



LBMA – LME Guide

How to use LBMA Responsible Gold or Silver Guidance to
comply with LME's Responsible Sourcing Policy

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1 Introduction

The London Metal Exchange's (LME) Policy on Responsible Sourcing of LME Listed Brands¹ applies to all brands listed for good delivery against physically settled contracts (aluminium, aluminium alloy, North American Special Aluminium Alloy Contract ("NASAAC"), cobalt, copper, lead, nickel, tin and zinc).

The London Bullion Market Association (LBMA) Responsible Sourcing programme is mandatory for all Good Delivery List (GDL) refiners wishing to trade gold or silver products on the "Loco" London Precious Metals market.

Both programmes are based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). The potential for cross-recognition of the two programmes does not directly overlap, as the metals in scope are different for each programme. However, after a review of the supply chains of refiners participating in LBMA's programme who also produce LME brands, LME and LBMA recognise that there are some producers for whom a recognition policy would be useful in reducing audit duplication. Rather than requiring producers to demonstrate implementation of the OECD Guidance to both organisations, this document explains how producers of LME brands may use participation in the LBMA Responsible Sourcing programme to comply with Track A of the LME's Policy. "Participation" in the programme is defined as compliance with the requirements of LBMA's Responsible Gold Guidance version 9 (RGG).

Refiners that are implementing only the LBMA's Responsible Silver Guidance (RSG) are not eligible for this recognition unless they specifically instruct their approved service provider to undertake the audit against the higher RGG standard. Even though the refiner may only process silver (not gold), there is no impediment to the Refiner voluntarily being assessed against the RGG. Both refiner and auditor need to make it explicitly clear in the assurance reports that the silver refinery is being assessed against RGG (not RSG) in order to take advantage of the LME-LBMA recognition agreement.

The LBMA RGG was conditionally approved by the LME as a Track A standard on 30 December 2022. The approval is conditional upon the resolution of the comments raised through the alignment assessment process. This agreement is effective as of 1 January 2023. This document should be considered a pilot, meaning it may be revised frequently without notice as the LBMA, LME, and producers learn from the efforts to implement the requirements below.

2 Applicability

Only producers of LME brands or Refiners on LBMA's or LPPM's Good Delivery List(s) may use the LBMA Responsible Sourcing programme to comply with Track A of the LME's Responsible Sourcing Policy.

3 Requirements

Producers of LME brands or Refiners looking to take advantage of this cross-recognition agreement must meet the requirements specified in the "Multi-site assurance and standards equivalence" section of the Responsible Gold Guidance.² The following criteria must be met:

- There is one multi-metal refinery processing all metals in scope

¹ For further clarity please consult <https://www.lme.com/en/about/responsibility/responsible-sourcing>

² <https://www.lbma.org.uk/publications/responsible-gold-guidance-v9> (p. 36)



- The Refiner’s supply chain policies and management systems are consistent for all metals in scope
- The RGG is used as the basis for the multi-metal assurance engagement, i.e., all metals in scope should be assessed for threat finance risk and ESG factors
- Detailed sample testing adequately covers all metals in scope (further guidance is provided in the Third-Party Assurance Guidance)
- Refiners provide sufficient disclosures on each metal in scope in the Compliance Report
- Assurance Providers include sufficient information on each metal in scope in the Assurance Report or provide separate Assurance Reports for each metal in scope.

4 Governance

The LBMA & LPPM will continue to conduct the annual risk-based review of the Refiner’s compliance and assurance deliverables. LBMA & LPPM will notify the LME of any changes to the status of any Good Delivery refiners that are using LBMA as their route to compliance with LME’s requirements. This includes both conclusive decisions to remove a refiner from the Good Delivery List and any significant finding during Incident Review Processes or Special Assurance Process.

LME agrees to notify LBMA & LPPM of the results of any disciplinary or investigative actions taken against any producers of LME brands relevant to LBMA, pursuant to Clauses 11-13, LME Policy on Responsible Sourcing of LME Listed Brands.³

5 Exclusions

Please note that this recognition of LBMA as a Track A standard only include the OECD Guidance portion of the LME requirements. The other two requirements (namely, ISO 14001 and ISO 45001) must be met separately by all LME producers.

