v.9**

The LBMA undertook various steps to address the gaps identified in the initial assessment:

- Additional guidance has been provided to auditors in both the LBMA's Third Party Assurance Guidance and the Assurance Providers' Toolkit specifying that refiners' policies and procedures must consider all the supply chain risks outlined in the RRG v.9 and providing specific questions to be asked on the scope of refiners' policies.
- Specific references have been made within RGG v.9 to refiners building the capacity of suppliers, and the LBMA is supporting a number of initiatives that are focused on capacity building, notably efforts to strengthen the sourcing of gold from ASM and engagement with central banks that purchase gold from ASM producers.

However, during the reassessment it was apparent that implementation against these areas remains a challenge:

- Most significantly, at one of the observed audits the auditor did not undertake any checks to the refiners' policies or management system procedures, as they (the auditor) reported to the evaluator that there had been no change since previous years and therefore no need to the refiners' policies and procedures again. There was no reference to any changes to policies or procedures that the refiner may have needed to introduce due to revisions in the LBMA's RGG standard. The same auditor had been auditing the refiner in question for many years.<sup>12</sup>
- At both of the observed audits under RGG v.9, there was little or no assessment by auditors of the steps taken by the auditee to build capacity of its suppliers. There

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<sup>12</sup> Criterion B.2 of the OECD Alignment Assessment Tool (Reassessment column)



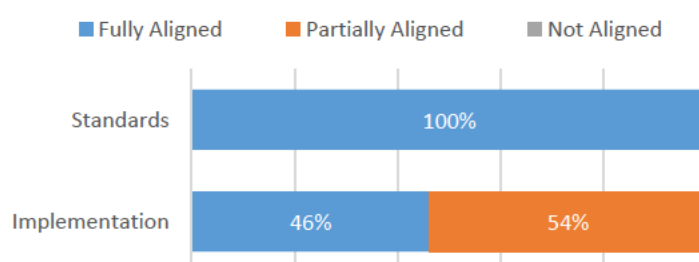
was also limited or no evidence of refiners seeking to build supplier capacity for due diligence. Both refiners provided training to employees, one quite extensively, but neither did so for suppliers.<sup>13</sup> Whilst steps have been taken since the first assessment to improve in this area, the evaluator considers that more could be done by the LBMA to raise awareness of this topic amongst refiners and auditors, for example in the LBMA's industry engagement activities and within its training provision.<sup>14</sup>

## STEP 2 – IDENTIFY AND ASSESS RISKS IN THE SUPPLY CHAIN

Figure 6 illustrates the rating for the risk assessment requirements for refiners under the RGG. The evaluator's interviews held with scheme management provide evidence that there is a good understanding within the scheme of the requirements for assessing risks as required by the OECD Guidance and Regulation (EU) 2017/821.

However, a detailed review of the requirements set out in the policies and standard found that several areas were not fully aligned with the criteria under evaluation, and specifically not aligned with the Gold Supplement of the OECD Guidance. Further, gaps in understanding of how risks should be assessed were shown to be prevalent during the observed audits.

**Figure 6. LBMA score under Step 2: Identify and assess risks in the supply chain**



*\*Please note that B.38 which was found to be fully aligned in the assessment of RGG v.8, was found to be partially aligned in the assessment of RGG v.9, due to the findings of the shadow audits when assessing RGG v.9.*

## Key findings after reviewing RGG v.8

Areas where the scheme was found to be in full alignment with the assessment criteria include:

- For mined materials - ensuring the identification and assessment of risks in the supply chain in line with the requirements set out in the supply chain policy and Annex II of the OECD Guidance, including the requirement to carry out site assessments by suitably qualified and independent assessors.

<sup>13</sup> Criterion B.7 of the OECD Alignment Assessment Tool (Reassessment column)

<sup>14</sup> Criterion B.28 of the OECD Alignment Assessment Tool (Reassessment column)

- A detailed review of the sources of gold (large-scale mining, artisanal and small-scale mining and recyclable gold) and potential associated red flags in the supply chain.

### **Key gaps initially identified in RGG v.8**

The evaluator initially identified gaps or inconsistencies relating to the following:

- As noted in Section A of this report, gaps were observed in the processes used (and the extent to which the processes used by refiners were challenged by auditors) to ensure an adequate scope of risk identification and assessment when seeking to determine if there are 'red flags' indicating further due diligence is necessary. For example, at several of the observed audits there was very little challenge by auditors about refiners' CAHRA (conflict-affected and high-risk area) identification process. Most refiners focused primarily on anti-bribery and corruption risks, sanctions and internally defined 'blacklists'.
- A partial alignment with the requirements set out in the Gold Supplement of the OECD Guidance with regards to the evidence required to be obtained by refiners as part of the red-flag review and the review of the factual circumstances and additional information for red-flagged supply chains. This gap was identified across multiple criteria as they relate to different sources of gold (mined gold from large-scale mining operations, artisanal and small-scale mining sources and recyclable gold).<sup>15</sup>
  - Whilst the RGG contains an overview of information that refiners should obtain with regards to their suppliers' operations, such as production levels, operating licences and payments to government and security, there is no explicitly stated requirement that address all aspects covered in the Gold Supplement. For example, the application of the Voluntary Principles on Security and Human Rights (VPSHR) for medium and large-scale mining operations and the requirement to conduct KYC due diligence on third party service providers handling ASM gold are not included.
  - There are inconsistent references to the detailed recommendations of the Gold Supplement of the OECD Guidance within RGG v.8, specifically with regards to the additional information that is required to be collected by refiners of recyclable gold on red flagged supply chains. There are some inconsistencies between the RGG v.8 requirements and the specific risk factors and testing activities recommended by the OECD Guidance (also discussed previously in Section A of this report).
  - However, it is important to note that – with regards to assessing supply chains of mined gold - some of the above gaps at a standards level were not observed to impact implementation during shadow audits, as in practice auditors did ask relevant questions related to the OECD criteria. This could be because two of the shadow audits were delivered in coordination with audits for other schemes

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<sup>15</sup> Criteria B.32, B.33, B.37, B.38, B.39 and B.42 of the OECD Alignment Assessment Tool

where these criteria are made explicit, or that auditors themselves understand the Gold Supplement sufficiently well that they would ask relevant questions even if the standard is not explicit.

