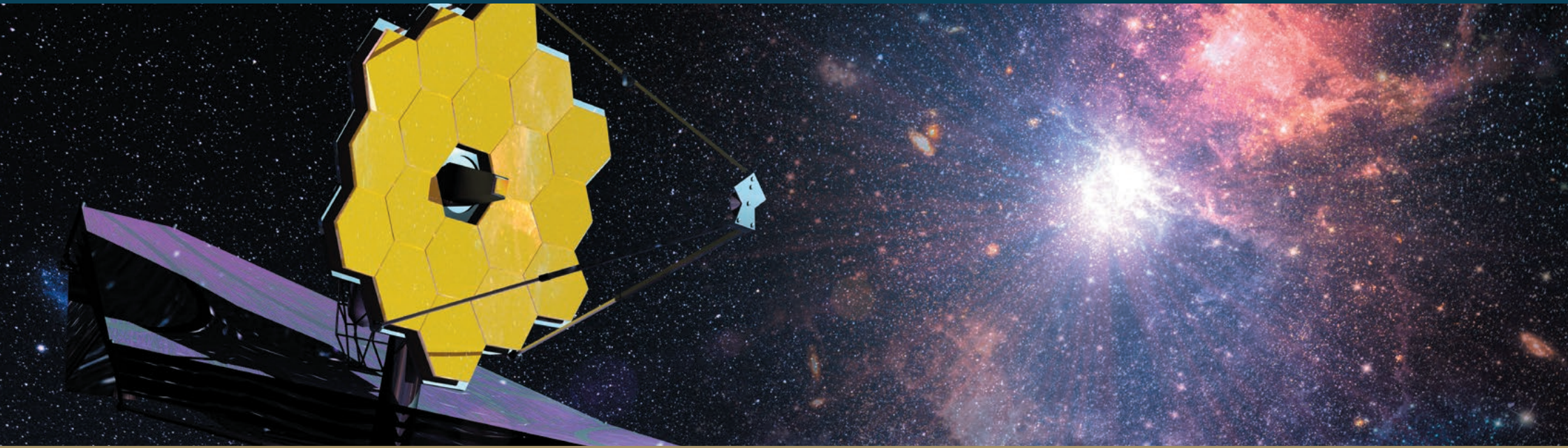


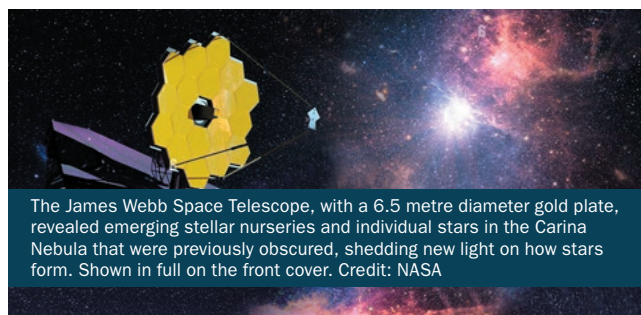
# Annual Report **2022**



# LBMA Advancing Standards for the Common Good of the Global Industry

Our mission is to ensure the highest levels of leadership, integrity and transparency for the global precious metals industry by advancing standards and developing market solutions.

We are the world's independent authority and standards setter that upholds trust in the global precious metals market.





# Chairman's Message

Welcome to the LBMA Annual Report 2022. The past year has seen a huge amount of activity by LBMA, as we continue to deliver against our strategic objectives.

The LBMA Board had to act following the Russian invasion of Ukraine, and the consequent international sanctions placed upon Russia and Russian entities. As a result, the right thing for LBMA to do was apply its rules which require the recognition of international sanctions. We also acted consistently with ensuring the integrity of the Loco London market.

As usual, global events have been affecting the gold price both upwards and downwards. Interest rates are much higher than in 2021 and rising in most of the world, following the rise in inflation globally. Although that may help to explain why the gold price has fallen from its record high after the invasion of Ukraine earlier in the year, the metal has been proving its worth as a liquid asset in periods of stress.

I suspect that higher inflation – and interest rates – are set to remain with us for quite some time, and there may be further episodes of market stress. Current inflation rates are remarkably similar across the US, the EU and the UK, and have risen above target in Japan and Switzerland, underlining the common nature of the inflationary shocks. Whatever one's explanations of the cause, controlling inflation expectations to support lower inflationary outcomes could prove to be difficult.

Looking further ahead and to enhance the resilience of the industry, LBMA has made great strides in delivering its sustainability and responsible sourcing strategy this past year. Months of work culminated in the signing of the Declaration of Responsibility and

Sustainability Principles by 14 signatories around the world at our Lisbon conference. The Declaration represents a huge step forward in bringing together key market players to work towards the same aim: a sustainable industry. This collaborative achievement complements our latest Sustainability and Responsible Sourcing Report, published in October, which details the work undertaken over the year and about which you can read more in section 3. I highly recommend you read the new report if you haven't already.