6 Examples

The following table provides examples of how to read the RGG when applying it to LME metals. Anytime a reference to gold is made in either the RGG or the LBMA Third Party Audit Guidance⁴ this is assumed to refer to the LME metal as well. Table 1 is not exhaustive, but is provided to show examples of how the RGG should be read when expanding the scope to LME metals produced at the site.

LBMA reference	LBMA text	When applying the RGG to LME metals, this is understood to mean:
LBMA RGG page 8	Gold-supplying counterparty or counterparties: A gold supplier that is directly engaged with a gold Refiner.	Gold and [insert other metals here] -supplying counterparty or counterparties: A gold and [insert other metals here] - supplier that is directly engaged with a gold Refiner.
LBMA RGG page 11	Supplier: This term refers to any individual or organisation that is a participant in the supply chain for	Supplier: This term refers to any individual or organisation that is a participant in the supply chain for the supply of gold and [insert other

⁴ Download the Third-Party Audit Guidance here: <https://www.lbma.org.uk/responsible-sourcing/auditors>



	the supply of gold and gold-bearing materials.	metals here]- and gold and [insert other metals here]- bearing materials.
LBMA RGG page 11	Refiners are strongly encouraged, with reference to Appendix 1 of the OECD Due Diligence Guidance Gold Supplement, to consider measures to create economic and development opportunities for Artisanal and Small-Scale Miners and assist legitimate Artisanal and Small-Scale Miners to build secure, transparent and verifiable gold supply chains from mine to market.	Refiners are strongly encouraged, with reference to Appendix 1 of the OECD Due Diligence Guidance Gold Supplement, ⁶ to consider measures to create economic and development opportunities for Artisanal and Small-Scale Miners and assist legitimate Artisanal and Small-Scale Miners to build secure, transparent and verifiable gold and [insert other metals here] supply chains from mine to market.
LBMA RGG page 15	Refiners must adopt a gold supply chain policy	Refiners must adopt a gold supply chain policy
LBMA RGG page 15	Bribery and fraudulent misrepresentation of the origin of gold.	Bribery and fraudulent misrepresentation of the origin of gold and [insert other metals here] .
LBMA Third Party Audit Guidance page 7	<p>The audit scope does not cover operations of business partners of the Refiner or operations of a Refiner that are not related to Precious Metal Refining.</p> <p>For each site visited by the auditor, all organisational units involved in the Refiner’s Precious Metal supply chain Due Diligence measures for Precious Metal-bearing material are to be considered during the audit. All Precious Metal-bearing material received within the audit period for the purposes of Precious Metal refining shall be included in the audit scope. This includes any mined, recycled or grandfathered Precious Metal-bearing material received by the Refiner.</p>	<p>The audit scope does not cover operations of business partners of the Refiner or operations of a Refiner that are not related to Precious Metal Refining.</p> <p>For each site visited by the auditor, all organisational units involved in the Refiner’s Precious Metal supply chain Due Diligence measures for Precious Metal-bearing material are to be considered during the audit. All Precious Metal-bearing material received within the audit period for the purposes of Precious Metal refining shall be included in the audit scope. This includes any mined, recycled or grandfathered Precious Metal-bearing material received by the Refiner.</p>

7 FAQ

If my refinery is listed on the Good Delivery list for LBMA and produces a brand listed with the LME, what do we need to do to comply with the LME’s requirements using our LBMA participation?

1. Ensure that your LBMA auditor is aware of the other metals to be included in the scope of your audit well before the audit begins. If your LBMA audit is only against the RSG, you will need to communicate to your auditor that you would like to be assessed against the RGG.



2. Ensure Refiners provide sufficient disclosures on each metal in scope in the Compliance Report.
3. Ensure Assurance Providers include sufficient information on each metal in scope in the Assurance Report or provide separate Assurance Reports for each metal in scope.
4. Provide the Independent Assurance Report and the Management Report to the LME.
5. Obtain ISO 14001 and ISO 45001 certification (or equivalent) at your LME-brand producing sites and send these to the LME.