### **Key findings after reviewing RGG v.9**

The LBMA incorporated various details into RGG v.9 which address gaps identified in the initial assessment. These include:

- Expanding the details of requirements for refiners when sourcing gold from medium and large-scale mining operations, including incorporating questions that cover security personnel screening in line with the VPSHR within the template tools for due diligence provided to refiners.<sup>16</sup>
- In relation to the criteria concerning ASM gold mined by ASM mining enterprises in red-flagged operations or purchased by MSM/LSM, RGG v.9 mandates KYC procedures for each company that participates in location-based high-risk supply chains, extending from the ore processing plant or gold aggregator to the Refiner. This finding led to a drop in ratings between the review of RGG v.8 and RGG v.9.<sup>17</sup>
- Within the Third Party Assurance Guidance, the inclusion of guidance to auditors on assessing the design of a refiner's due diligence framework and on appropriately challenging the risk assessment process before evaluating operational effectiveness.<sup>18</sup>

However, some significant gaps in risk assessment were observed at both of the audits that were shadowed for the reassessment:

- One of the two refiners whose audits were observed had significant deficiencies in the scope of risk identification. The issue related to the refiner's approach to determining location-based risks. Whilst location-based risk assessment will always involve a level of subjectivity and differing levels of risk tolerance amongst refiners, that cannot be used as an excuse for simply ignoring relevant risks by assigning a "low risk" designation to countries for which there are widely recognised risks (e.g. transit hubs for gold from CAHRAs). The observed refiner was doing exactly this, as described on page 22 of this report, and the auditor was observed not to challenge the refiner. The evaluator considers that this clearly demonstrates the need for more focus on the topic of location-based risks within the LBMA programme. As noted in the overarching criteria, the LBMA's controls for identifying relevant location-based risks, and thereby asserting a degree of quality control as a programme, did not work when the evaluator reviewed them. The LBMA recognises this issue (inappropriate designation of 'low risk' locations) as a risk for the programme and had referenced these controls in its reapplication

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<sup>16</sup> Criterion B.37 of the OECD Alignment Assessment Tool (Reassessment column)

<sup>17</sup> Criterion B.38 of the OECD Alignment Assessment Tool (Reassessment column - Standards)

<sup>18</sup> Criterion B.39 of the OECD Alignment Assessment Tool (Reassessment column)

to the Commission as an additional means for the programme to challenge and oversee refiners during the audit process.<sup>19</sup>

- As noted above, in the initial assessment of RGG v.8, the criterion relating to ASM gold in red-flag operations was found to be Fully Aligned for Implementation based on the observations made by the evaluator during the RGG v.8 assessment. However, in the course of the reassessment of RGG v.9, practices were observed at an LBMA refinery which mean this criterion's rating needed to be adjusted. At a shadow audit for the assessment of RGG v.9 it was observed that the refiner sourced ASM material Articles 4 (1)(a) & 4(2), first indent. Upon reviewing the due diligence conducted by the refiner on the ASM sites, which were in a location with significant human rights risks, it was evident that the refiner's due diligence was insufficient and not in accordance with LBMA expectations. However, there was no challenge of the refiner's due diligence practices by the auditor.<sup>20</sup>
- At another of the observed refiners, it was observed that the refiner, whilst having robust processes for assessing location-based risks, demonstrated less consistency when assessing circumstances-based risks. The refiner had established comprehensive due diligence processes for mined gold supply chains but when sourcing from traders of recyclable gold the refiner's focus was primarily on KYC checks only, which focus only on the direct counterparty and give no visibility into sourcing practices. This was despite traders being located in countries that are known transit routes for gold from CAHRAs, and some traders melting their gold prior to shipping to the refiner. In the observed audit, there was an illustrative case where auditor challenged the refiner on its categorisation of a trader, arguing that, as the gold was transformed by the trader through on-site melting, the refiner's due diligence should be as if it were sourcing from an intermediate refiner. However, the refiner disagreed with this interpretation and argued that, as it did not consider the trader to be in a high risk location, that there was no requirement for further due diligence beyond its KYC checks. The final audit report made no reference to any concerns from the auditor on this topic. Melted recyclable gold is widely recognised, including by the LBMA, as being a key risk area where there is scope for illicit gold to be disguised and introduced into legitimate gold supply chains.

It was also observed that one refiner, when sourcing recyclable gold from other intermediate refiners in jurisdictions Articles 4 (1)(a) & 4(2), first indent, was also observed to have focused its due diligence on the traceability of the specific, physical gold supplied to it, rather than also evaluating the broader due diligence and sourcing practices of the intermediate refinery. This creates the potential risk that the LBMA refiner could be 'directly linked' through its business relationship with a refiner sourcing gold connected with OECD Annex II issues, even though the physical gold supplied to the LBMA refiner was from "clean" sources. Whilst there was no evidence that in this case the intermediate refiner was connected to OECD Annex II issues, the evaluator considers the approach taken by the

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<sup>19</sup> Criterion B.32 of the OECD Alignment Assessment Tool (Reassessment column)

<sup>20</sup> Criterion B.38 of the OECD Alignment Assessment Tool (Reassessment column - Implementation)