Thank you for your support and engagement. I hope to see many of you during our upcoming events, following the indisputable success of the Lisbon conference.

**Paul Fisher**  
LBMA Chairman

# CEO's Report

Now that we are one year into our three-year strategy, I'm delighted to report that this last year has been packed full of achievements.

One of our key strategic goals for 2022 was improving accessibility, and we have found more and more ways to engage with you this year.

We launched our Introduction to Responsible Sourcing course, which has already proved extremely popular, and we look forward to seeing more members attend the in-person courses to network and provide their thoughts on the topic.

Connecting with so many of our Members and Affiliates during LBMA roadshows, quarterly CEO Town Halls, Tea with Ruth and our webinars has been an excellent opportunity to hear your views on the direction of LBMA. Your feedback is crucial to ensure that we advance market standards for the common good of the global industry.

I'm grateful for all the engagement to date & looking forward to more in 2023.

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**WE ARE ACTIVELY LOOKING TO IMPROVE THE SATISFACTION OF OUR MEMBERS AND ALL INDUSTRY STAKEHOLDERS, AND WE WANT TO HEAR HOW WE CAN CONTINUE TO DEVELOP SOLUTIONS TO BETTER SERVE THE COMMON GOOD OF THE GLOBAL INDUSTRY.**

**SO PLEASE SEND ANY COMMENTS AND FEEDBACK TO [ASK@LBMA.ORG.UK](mailto:ASK@LBMA.ORG.UK). ALL FEEDBACK IS WELCOME.**

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## Improving Standards & Member Satisfaction

As part of our new strategic plan, we made Member Satisfaction a key measure of our success. The independent survey conducted last year resulted in a 67% Member Satisfaction rate. Following that feedback, we developed an Engagement and Member Services strategy to improve the work we do for you, the Membership. We set an improved 2022 target of 70% as well as introduced annual surveys for Membership and Good Delivery applicants to ensure that the processes are fair, transparent and timely.

I'm pleased to report that the overall satisfaction rate has risen from 67% in 2021 to 85% in 2022. And most importantly, we had a significant increase in the number of respondents willing to directly share their suggestions and feedback.

These surveys, now annual, offer Members, Refiners and other key stakeholders an ongoing opportunity for meaningful dialogue on current work as well as a say in the future direction of LBMA. It is also an opportunity for LBMA to hold itself accountable, and ensure the highest levels of leadership, integrity and transparency for the industry.

As part of our wider industry engagement, this year, we consulted on two important LBMA standards: the Global Precious Metals Code, and the Good Delivery List Rules – our first public consultation and the most comprehensive review yet of this standard. High levels of engagement in both consultations have resulted in strengthened standards that are fit for the current environment.

Following last year's launch of version 9, the next chapter of the Responsible Gold Guidance, we have worked to support the industry's implementation of this standard. This included improving guidance materials for public disclosure as well as assurance providers. We have also formally embedded Sustainability into our overall strategy, given the rising importance of ESG. As part of this, we launched our ASM Task Force at the Conference in Lisbon, where we called for industry leaders to support the 40.5 million miners around the world as part of their own ESG engagement strategies. Surely those miners represent the S or "Social" in ESG for the gold industry and need our support.

### MEMBERSHIP SATISFACTION SCORES

IN 2022, WE CONDUCTED A SIMILAR, SHORTER SENTIMENT CHECK, WHICH SHOWED THAT SATISFACTION SCORES HAD RISEN TO 85%, WELL ABOVE OUR TARGET OF 70% FOR 2022.

AFFILIATES

88%

FULL MEMBERS

85%

MARKET MAKERS

84%

RATED

4 OR 5 OUT OF 5

## ADVANCING STANDARDS FOR THE COMMON GOOD OF THE GLOBAL INDUSTRY

### THE INDEPENDENT AUTHORITY FOR PRECIOUS METALS

#### SUSTAINABILITY

Increased supply and demand for responsibly sourced bullion

- International Bullion Centres
- Broaden sustainability agenda
- Responsible ASM
- Further engagement with the upstream /downstream
- Advancing the Audit Programme

#### PHYSICAL MARKET ENHANCEMENTS

GDL innovates to remain the leading global standard

- Gold Bar Integrity ecosystem (all GDL production)
- Security Features on bars
- Stock Management
- Advancing professional training & resources

#### FINANCIAL MARKET ENHANCEMENTS

Increased client confidence in transparent, accessible market

- Gold as HQLA
- Clearing & Settlement Review
- New GOFO/IRS
- Further Trading Transparency
- Gold tokenisation
- Advancing Precious Metals Code

