

6. PROGRAMME

Governance

PROGRAMME MANAGEMENT

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

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

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

COMPLIANCE PANEL

As part of the Programme management, a Compliance Panel has been established. The Panel convenes every 4-6 weeks, depending on the agenda, to discuss any escalations arising from the first level review by the RSM and CTO.

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

LBMA PHYSICAL COMMITTEE

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

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

DECISION MAKING

The ultimate decision to remove a GDL refiner for Responsible Sourcing failures lies with the Executive Board directors as well as the independent Non-Executive Directors (NEDs) of the Board. Elected members of the Board are not involved in any decision involving refiners on the Good Delivery List.

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

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