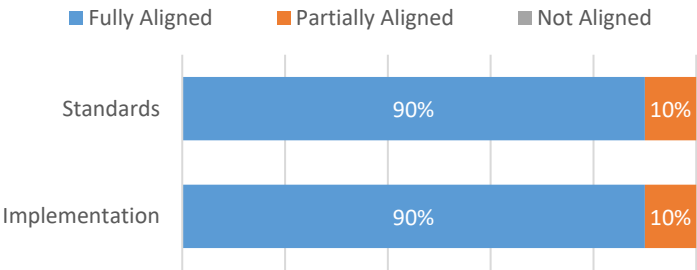
LBMA refiner to be quite cynical and not aligned with the principles of due diligence set out in the OECD Guidance. Potentially, such an approach to sourcing from intermediate refiners could mean LBMA refiners indirectly (regardless of motive) enable support to money launderers or armed groups, whilst at the same time being able to demonstrate that their gold is from legitimate sources. It is recommended that the LBMA continues to reinforce expectations on the

Art. 4(2), first indent	

**STEP 3 – DESIGN AND IMPLEMENT A STRATEGY TO RESPOND TO IDENTIFIED RISKS**

Figure 7 shows the Alignment Assessment rating for refiners’ requirements to design and implement a risk management strategy.

**Figure 7. LBMA score under Step 3: Design and implement a strategy to respond to identified risks**



**Key strengths of RGG v.8**

As shown in the chart, for the majority of criteria the LBMA was fully aligned with OECD recommendations. The RGG requirements for refiners are fully aligned with those assessment criteria relating to how identified risks from due diligence are appropriately reported to senior management and actions taken as a result. In particular, the LBMA clearly sets out which circumstances require refiners to continue to trade, suspend or disengage with suppliers when risks are identified. The RGG also requires refiners to strengthen internal controls to support the risk mitigation process.

At the refiner level, the evaluator observed auditors review what policies and procedures are in place to address this requirement. This includes a review of when refiners might suspend or terminate contracts with suppliers, as well as what actions are taken to effectively mitigate risks.

As observed under section A, the LBMA explicitly encourages the responsible sourcing of gold from ASM producers. Where refiners utilised upstream programmes for the sourcing of ASM gold, auditors were observed to explore actions taken by refiners in more detail, for example by asking questions about how information received from upstream programmes is used to inform responses to risks identified.

As a scheme, the LBMA is actively engaged with other initiatives and stakeholders that are closely involved with the identification and management of risks on the ground including other schemes such as the RJC and the RMI. Further, the organisation's Incident Management Process is triggered if reports of actual or potential incidents are occurring among certified refiners. Beyond affected persons, it can be triggered by anything that may cause a reputational risk to the Goods Delivery List, such as media or news reports, as well as direct feedback from stakeholders such as civil society organisations.

### **Key gaps initially identified in RGG v.8**

With regards to the implementation of risk mitigation actions, the RGG requires significant and measurable improvement towards eliminating the risk within a timeframe of no longer than six months. If no measurable improvement can be demonstrated, refiners may be required to disengage from the relationship. The RGG however does not specify that such suspension be implemented for a minimum of three months, which is core part of this criterion and necessary for full alignment with the recommendations of the OECD Guidance and the Regulation (EU) 2017/821.<sup>21</sup> This criterion was also noted as not being checked during observed audits.

In general, it was observed that most LBMA refiners did not engage in risk mitigation, preferring instead to avoid risks through the decisions taken following risk assessment. It is recommended the LBMA provides additional awareness-raising about risk mitigation vs risk avoidance within the context of responsible supply chains.

### **Key findings after reviewing RGG v.9**

The main change in this section of the assessment was the introduction in RGG v.9 of a requirement that LBMA refiners who are sourcing gold from intermediate gold refiner should ensure that those intermediate gold refiners undergo an OECD-aligned due diligence assessment. There was no material change in other aspects of this section of the assessment, which in any event was mostly fully aligned with the assessment criteria.

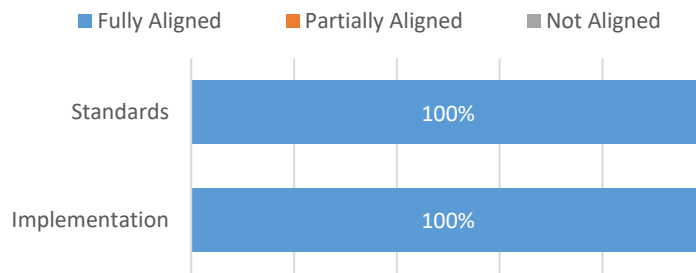
## **STEP 4 – CARRY OUT AN INDEPENDENT AUDIT**

Figure 8 illustrates the Alignment Assessment rating for the criteria related to independent audits. As shown in the chart, the LBMA was found to be fully aligned for all criteria in policies and standards, though in implementation a gap was identified. **It is worth noting that the assessment criteria for Step 4 are focused on the audit process, not the content of the audit, which is addressed by Steps 1 to 3 above.**

**Figure 8. LBMA score under Step 4: Carry out an independent audit**

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<sup>21</sup> Criterion B.54 of the LBMA Alignment Assessment Tool (Policies and standards only)



### Key strengths of RGG v.8

The LBMA sets out the requirements for refiners to annually undergo independent third-party audits. To be recognised as a compliant refiner and therefore be accredited to deliver LBMA Good Delivery gold bars, auditees must pass an independent third-party audit against the RGG. All auditors must undergo mandatory training delivered primarily through online webinars.

LBMA staff has clear expectations in relation to the requirement of auditors to assess verifiable information obtained from documents, records, observations and facts during site visits. However, the LBMA also reported that auditors might encounter challenges, in particular when auditing refiners located in countries where laws protecting the disclosure of information are strict. Staff provided examples of occasions when the LBMA has had to engage with various stakeholders in such jurisdictions to enable audits to be completed to their satisfaction.