#### COMMUNICATIONS & ENGAGEMENT

Highly accessible with presence in all key markets

- Improved Member satisfaction rate
- Broader industry engagement
- Increased accessibility for Members
- Strategic events & education programme

## Looking forward to 2023

As we enter the second phase of our three-year strategy, we will be further increasing transparency and market confidence through the progression of the digital Gold Bar Integrity (GBI) database. We are delighted to be working with the World Gold Council and the entire global value chain on this important initiative. Thank you to the many, many industry participants who took part in the 2022 pilots and who have committed to the work ahead of us in 2023. GBI aims to add integrity to the gold bars themselves by creating and deploying a digital gold ecosystem which support the transparency, efficiency and most importantly, integrity of the global industry.

The launch of the Sustainability and Responsible Sourcing strategy will help shape the priorities over the coming years, including improving industry disclosure on ESG, stopping the decline of ASM sourcing and advancing common standards through the next version of the Responsible Silver Guidance.

LBMA will also continue to focus on Financial Market Enhancements, creating an action plan aimed at increasing the understanding of Loco-London liquidity market for regulators as well as potential return to the gold IRS market.

Join us for another exciting year ahead as we work together to improve our global industry. I hope to see you at the Conference in Barcelona if not for Virtual Tea well before then!

**Ruth Crowell**  
LBMA CEO

# Physical Market Development

It was hoped that 2022 would mark a return to some sense of ‘normality’ post-pandemic; however, world events have ensured that this was not the case.

The removal of the Russian Refiners in March caused issues in the market that resulted in the development of guidance material for authorities, Customs and other market participants. Further support has resulted in the establishment of a centralised database of all Russian bars that were already in the market pre-suspension and, therefore, remain Good Delivery.

Significant progress has been made on the Gold Bar Integrity (GBI) initiative and the International Bullion Centres work. Earlier this year in March, LBMA and the World Gold Council announced a pilot phase for the GBI joint initiative. Another key focus has continued to be with the Security Feature project, which is progressing well. Four of the vendors have carried out demonstrations of their security features for the vaults, to determine applicability.

TOTAL  
REFINERS

97

GOLD  
LIST

64

SILVER  
LIST

78

BOTH  
LISTS

45

## REFINER NUMBERS

There remains a large number of Refiners attempting to get their brand onto the Good Delivery Lists (GDL) and there are currently nine active Good Delivery applications, five for silver and four for gold. In addition to the removal of the Russian refiners, there were two other suspensions, one due to an ongoing Incident Review Process, which has been successfully completed, and the suspension has been lifted. The other, due to non-delivery of the 2020 Responsible Sourcing audit reports, has also been lifted following successful completion of the audit process.

## NEW LISTINGS

**Silver – Jiangxi Hefeng Environmental Protection and Technology Co. Ltd (Jinfeng)**  
**Silver – Shenzhen Point Gold Refinery Co., Ltd**

There continues to be a strong interest from China to join the GDL, for silver; however, a small number of the pending applications are from various regions and mostly silver refiners.

# Global Footprint

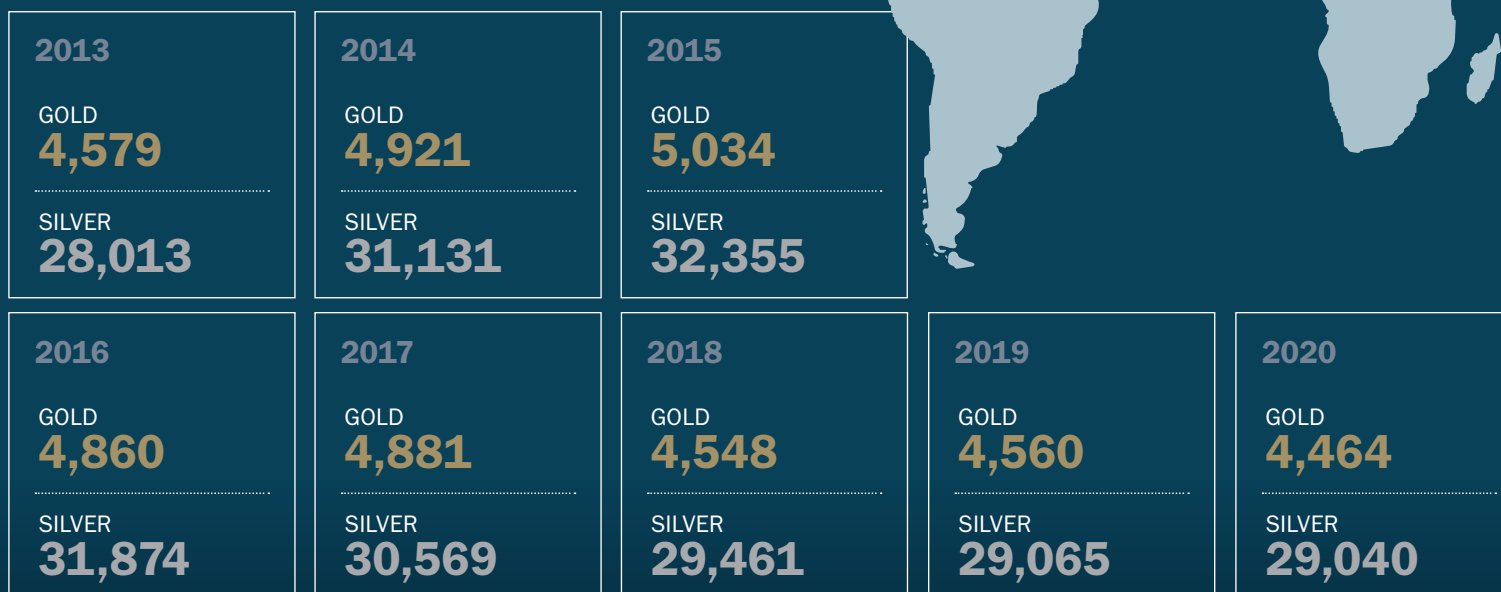
## Location of LBMA Good Delivery Refiners

