

8. FUTURE DEVELOPMENT of the Programme

The Responsible Sourcing Strategy re-affirms the LBMA's commitment to the implementation of the OECD Due Diligence Guidance with the intention to position LBMA as a leader for the continuous improvement of standards to ensure a sustainable precious metals market.

LBMA has identified five focus areas, which will underpin the priorities for the Responsible Sourcing Programme for the next three years. These are central to building long-term trust and credibility in the industry globally.

STAKEHOLDER ENGAGEMENT

LBMA has sought the views of our key stakeholders on priorities, objectives and actions through bilateral conversations, participation in constructive external events such as Swiss Gold Day and through ongoing engagement with collaborative initiatives and partnerships such as with the RMI, RJC, WGC, ICMM and the RAGS Forum.

The *Responsible Sourcing & Technology Virtual Summit 2020* presented a further opportunity, by way of webinars and blog posts, to actively invite stakeholder viewpoints around the challenges facing the precious metals market and to explore the role of LBMA in facilitating solutions.

LBMA intends to further consult with stakeholders, to understand how best to develop the three year strategy and ensure it supports the integrity of the Programme.

LBMA calls on National Authorities, Civil Society, Industry Bodies and any other stakeholders to provide feedback on the Priorities that have been identified over the next few pages, as well as on the recommendations that are being developed for International Bullion Centres to support and adopt (see page 32) and the strategic direction of the programme.

It is imperative that stakeholders engage with LBMA, to help with the development of the Programme. To find out more, please get in touch with Sakhila Mirza, LBMA Executive Board Director and General Counsel, who is responsible for the Programme strategy – mailto: affairs@lbma.org.uk.

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

Ruth Crowell, CEO

FOCUS AREA 1: Value chain accountability – building leverage

Objective:

Build the awareness, trust and mutual confidence of stakeholders in the precious metals value chain to increase accountability and enhance collaboration

Key actions:

- Host the Responsible Sourcing & Technology Summits to convene stakeholders in constructive dialogue
- Cooperate with other international organisations on issues of common interest (e.g. law enforcement)
- Collaborate with partners, national authorities and other markets around the world to continue to advance standards for the common good of the global industry
- Publish the Miner's Annex to support the upstream community's due diligence efforts
- Engage with key value chain actors to better understand their needs

Key deliverables:

- International Bullion Centre Recommendations
- Virtual Responsible Sourcing Summit
- Miner's Annex
- Bullion Bank Reporting
- Increase awareness and capacity of key value chain actors

FOCUS AREA 2: Advancing standards – defining best practice

Objective:

Advance Responsible Sourcing standards and business practices to strengthen refiners' risk assessment practices and provide more focus on progressive risk mitigation

Key actions:

- Provide regular updates to refiners and auditors on issues relating to the Responsible Sourcing Programme
- Publish updated versions of the gold and silver *Responsible Sourcing Guidance* documents (including a Refiner's Toolkit), in consultation with stakeholders, which build and improve upon previous versions
- Facilitate technology solutions to strengthen the integrity of gold bars in the market

Key deliverables:

- Updated versions of Responsible Gold Guidance and Responsible Silver Guidance
- Update the Refiner's Toolkit
- Refiner's Training Programme, reflecting the various OECD Annex II risks.

INTERNATIONAL BULLION CENTRES – RECOMMENDATIONS

As the global authority for precious metals, LBMA has developed recommendations for International Bullion Centres to adopt in order to support global responsible gold supply chains. The scope of the International Bullion Centres recommendations focuses on the following strategic priorities:

- responsible sourcing of recycled gold,
- controlling cash transactions and mitigating the risk of potential money laundering, and
- support for legitimate Artisanal and Small-Scale Mining (ASM).

LBMA will be calling on pre-identified International Bullion Centres to support five key recommendations, that will focus on effective scrutiny and verification of local and regional supply chains; effective regulation of local and regional supply chains; effective enforcement powers; effective co-operation with local, regional and international organisations; and the development of ASM specific guidance to support and further legitimate ASM supply. More detail will be provided later in Q4 of 2020.

FOCUS AREA 3: Transparency – improving disclosure and reporting

Objective:

Enhance disclosure against Step 5 of the Responsible Sourcing Programme to improve the transparency of the precious metals supply chain

Key actions:

- Implement a programme to improve disclosure by GDL refiners
- Implement an enhanced grievance mechanism
- Implement a programme to improve LBMA disclosure

Key deliverables:

- Refiner's Disclosure Guidance
- Management Guidance for refiners
- Improving Grievance Policy and tracking system
- LBMA Responsible Sourcing Annual Report

FOCUS AREA 4: Audit Programme – enhancing credibility

Objective:

Strengthen the robustness of Step 4 of the Responsible Sourcing Programme to improve confidence in the assurance process

Key actions:

- Review the accreditation process of the [Approved Auditors List](#)
- Implement a programme to enhance the technical competencies and subject matter knowledge of auditors

Key deliverables:

- Auditor Training and Competency Framework
- Update of *Responsible Sourcing: Third-Party Audit Guidance*

FOCUS AREA 5: Artisanal Small-Scale Mining (ASM) – engaging responsibly

Objective:

Encourage and facilitate responsible engagement by refiners in the precious metal supply chains of Artisanal and Small-Scale Mining

Key actions:

- Convene ASM Working Group to identify practical ways to address challenges of sourcing from ASM and high-risk areas
- Educate refiners on the risk mitigation aspects of the OECD Due Diligence Guidance
- Collaborate with national authorities, NGOs and other industry initiatives to promote the legalisation and formalisation of ASM

Key deliverables:

- ASM Due Diligence Tools – COVID-19

TIMELINE FOR DELIVERABLES