During interviews with the LBMA, staff stated that all auditors must be able to conduct audits in accordance with ISEA 3000 and pay an annual fee of £2000 in order to be included in its Approved Service Provider (ASP) list. The LBMA and its compliance panel are responsible for reviewing the quality of the audits conducted. Where the LBMA deems it necessary, information submitted by auditors will be reviewed in detail to assess the quality and reliability of the information, as well as the independence of the auditors. LBMA management also stated that it is seeking to strengthen its capacity building support to auditors, for example by delivering additional training.

Auditors are required to have complete financial and other independence from the refiner. However, the LBMA has not set any limitations to how many times an audit firm can audit the same refiner. Refiners are also responsible for commissioning their auditors. A number of external civil society stakeholders reported concerns that, in their view, LBMA auditors were sometimes not sufficiently independent from their auditees. At two of the observed audits, the evaluator noted that there were close professional relationships between auditor and auditee, both cases being where the same auditor had audited the refiner for several years. Whilst the observation is not considered sufficiently strong to warrant partial alignment as there was no evidence of technical independence breaches, LBMA should consider mandating periodic auditor rotation as a matter of good practice.

In interviews with stakeholders, it was noted that whilst overall satisfaction with the audit process was strong, some civil society stakeholders were more critical about the robustness of the LBMA audit process.

## Key gaps initially identified in RGG v.8

As previously discussed in this report, the evaluator identified weaknesses or inconsistencies in three of five audits carried out in the first assessment of RGG v.8, where gaps in auditor skills, knowledge and expertise were evident in how questions were asked (or not). Whilst some audits were observed to be delivered with professionalism and attention to detail, at other audits there were clear gaps or superficial approaches to testing. Related to the latter point, based on audit observations not all audit firms are familiar with the requirements of ISAE3000, in particular with regards to the differences between reasonable and limited assurance and also the requirements for internal quality assurance (see Section C below).

## Key findings after reviewing RGG v.9

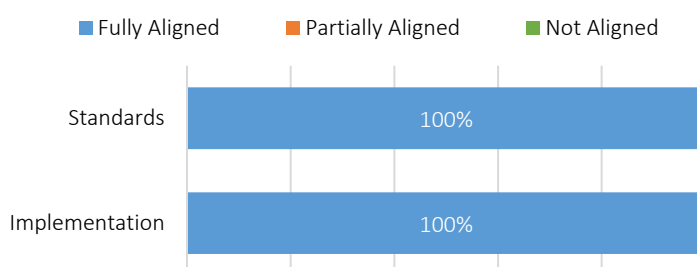
The LBMA undertook several steps to seek to strengthen the audit process, following the initial assessment which has led to the step obtaining 100% alignment with the OECD guidelines, the steps taken were:

- Strengthening the application process for prospective auditors, including requiring audit firms to demonstrate training and competence in the delivery of ISAE 3000 audits.
- Delivering training to auditors, which includes post-training assessments with a minimum pass threshold.
- Strengthening oversight of auditors, with shadow audits periodically undertaken by LBMA staff.

## STEP 5 – REPORT ON SUPPLY CHAIN DUE DILIGENCE

Figure 9 illustrates the Alignment Assessment rating for companies to report on supply chain due diligence. As shown in the chart, the LBMA was fully aligned with all assessment criteria in this section.

**Figure 9. LBMA score under Step 5: Report on supply chain due diligence**



## Key strengths of RGG v.8

The RGG requires refiners to annually publish their Refiner's Compliance Report, and these are also posted on the LBMA website.



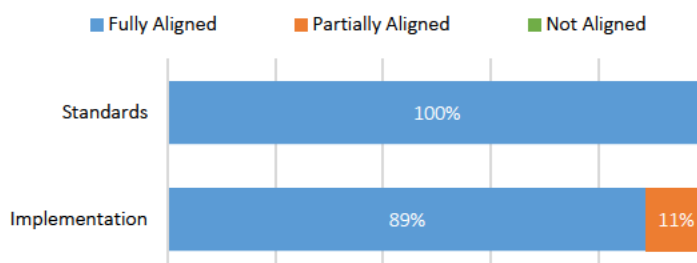
In interviews with management, the LBMA expressed willingness in strengthening its reporting requirements. At the time of this assessment the LBMA was developing more detailed 'refiner guidance' for improved reporting against Step 5 of the RGG.

Interviews with stakeholders however highlighted some of the limitations associated with current reporting practices. Some stakeholders criticised the lack of transparency with regards to the specific findings of audits, non-conformances identified, and the independence of auditors from the refiners they are assessing. Concerns with the ability of refiners to provide sufficient evidence about the countries of origin of the gold sourced were also highlighted however, these findings did not contribute to any gaps against the OECD criteria.

## **SECTION C. SPECIFIC RESPONSIBILITIES OF SCHEMES**

Figure 10 illustrates the Alignment Assessment rating related to the specific responsibilities of the LBMA. As shown in the chart, the majority of the criteria are fully aligned for both standards and implementation.