### GEOGRAPHICAL BREAKDOWN

Where are the GDL Refiners located?

Area	Gold & Silver	Gold Only	Silver Only	Total
Africa	1	0	0	1
Americas	7	1	1	9
Asia	24	14	22	60
Europe	11	4	8	23
Oceania	2	0	0	2
<b>REFINERIES</b>	<b>45</b>	<b>19</b>	<b>31</b>	<b>95</b>

### TOTAL REFINED PRODUCTION (TONNES)





## CHANGES TO GOOD DELIVERY RULES 2023

As part of this year's three-yearly enhanced review, LBMA focused on three key areas, based on the ongoing review of the Rules and feedback from the GDL Refiners. A consultation was launched to give the Refiners an opportunity to participate and help inform how we update the Rules, and a consensus was reached.

### The three key areas are:

#### Good Delivery Application Non-Technical Criteria

The criteria have been enhanced to allow applicants to provide a support letter from a Regulated Exchange, given the evolution of the global precious metals market. New criteria have been introduced to ensure viability of the applicant, and in addition to the TNW requirement, we will also be requesting Risk Mitigation policies and levels of insurance. Additionally, a significant change has been made to the 'annual refined production threshold in the three years prior to application' requirement; however, we have introduced an incremental increase, ensuring the threshold is met in the third year prior.

#### Listing of By-Product Below Current Throughput Threshold

This will allow existing Refiners to apply for a Listing for a second metal that is produced as a by-product, giving the Refiner recognition for the good work it is currently doing to maintain the standards for both metals.

#### Environmental, Social and Governance (ESG)/ Provenance Bar Listing

This will allow existing Refiners wishing to make additional claims and provide transparency to apply for an additional bar Listing. This will also enable Refiners to receive recognition for their endeavours. A key criteria for Refiners is to provide provenance verification data and demonstrate key areas outlined in the application, in their annual Responsible Sourcing audit.

A criterion has been developed and agreed via the consultation for both new Listings.

**THE NEW GD RULES WILL BE LAUNCHED BEFORE THE END OF THE YEAR, EFFECTIVE 1 JANUARY 2023.**

## ASSAYING AND REFINING (A&R) CONFERENCE

The tenth biennial A&R Conference will be held in London on 12-15 March 2023. The theme for the Conference will focus on safety in laboratories and will feature Leo Simpson (Project Engineering Manager, Metalor USA) as the keynote speaker.

The LBMA's Assaying and Refining Conferences have been an excellent opportunity for assaying and refining professionals in the precious metals industry to network, exchange information and gain an understanding of new developments.

The presentations and video recordings from the biennial Conferences are available under the Events tab on the LBMA website.

## PROFICIENCY TESTING (PT)

Registrations for the 11<sup>th</sup> round of the PT Scheme closed on 31 October, and we have seen an increase in participants, with 62 labs participating for gold and 49 for silver. LBMA carried out a survey earlier this year and, based on the results, the schedule has been changed to ensure timely delivery of the samples for testing and publication of the FAPAS report.

## CERTIFIED REFERENCE MATERIALS

The Referees and invited experts have reviewed the industry requirements for new CRMs and are in the process of determining the most desirable CRM to manufacture.



