

Disclosure Guidance Consultation Response

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Respondent: Zijin Mining

Organisation's Role in Gold Supply Chain: Refiner

Summary of Four Reports on LBMA's New Disclosure Rules

I. Core Concerns and Common Objections

- 1. Commercial Secrets and Competitive Advantage:** All documents strongly worry that the detailed information disclosure required by the new rules (e.g., supplier names, specific mine information, transaction details) will leak trade secrets, lead to vicious/malicious bidding and supplier loss, and allow competitors to deduce companies' procurement strategies, inventory, and production capacity, thereby losing competitive advantage.
- 2. Supply Chain Characteristics and Practical Difficulties:** Challenges specific to the Chinese market or processing by-product precious metals (e.g., gold and silver in copper concentrate) are highlighted. Complex supply chains (often involving 4-5 levels of transshipment) and a highly competitive environment "where many monks compete for little gruel" mean upstream suppliers (especially mines) fiercely protect their information, making it difficult for refiners to obtain and trace back to the ultimate source.
- 3. Data Security and Legal Risks:** There are concerns that disclosing sensitive information (e.g., exclusive supply terms, transaction prices, production capacity) could lead to risks of breaching contractual confidentiality clauses and data privacy regulations, and even pose security threats. Additionally, disclosure errors could result in regulatory penalties and reputational damage.
- 4. Market Volatility Risk:** Disclosing procurement information may allow other market participants to analyse a company's purchasing patterns, leading to increased market price fluctuations and affecting the company's procurement and pricing strategies.

II. Main Suggestions and Requests

- 1. Refine Disclosure Granularity and Implement Risk-Based Management:**

* Zijin Mining suggests clarifying disclosure boundaries based on the principle of "Risk Classification + Operational Feasibility".

* For by-product precious metals, it is recommended to only require disclosure of the country of origin, without mandating detailed information on intermediate transshipment links in non-high-risk areas.

* For partners in High-Risk Areas, public information should be limited to the company name and city of location, avoiding the disclosure of core commercial data like production capacity and transaction prices.

* For WGC member mines, differentiated disclosure should be implemented based on whether they are located in high-risk areas (disclose specific names if in high-risk areas; disclose the owning group and country if in non-high-risk areas).

2. Strengthen Protection of Commercial Secrets and Data Security:

* Zijin Mining suggests that LBMA clarifies a list of confidential information exempt from public disclosure (e.g., purchase volume of first-tier suppliers, exclusive supply terms, processing technology parameters), which would only be filed internally with LBMA via the GBI database.

* Continue using the GBI database's hierarchical disclosure model: public channels only display aggregated, desensitized information (e.g., "Country of Origin XX + Risk Level"), with detailed information submitted to LBMA via an encrypted module for regulatory verification only.

* Clarify LBMA's confidentiality obligations and legal liability regarding filed information to prevent its malicious use.

3. Clarify Rule Definitions and Provide Supporting Resources:

* Jiangxi Copper suggests that LBMA clearly articulates the background and purpose of requiring separate disclosure of WGC mine information and provides an official WGC mine list or query channel for verification.

* Align the wording between the main text and annotations of the guidelines to avoid ambiguity.

* Disclosure requirements (e.g., "Red Flag" indicators) should follow OECD guidance to balance transparency with the protection of commercial secrets.

4. Extend Transition Periods and Provide Multilingual Support:

* Zijin Mining recommends a sufficient compliance transition period for complex by-product precious metal supply chains to allow time for upstream verification.

* Both Jiangxi Copper and Zijin Mining emphasize that, given the high proportion of Chinese refiners in LBMA, LBMA should provide Chinese versions of key documents, conduct training in Chinese, and set up bilingual consultation channels to ensure accurate understanding of the rules and avoid compliance errors.

Conclusion:

This feedback collectively reflects the industry's deep concerns, particularly among Chinese refiners and mining companies, regarding the LBMA's new rules on protecting business secrets, adapting to complex supply chain

realities, and ensuring the rules are clear and practicable. They do not oppose disclosure outright but advocate for a more nuanced, risk-based disclosure framework that effectively protects sensitive business information. They also hope LBMA will provide clearer regulations and more user-friendly support measures for a smooth transition to the new regulatory environment.