**Figure 10. LBMA score under Specific responsibilities of programmes**



### **Key strengths of RGG v.8**

The development and rollout of the RGG, and the activities led by LBMA as the industry scheme that sets the standard, have demonstrated a commitment to the advancement of responsible sourcing practices at selected ‘pinch points’, in this case gold refiners, in the supply chain, as recommended by the OECD Guidance. The LBMA has implemented several steps to align to the principles for industry schemes set out in the OECD Guidance. This includes:

- Ensuring that due diligence checks (including Know-Your-Customer checks) are conducted on all refiners seeking to be included on the LBMA’s Good Delivery List. These checks are undertaken by LBMA staff and revisited on a periodic basis.
- Establishing a formalised process for accrediting and managing auditors. Accreditation is undertaken with the LBMA stipulating that all Good Delivery List refiners (and applicants) must use an auditor included in the LBMA’s Approved Service Provider List. To be named on the Approved Service Provider List, auditors are required to demonstrate fulfilment of the requirements detailed in the LBMA’s Third Party Audit Guidance. Requirements span independence, quality management, integrity/ethics, suitable training and competencies. As previously noted in this report, since 2019 the LBMA has introduced a requirement for audit firms to pay an annual fee of £2000 and be able to deliver ISAE 3000 audits in order to be included in the LBMA’s Approved Service Providers List. To maintain oversight of the audit process, the LBMA reserves the right to shadow audits, request relevant audit documentation for review and remove auditors or audit firms from the Approved Service Providers List. The LBMA’s Compliance Panel also reserves the right to review audit outcomes and make a determination of whether the quality of audits conforms with the LBMA’s expectations. Training is provided by the LBMA to auditors on a regular (approximately annual) basis.
- Providing access to a grievance mechanism and whistleblowing procedure that is open to all stakeholders. The LBMA’s grievance mechanism is based on the

organisation's Whistleblowing Policy and Incident Review Process. At the time of the evaluation, the LBMA was in the process of finalising a Grievance Policy. During interviews LBMA staff demonstrated to the evaluator the formalised 11-step Incident Review Process to receive and process grievances and complaints. In addition to its own grievance process the LBMA also participates in the cross-programme grievance and complaints platform hosted by the Responsible Minerals Initiative (RMI) in collaboration with the Responsible Jewellery Council (RJC).

- Active engagement to support companies with sourcing from higher risk jurisdictions. In addition to the ASM focus previously discussed in this report, the LBMA has also engaged directly with stakeholders in producing countries, such as Ghana, and countries of strategic importance for gold sourcing such as China and India.
- Committing to strengthening the LBMA's capacity to support responsible sourcing of gold. The LBMA appointed a third party service provider to support a 2020-2022 Responsible Sourcing strategy for the organisation focusing on topics related to integrity, transparency, and leadership. As part of this, the LBMA will seek to strengthen auditor training and public reporting. This includes building on the LBMA's efforts to report on Country of Origin Data, non-conformances identified during audits by risk level and type, and information about follow-up audits on selected refiners.
- Since 2020 the LBMA has published an annual Responsible Sourcing report (for 2022 renamed the Sustainability and Responsible Sourcing report) which provides data and case studies of programme activities and seeks to also evaluate impacts, for example of the LBMA's activities in relation to topics such as ASM or the roles of International Bullion Centres.

### **Key gaps initially identified in RGG v.8**

The one criterion in this section against which the LBMA was not fully aligned was in relation to its oversight and monitoring of the ability of auditors to carry out audits in conformity with the RGG's requirements. Interviews with LBMA staff demonstrated that the LBMA's internal monitoring and engagement with audit firms is active and ongoing. This has included both assessments of auditors' work by LBMA and the provision of training to auditors.

Nonetheless, audit observations showed that there is considerable variability in the person-day efforts deployed by different audit firms. Particularly amongst those firms that are not financial audit firms, there is evidence that some auditors do not adequately understand ISAE3000 or apply the standard in accordance with its requirements. At one of the observed audits, which was of a large refinery with complex supply chain, the audit was delivered primarily by one auditor over two days, resulting in a reasonable assurance opinion (the most stringent level under ISAE3000). By contrast, other audit firms spent many more (e.g. five times or more) auditor days to deliver the substantive testing necessary for them to provide a limited assurance opinion. Additionally, assurance statements from several of the approved providers do not specify how the independence and quality control requirements of ISAE3000 are met.

### **Key findings after reviewing RGG v.9**

- As discussed in this report, on pages 21-23, following the initial assessment the LBMA undertook substantial revisions to its quality assurance controls for audits. The evaluator's view is that these control measures appear to be logical and well-conceived; however, as described on pages 21-23, in practice the evaluator found that these controls were not working effectively in delivery.<sup>22</sup>

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<sup>22</sup> Criterion C.9 of the OECD Alignment Assessment Tool (Reassessment column)

## **ANNEX 1. ALIGNMENT ASSESSMENT CRITERIA AND RESULTS**

The table below provides a complete overview of applicable criteria and results per criteria.

**Table 1. Alignment assessment criteria and results**

<b>A Overarching due diligence principles within Programme standards and guidance</b>		<b>RATING</b>	<b>Rating for policies and standards</b>	<b>Rating for Implementation</b>
<i>Due diligence is an on-going, proactive and reactive process</i>				
A.1	The Programme explicitly recognises due diligence as an ongoing process to be undertaken by companies.	Fully Aligned	Fully Aligned	Fully Aligned
A.2	The Programme expects companies to proactively carry out due diligence and to react to changes of circumstances and risks in the supply chain.	Fully Aligned	Fully Aligned	Fully Aligned
<i>Due diligence is dynamic and improves over time</i>				
A.3	If a programme choses to make a final determination on a company or its products, such determination should be based on the conformity of the companies' due diligence or sourcing practices with the OECD due diligence guidance.	Fully Aligned	Fully Aligned	Fully Aligned
A.4	The Programme expects companies to progressively improve their due diligence activities and risk management performance over time.	Fully Aligned	Fully Aligned	Fully Aligned
A.5	The Programme encourages companies to source responsibly from conflict-affected or high-risk areas and, where relevant, from artisanal and small-scale mineral producers.	Fully Aligned	Fully Aligned	Fully Aligned
<i>Due diligence is risk-based</i>				