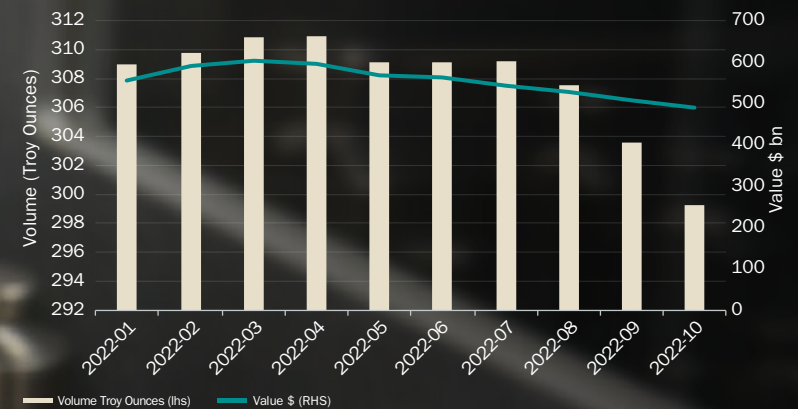


## Vault Holdings

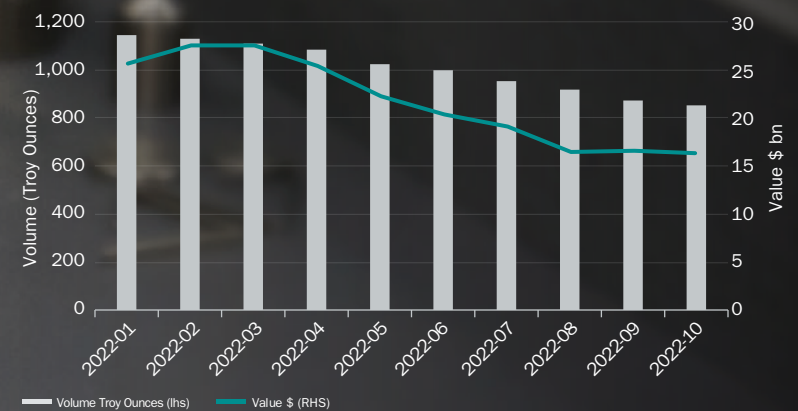
The graphs show the monthly holdings of gold and silver held in London vaults both by value (\$ billions) and volume (millions/oz).

In terms of volume, gold holdings remained steady, but had a year-on-year decrease of 5.4%. However, silver holdings declined each month; as of November 2022, we recorded the lowest amount of silver held in the vaults since reporting started in July 2016. This didn't come as a surprise and is reflected in the ongoing strength of coin and bar demand, especially in the key US and German markets.

### London Gold Vault Holdings



### London Silver Vault Holdings



# Gold Bar Integrity Programme

The Gold Bar Integrity programme (GBI) aims to digitally monitor gold moving through the global supply chain by confirming provenance and providing transparency over the chain of custody.

## GBI PROJECT AND SCOPE

The Gold Bar Integrity project has two parts: the Security Feature and GBI Database, which will work together to ensure a robust digital ecosystem.

The Security Feature is a physical feature that will establish the identity and verify the authenticity of a gold bar, akin to a bar passport, which will link to the GBI Database. The market standards for the Security Feature were launched in 2020 by LBMA, and the associated application process opened in 2021. LBMA has been supported by the working group, a panel of technical experts, who review the Security Feature applications and determine if they meet the standards.

The Gold Bar Integrity Database – a transparent ledger of gold bars – will give consumers, investors, and traders greater confidence in gold as an asset class and advance standards for the common good of the global industry.

## The GBI Pilot

The GBI Pilot, jointly launched by LBMA and World Gold Council (WGC) in March 2022 and concluded in July 2022, provided international market participants with the opportunity to help define the scope of the database, identify priorities, and gain a better understand how interoperability may work. They worked with two service providers, Axedras and Peer Ledger.

Over 30 participants took part in the pilot across 13 locations including UK, Europe, USA, Canada, Australia, and South Africa – and saw 16 test cases complete. Now that the pilot has ended, we can share some initial findings and information on next steps.

## KEY OBSERVATIONS

Throughout the course of three different simulation flights run by the two service providers, the participating companies (mines, refiners, carriers, vaults/ banks) across the globe interacted with each other and jointly simulated upstream- and downstream-related processes on the blockchain-based solutions.

These simulations showcased how both platforms digitalised the gold value chain, including registering and exchanging data among parties in an efficient and secure manner. It illustrated the integration of provenance data from the source of origin and traceability of chain of custody per refined product. The handling of edge cases was also tested, such as duplicate detection or exit/re-entry of refined products – and bulk uploading of material and bars for all actors.

## NEXT STEPS

The pilot has been extremely useful in helping to understand the technology and its uses for the precious metals supply chain. It highlighted how the industry can collaborate on a shared solution to address a shared problem – confirming provenance and providing chain of custody transparency.