A.6	The Programme expects companies' due diligence activities to be guided by their <i>own</i> risk assessments.	Fully Aligned	Fully Aligned	Fully Aligned
A.7	The Programme expects companies' due diligence activities to consider at least all risks covered in Annex II (serious abuses associated with the extraction, transport or trade of minerals, direct or indirect support to non-state armed groups, public or private security forces, bribery and fraudulent misrepresentation of the origin of minerals, money laundering, payment of taxes, fees and royalties due to governments and bribery).	Fully Aligned	Fully Aligned	Fully Aligned
A.8	The programme expects that the measures that a company takes to conduct due diligence should be commensurate to the severity and likelihood of the identified risks.	Partially Aligned	Fully Aligned	Partially Aligned
A.9	The programme includes in the definition of red flags considerations of location of mineral origin and transit, supplier characteristics and trade-related circumstances.	Partially Aligned	Fully Aligned	Partially Aligned
A.10	The Programme expects that due diligence activities on red-flagged supply chains should involve on-the-ground assessments, to be undertaken by upstream companies. Upstream companies may cooperate through joint initiatives but retain individual responsibility for their due diligence and should ensure that all joint work duly takes into consideration circumstances specific to the individual company.	Partially Aligned	Fully Aligned	Partially Aligned
<i>Due diligence is undertaken in good faith</i>				
A.11	The Programme explicitly recognizes that companies should use good faith and reasonable efforts in their due diligence, taking into account factors such as the size of the enterprise, the location of the activities, the situation in a particular country, the sector and nature of the products or services involved.	Fully Aligned	Fully Aligned	Fully Aligned
<i>Companies are responsible for ensuring that appropriate due diligence is undertaken</i>				
A.12	Responsibility for determining the actions that a company undertakes in response to identified risks rests with the company's management.	Fully Aligned	Fully Aligned	Fully Aligned
A.13	The Programme states clearly that the use of Industry Programmes, Institutionalised Mechanisms or multi-stakeholder initiatives does not release companies from being responsible for the scope and quality of due diligence in their own supply chains and for reporting on the due diligence that is undertaken in their supply chains.	Fully Aligned	Fully Aligned	Fully Aligned

<i>Due diligence is global in scope</i>				
A.14	Due diligence should be global in scope unless a programme is designed to cover a specific geography or region only. In particular any programme designed to implement step 4 should be global in scope.	Fully Aligned	Fully Aligned	Fully Aligned
<b>B</b>	<b>Alignment of Programme requirements with the five-step due diligence framework</b>	<b>RATING</b>	<b>Rating for policies and standards</b>	<b>Rating for Implementation</b>
<b>Step 1: Establish strong company management systems</b>				
<i>Requirements set by Programmes for those companies subject to audit under the Programme:</i>				
B.1	Adopt, and clearly communicate to suppliers and the public, a policy, applicable to the company and its suppliers, providing the principles and standards for identifying and managing the risks in the supply chain of minerals potentially from conflict-affected or high risk areas, against which the company will assess itself and the activities and relationships of suppliers.	Fully Aligned	Fully Aligned	Fully Aligned
B.2	Ensure that the supply chain policy is consistent with the standards provided in Annex II of the Guidance.	Partially Aligned	Fully Aligned	Partially Aligned
B.3	Within the supply chain policy, set out a clear and coherent management process for risk management. Commit to the due diligence steps as described in Annex I and, where relevant, the Supplement.	Partially Aligned	Fully Aligned	Partially Aligned
B.4	Structure internal management to support supply chain due diligence and assign authority and responsibility to senior staff with the necessary competence, knowledge and experience to oversee supply chain due diligence.	Fully Aligned	Fully Aligned	Fully Aligned
B.5	Ensure that sufficient resources are made available to support the operation and monitoring of supply chain due diligence processes, taking into account company size, location and circumstances.	Fully Aligned	Fully Aligned	Fully Aligned
B.6	Establish the necessary organisational structure and communication processes that will ensure critical information about supply chain due diligence, including the company's policy, reaches relevant employees and suppliers.	Fully Aligned	Fully Aligned	Fully Aligned



B.7	Assist suppliers in building due diligence capacities and provide training as appropriate to employees and suppliers on the policy and its practical application.	Partially Aligned	Fully Aligned	Partially Aligned
B.8	Ensure internal accountability with respect to the implementation of the supply chain due diligence process.	Fully Aligned	Fully Aligned	Fully Aligned
B.9	Establish a system of controls and transparency over the mineral supply chain, including a chain of custody or traceability system or the identification of upstream actors in the supply chain. Create and maintain internal documentation and records of supply chain due diligence processes, findings and resulting decisions.	Fully Aligned	Fully Aligned	Fully Aligned
B.10	<i>For all upstream companies:</i> Support the implementation of the principles and criteria of the Extractive Industry Transparency Initiative (EITI).	Fully Aligned	Fully Aligned	Fully Aligned
B.16	<i>For all upstream companies:</i> Avoid cash transactions where practicable and ensure cash transactions are supported by verifiable information.	Fully Aligned	Fully Aligned	Fully Aligned
B.17	Assign a unique reference number to each input and output and adopt tamper proof physical security measures as set out in the Gold Supplement.	Fully Aligned	Fully Aligned	Fully Aligned
B.20	Maintain inventory and transaction documentation that can be retrieved and should include the physical descriptions set out in the Gold Supplement, supplier details including KYC information and unique references for processing, purchases and sales.	Fully Aligned	Fully Aligned	Fully Aligned
B.21	Cooperate fully and transparently with law enforcement agencies regarding gold transactions. Provide customs officials with access to complete information on all international shipments.	Fully Aligned	Fully Aligned	Fully Aligned
B.22	Maintain due diligence information for a minimum of five years, preferably on a computerised database. For 3T supply chains, smelters/refiners and downstream purchasers should also make due diligence information available to downstream purchasers and relevant Institutionalised Mechanisms.	Fully Aligned	Fully Aligned	Fully Aligned
B.23	Aim to establish long-term relationships with suppliers in order to build responsible sourcing relationships with them.	Fully Aligned	Fully Aligned	Fully Aligned
B.24	Communicate to suppliers the company's expectation that suppliers will undertake mineral supply chain due diligence and risk management consistent with the standards defined in Annex II of the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned



B.25	Incorporate the company's supply chain policy into contracts or written agreements with suppliers which can be applied and monitored.	Fully Aligned	Fully Aligned	Fully Aligned
B.26	Seek to support and build capacities of suppliers to improve risk management performance and comply with the company's supply chain policy.	Fully Aligned	Fully Aligned	Fully Aligned
B.27	Commit to designing measureable improvement plans with suppliers, involving external stakeholders such as government or civil society as appropriate.	Fully Aligned	Fully Aligned	Fully Aligned
B.28	Establish a grievance mechanism that enables any affected stakeholders or whistle-blowers to voice concerns regarding the circumstances of extraction, trade, handling and export of minerals. The grievance mechanism may be provided directly, through collaboration with other companies, or through an industry programme or institutionalised mechanism.	Fully Aligned	Fully Aligned	Fully Aligned
<b>Step 2: Identify and assess risks in the supply chain</b>				
<i>Requirements set by Programmes for those companies subject to audit under the Programme:</i>				
B.31	Identify risks in supply chains taking into consideration that the scope of the risk assessment will depend on the position in the supply chain (e.g. upstream, downstream).	Fully Aligned	Fully Aligned	Fully Aligned
B.32	Ensure that the scope of risk identification and assessment extends to all of the risks set out in Annex II and the recommendations in the Due Diligence Guidance.	Partially Aligned	Fully Aligned	Partially Aligned
B.33	Identify and assess whether the locations of mineral origin and transit, the nature of suppliers or the circumstances within the supply chain may trigger 'red flags' as defined by their policy and the relevant Supplement of the Guidance.	Partially Aligned	Fully Aligned	Partially Aligned
B.34	<i>For local exporters, recyclers, traders and refiners:</i> Using reasonable and good faith efforts and steps proportional to risk, determine whether gold is mined gold, recyclable gold or grandfathered stocks as set out in the gold supplement.	Fully Aligned	Fully Aligned	Fully Aligned
B.35	<i>For gold producers:</i> Determine whether upstream gold producers also purchase gold (including ASM gold) and, through the steps described in the Supplement, determine whether this may trigger 'red flags'.	Fully Aligned	Fully Aligned	Fully Aligned

B.36	<i>For all upstream companies:</i> Map the factual circumstances of the supply chain, including the origin of minerals and the activities/relationships of suppliers.	Fully Aligned	Fully Aligned	Fully Aligned
B.37	For gold mined by or purchased from medium and large-scale mining operations determine risk through evidence gathered with reference to the criteria set out in the Supplement.	Partially Aligned	Fully Aligned	Partially Aligned
B.38	For ASM gold mined by ASM mining enterprises in red-flagged operations or purchased by medium and large-scale mining companies, determine risk through evidence gathered with reference to the criteria set out in the Supplement.	Partially Aligned	Fully Aligned	Partially Aligned
B.39	<i>For all upstream companies:</i> Undertake an in-depth review of the context of all red-flagged locations and the due diligence practices of any red-flagged suppliers, covering all of the aspects referenced in the Supplements.	Partially Aligned	Partially Aligned	Partially Aligned
B.40	<i>For all upstream companies:</i> Undertake on-the-ground assessments, performed by suitably qualified and independent assessors, of red-flagged sources of mined minerals. Provide this information to downstream companies in the supply chain.	Fully Aligned	Fully Aligned	Fully Aligned
B.41	For mined gold, obtain evidence of the factual circumstances of gold extraction, trade, handling and export, having regard to the differences between LSM and ASM gold and the relevant criteria for each provided in the Supplement.	Fully Aligned	Fully Aligned	Fully Aligned
B.42	For recyclable gold, collect additional information from red flagged supply chains, prioritising higher risk persons, places and transactions with regard to the risk factors and testing activities described in the Supplement.	Partially Aligned	Fully Aligned	Partially Aligned
B.48	Assess risks against the requirements of the company's supply chain policy (consistent with Annex II), the relevant Supplement of the Guidance, national laws and other relevant legal instruments. Any reasonable inconsistency between these requirements and the information obtained through due diligence should constitute a risk.	Partially Aligned	Fully Aligned	Partially Aligned
<b>Step 3: Design and implement a strategy to respond to identified risks</b>				
<i>Requirements set by Programmes for those companies subject to audit under the Programme:</i>				
B.49	Report findings of risk assessment to designated senior management, outlining the information gathered and the actual and potential risks identified in the supply chain risk assessment.	Fully Aligned	Fully Aligned	Fully Aligned