Despite the conclusion of the first pilot phase, some participants are still keenly running scenarios between themselves to test ‘real world’ scenarios while the vendors have the networks still available.

It’s become even clearer that a further governance and industry consultation is required for developing an industry standard taxonomy, dispute resolution process, and developing best practice for the reintroduction of material from outside the country of origin.

The pilot has also revealed longer term opportunities, which include the market expansion of the platform to include other gold products including secondary markets, other precious metals, ESG reporting, KYC requirements, and the due diligence surrounding the onboarding of customers.

# Sustainability & Responsible Sourcing

## Declaration of Responsibility and Sustainability Principles

Gold plays a unique role in the global economy – in stimulating economic growth, in protecting the financial security of nations, communities and families, and in enabling advances in medical, environmental and communication technologies.

Public trust is fundamental to the many positive contributions that gold makes to socio-economic progress. To maintain and strengthen that trust, the gold industry – convened by LBMA and the World Gold Council – agreed to the **Declaration of Responsibility and Sustainability Principles** which formally express a shared commitment to operating in a responsible and sustainable way based on a clear set of shared goals.

Signed at the October 2022 LBMA/LPPM Global Precious Metals Conference in Lisbon, the Declaration commits to ten key sustainability objectives, including responsible sourcing standards, respect for human rights, the advancement of the UN Sustainable Development Goals, and action and disclosures on climate change.

Signatories to the Declaration are LBMA, World Gold Council (WGC), Singapore Bullion Market Association (SBMA), China Gold Association, Swiss Association of Precious Metals Producers and Traders, London Metal Exchange (LME), Dubai Multi Commodities Centre (DMCC), India Gold Policy Centre (IGPC), India Bullion and Jewellery Association (IBJA), India International Bullion Exchange (IIBX), World Jewellery Confederation (CIBJO), Artisanal Gold Council (AGC), Responsible Jewellery Council (RJC), and the Watch and Jewellery Initiative 2030.



## Sustainability Summit

In March, LBMA and the World Gold Council co-hosted the Sustainability and Responsibility Summit in London.

The event opened a discussion on the integral role that climate concerns must take when it comes to making business decisions – particularly mitigating our impact on carbon output.

The other key focus of the event was the launch of LBMA's ASM initiative. Artisanal and Small-scale Mining (ASM) supports as many as 40 million people worldwide and accounts for up to 20 percent of global mined production, yet equates to approximately 1 percent of the throughput of Good Delivery List (GDL) Refiners.

The Summit brought together some of the leading minds and practitioners in the ASM space to discuss key obstacles and opportunities in the sector, most notably, entry points for GDL Refiners looking to increase their direct sourcing of ASM material.

To guide our thinking, LBMA commissioned a feasibility study led by Phuzumoya, a South Africa-based consulting firm. The study's remit was to examine commonly understood barriers faced by ASM producers and suppliers, and to consider practical and actionable ways by which LBMA and Good Delivery List Refiners could provide better market access and legitimacy to the ASM sector.

### THE ASM REPORT

The ASM feasibility study was released at the LBMA/ LPPM Global Precious Metals Conference in October.

The report identified several promising avenues of opportunity for LBMA and GDL Refiners to pursue in future years. The **biggest takeaway from the report** is that, for the initiative to succeed, it will require outreach by LBMA to willing producer governments and GDL Refiners to agree and establish more ASM-friendly regulatory regimes.

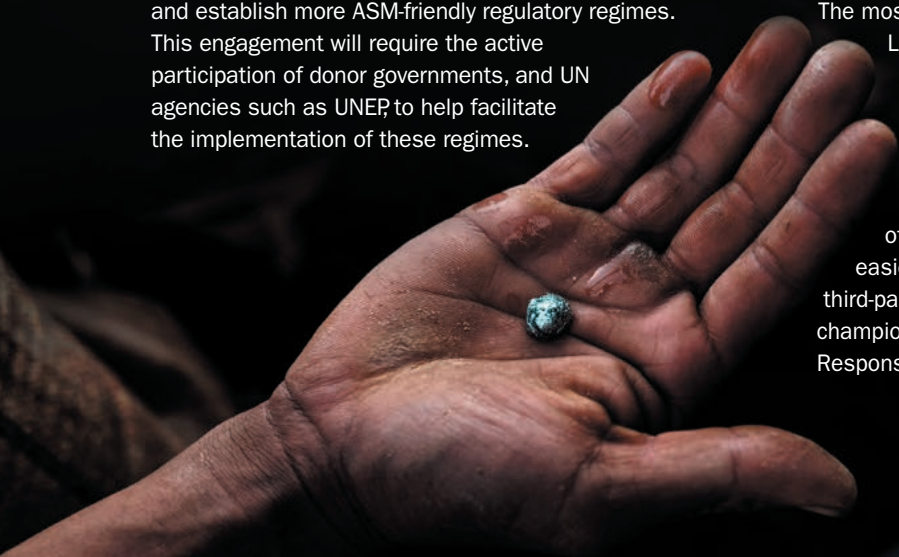
This engagement will require the active participation of donor governments, and UN agencies such as UNEP, to help facilitate the implementation of these regimes.

The report also recommends greater discussion with WGC members, many of which possess significant economic and political capital in the countries in which they operate and could leverage more desirable regulatory conditions that would encourage greater cooperation between ASM and industrial miners working on or near each other's concessions.

The most significant recommendation, however, was that LBMA should establish a Good Delivery List for processors and intermediate refiners, whose members would (as a condition of membership) conduct due diligence on their ASM suppliers. Such a List would provide refiners with additional due diligence comfort and result in greater volumes of material (running into the tonnes), and would be easier for LBMA to assess as part of the annual third-party audits. The List would build on the model championed by PX Précinox (a Swiss GDL Refiner) and the Responsible Mineral Initiative's work with aggregators.

LBMA was urged to look to countries such as Colombia, Ghana, Nicaragua and Peru as entry points for engagement, as governments and industrial producers there have demonstrated a more constructive approach and willingness to advance ASM reforms.

In parallel to Phuzumoya's report, LBMA also struck an ASM Working Group Plus, comprised of GDL Refiners and NGOs with an established track record working to create responsible ASM supply chains in Africa and Latin America. These groups include IMPACT, Levin Sources, ARM and the Swiss Better Gold Initiative (SBGI). The terms of reference for this working group are to foster information sharing and cooperation between Refiners and ASM experts. Going forward, the Working Group will be reconstituted as the ASM Taskforce and will help guide LBMA in the implementation of some of the recommendations made by Phuzumoya (see more in **Future Developments**).



## Highlights of SRS Report 2022

LBMA's Responsible Sourcing Programme (RSP) plays a fundamental role in providing trust and confidence in the global precious metals market. All GDL Refiners must comply with the Responsible Sourcing requirements, or risk losing their GDL accreditation.

LBMA's RSP is aligned to the OECD Due Diligence Framework for Conflict-affected and High-Risk Areas, and is premised on the concept of continuous improvement. In line with that, LBMA standards evolved in 2022 with the launch of new versions of the Disclosure Guidance and the Third Party Audit Guidance (TPAG).

Version 9 of the Responsible Gold Guidance (RGG 9) was issued in November 2021 and came into effect on 1 January 2022. This gave GDL Refiners one year from that date to implement the new reporting requirements specified in the latest version. Audit reports filed in 2023 will be the first to be evaluated against RGG 9.

The Disclosure Guidance and the TPAG support GDL Refiners and assurance providers in meeting the reporting and disclosure requirements outlined in RGG 9. New versions of both documents were published in December 2022.

The amended Disclosure Guidance provides greater alignment with the OECD Due Diligence Guidance Step 5 reporting requirements and, in some instances, goes beyond this to encourage more transparent and meaningful public communication by Refiners. While the Guidance removes the requirement for Refiners to issue a mandatory Public Interest Report, a focus instead has been placed on improving the quality of the information and transparency of the Compliance Report that Refiners submit as part of their annual third-party assurance.

### Going forward, Refiners will be expected to disclose greater details regarding such items as:

- The number of zero-tolerance and high-risk suppliers identified
- The nature of the zero tolerance and high risks encountered
- The steps taken to mitigate these risks, including any communication with regulators or LBMA, and the Enhanced Due Diligence procedures followed
- The number of on-site visits to high-risk counterparties or areas for risk assessment purposes and the percentage that were conducted by external assessors, while keeping due regard to business confidentiality and other competitive concerns
- The number of intermediate refineries with high-risk supply chains that supplied independent assurance reports and the plan for obtaining the remainder
- A description of any non-conformances identified during the audit process and the steps taken to address them.

**TO READ MORE ABOUT LBMA'S RESPONSIBLE SOURCING PROGRAMME, PLEASE CONSULT THE [2022 SUSTAINABILITY AND RESPONSIBILITY REPORT](#).**

## RS Performance in 2021

Compared with the 2020 figures, gold-related non-conformances remained relatively static, both in overall numbers, as well as disaggregated numbers according to risk level. The lack of any high-risk non-conformances for the second straight year is a sign that enhanced due diligence, even in conflict-affected or difficult environments, can result in appropriate mitigation of potentially reputationally damaging risks. Silver non-conformances, meanwhile, dropped by half. The latter is a reflection of the growing awareness of the due diligence challenges and requirements in the silver supply chain, which only started reporting responsible sourcing practices in 2018. With 2022 being the first year of implementation of RGG 9, LBMA expects these numbers to rise next year as Refiners work to meet the higher reporting requirements.