B.50	Enhance engagement with suppliers and strengthen internal controls, having regard to the specific measures for upstream and downstream companies provided in the Supplement.	Fully Aligned	Fully Aligned	Fully Aligned
B.52	Manage the identified risks by either: (i) continuing to trade but with measurable risk mitigation, (ii) temporarily suspending trade while mitigation is put in place, or (iii) ceasing trade with the relevant supplier. In doing so have regard to the specific recommendations of the relevant Supplements.	Fully Aligned	Fully Aligned	Fully Aligned
B.54	Measurable risk mitigation should result in significant and measureable improvement towards eliminating the identified risks, other than serious abuses, within six months from the adoption of the risk management plan. If there no such measurable improvement within six months, companies should suspend or discontinue engagement with the supplier for a minimum of three months.	Partially Aligned	Partially Aligned	Partially Aligned
B.55	Build and/or exercise leverage over the actors in the supply chain who can most effectively and most directly prevent and mitigate the risks of adverse impacts.	Fully Aligned	Fully Aligned	Fully Aligned
B.56	Consult with suppliers and affected stakeholders to agree on the strategy for measurable risk mitigation in the risk management plan.	Fully Aligned	Fully Aligned	Fully Aligned
B.58	<i>For upstream companies:</i> Gold producers with red flagged operations and other upstream companies sourcing ASM gold should assist and enable legitimate ASM producers to build supply chains consistent with the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned
B.59	Implement the risk management plan, monitor risk mitigation and report performance to designated senior management, and consider suspending or discontinuing trade with a supplier after failed attempts at mitigation.	Fully Aligned	Fully Aligned	Fully Aligned
B.60	<i>For upstream companies:</i> Implement, monitor and track performance of risk mitigation in cooperation/consultation with local and central authorities and other relevant stakeholders. Consider establishing or supporting community-based networks to monitor risk mitigation.	Fully Aligned	Fully Aligned	Fully Aligned
B.61	Maintain ongoing risk monitoring, evaluate the effectiveness of risk mitigation efforts and undertake additional fact and risk assessments as required, for example following changes to the supply chain.	Fully Aligned	Fully Aligned	Fully Aligned
Step 4: Carry out independent third party audit of supply chain due diligence at identified points in the supply chain				

<i>Requirements set by Programmes for those companies subject to audit under the Programme:</i>				
B.62	Carry out independent third-party audit of supply chain due diligence at identified points in the supply chain.	Fully Aligned	Fully Aligned	Fully Aligned
B.63	Facilitate auditor access to company sites, documentation, records and, as appropriate, access to suppliers and other relevant stakeholders, such as on-the-ground assessment teams.	Fully Aligned	Fully Aligned	Fully Aligned
<i>Requirements that Programmes set for auditors</i>				
B.64	Audit scope covers all of the smelter/refiner's business activities and management processes related to mineral supply chain due diligence.	Fully Aligned	Fully Aligned	Fully Aligned
B.65	The audit criteria assess the conformity of the smelter/refiner's due diligence practices against the requirements of a standard based on the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned
B.66	Auditors are required to be independent of the smelter/refiner and its supply chain, both with respect to business or financial relationships and with any services provided to the auditee company or its supply chain relating to due diligence practices.	Fully Aligned	Fully Aligned	Fully Aligned
B.67	Auditors should be technically competent with appropriate mineral supply chain knowledge, as described in the Supplements.	Fully Aligned	Fully Aligned	Fully Aligned
B.68	Audit activities should include audit preparation, document review, in-site investigations, risk-based sampling of due diligence records and data, and audit conclusions, as described in the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned
Step 5: Report on supply chain due diligence				
<i>Requirements set by Programmes for those companies subject to audit under the Programme:</i>				
B.69	Annually report, or integrate into annual sustainability or corporate responsibility reports, information on supply chain due diligence.	Fully Aligned	Fully Aligned	Fully Aligned

B.70	<i>For all upstream companies (including smelters/refiners):</i> The report should describe the company's management systems, the methodology and results of the risk assessment and the steps taken to manage risks, consistent with the specific content described in the Guidance. The report should be published.	Fully Aligned	Fully Aligned	Fully Aligned
B.72	<i>For gold refiners:</i> In addition to reporting on management systems, risk assessment and risk management as defined in the Supplement, refiners should publish the summary audit reports including details of audit dates, activities, methodology and conclusions (either directly or through cooperation with an Industry Programme or Institutionalised Mechanism).	Fully Aligned	Fully Aligned	Fully Aligned
<b>C</b>	<b>Specific responsibilities of Programmes</b>	<b>RATING</b>	<b>Rating for policies and standards</b>	<b>Rating for Implementation</b>
	<b>Step 1: Establish strong company management systems</b>			
C.1	Undertake due diligence on the ownership (including beneficial ownership) and corporate structure of refiners/smelters seeking accreditation/certification or membership status under the Programme.	Fully Aligned	Fully Aligned	Fully Aligned
C.2	Provide training to companies and/or their suppliers on due diligence management systems and processes.	Fully Aligned	Fully Aligned	Fully Aligned
C.4	Provide or facilitate access to a grievance mechanism that allows any impacted stakeholder to voice concerns relating to the extraction and supply chain activities of the relevant mineral(s) covered by the Programme.	Fully Aligned	Fully Aligned	Fully Aligned
	<b>Step 2: Identify and assess risks in the supply chain</b>			
C.5	Support companies sourcing minerals from red flagged operations in establishing on-the-ground assessment teams with appropriate capabilities and access rights as set out in the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned
	<b>Step 3: Design and implement a strategy to respond to identified risks</b>			
C.6	Demonstrate an understanding, gained through some form of impact analysis or qualitative or quantitative evaluation, of the social and economic impacts that the Programme's requirements may have on developing countries and the Programme's relevance to or linkages with other existing internationally recognised standards.	Fully Aligned	Fully Aligned	Fully Aligned



	Step 4: Carry out independent third party audit of supply chain due diligence at identified points in the supply chain			
C.7	Draft Audit Standards in accordance with the recommendations of the Guidance.	Fully Aligned	Fully Aligned	Fully Aligned
C.8	Accredit the auditors who may perform audits under the Programme.	Fully Aligned	Fully Aligned	Fully Aligned
C.9	Oversee, periodically review and monitor the ability of auditors to carry out audits in conformity with the Programme's requirements, based on the objectives, scope and criteria of the audit and judged against audit programme records.	Partially Aligned	Fully Aligned	Partially Aligned
C.10	Publish summary audit reports of smelters/refiners that include: (a) Smelter/refiner details, date of the audit and the audit period, (b) Audit activities and methodology and (c) Audit conclusions.	Fully Aligned	Fully Aligned	Fully Aligned