### NON-CONFORMANCES REPORTING PERIOD: SEPTEMBER 2020 – JULY 2021

What the numbers tell us.

		RISK LEVEL			TOTAL
		Low	Medium	High	
Gold	2021	34	12	0	46
	2020	31	10	0	41
	2019*	82	9	5	96
	2018	29	8	2	39
	2017	37	2	0	39
	2016	33	5	0	38
	2015	46	4	1	51
Silver	2021	16	13	2	31
	2020	45	12	2	59
	2019	93	35	10	138
	2018	64	44	24	134

\*First year of RGG Version 8

Note: The 2021 non-conformances noted here cover all audit assurances received by LBMA up to 31 July 2022. It does not include six Russian refiners suspended in March 2022 and did not submit their annual audits as a result. A further six refiners have financial reporting periods that end on 30 June, and are not required to submit their responsible sourcing audit reports until 30 September – after the Sustainability & Responsible Sourcing Report 2022 had launched online.

## AUDITOR REVIEW/TRAINING UPDATE

Those on LBMA's Approved Auditors List play a critical role in ensuring a robust, independent assessment of GDL Refiners' performance. For this reason, LBMA invests significant time communicating with auditors, particularly during the audit assessment period, and providing annual training to keep them apprised of changes to reporting requirements or emerging issues they should be aware of.

For example, the Responsible Sourcing Team engaged with auditors over public concerns around mining and sourcing practices from environmentally and culturally protected areas in the Amazon. Similarly, the enactment of the Uighur Forced Labour Prevention Act in the United States in June 2022 led to direct conversations with auditors (and Refiners) to ensure there was no forced labour in the supply chains of Chinese Refiners.

Annual training for LBMA approved assurance providers was held in November and early December 2022.

Led by Synergy Global, the training focused on material changes between versions 8 and 9 of the Responsible Gold Guidance (RGG), as well as new reporting requirements introduced in the upcoming Third Party Audit Guidance.

## FUTURE DEVELOPMENT

The current three-year strategy drew to a close at the end of 2022 and will be renewed in early 2023. While this process is still to be finalised, LBMA remains committed to advancing the sustainability and governance of the global precious metals market.

Some elements of the previous strategy will remain – for example, our work improving the harmonisation of sourcing standards in International Bullion Centres (IBCs) and the continuous improvement of the RGG – however, in light of the ASM feasibility study, a bigger focus will be placed on operationalising the report's recommendations. This includes establishing an ASM taskforce composed of a broad cross-section of industry practitioners and international organisations with expertise in the sector. The taskforce will serve as a sounding board to LBMA as it moves to engage with producer governments and create the framework that will underpin a potential Good Delivery List for ASM aggregators.







## OUTREACH

While the pandemic continued to impact face-to-face engagements, 2022 saw LBMA host the Sustainability and Responsibility Summit in London in March, and a return of the first Global Precious Metals Conference in two years – this time held in Lisbon, Portugal, in October.

Members of the LBMA Executive team also attended Platinum Week in New York in September, preceded by a series of meetings with officials representing the U.S. Departments of State and Treasury.

The Responsible Sourcing team maintained an active presence in numerous external virtual events, including the annual OECD Forum on Responsible Mineral Supply Chains.

## RESPONSIBLE SOURCING NEWSLETTER

Since its launch in January 2020, the newsletter has been keeping the market and general public up to date on key issues impacting Responsible Sourcing workstreams and any industry developments.

Published monthly, other than during the summer and Christmas holiday periods, the newsletter had a special focus in 2022 on emerging markets and trends, as well as LBMA's ASM initiative. Past issues can be found on the [LBMA website](#).

## EU CONFLICT MINERALS LEGISLATION

LBMA is in the final stages of becoming a recognised audit scheme under a law that governs the importation of conflict-affected minerals (tin, tungsten, tantalum and gold) into the European Union.

As part of the accreditation process, five GDL Refiners were required to have their annual assurance audits shadowed and assessed by Kumi Consulting, a firm hired by the EU Commission.

The shadow audits are part of a larger assessment of the RGG's alignment with the OECD Due Diligence Guidance. Lockdowns and travel restrictions caused by the COVID-19 pandemic significantly delayed the completion of the shadow audits until August 2022. LBMA expects to respond to a provisional assessment in early 2023.

# Financial Market Development

## Global Precious Metals Code Consultation

During 2022, LBMA formed a Global Precious Metal Code Working Group made up of over 30 representatives from Members and Refiners, supported by Simmons and Simmons and the Financial Markets Standards Board (FMCB).

The rationale was to review and revise the Global Precious Metal Code (Code) – first published in May 2017 – to consider changes made in the FX Code and UK Money Markets Code, along with a focus on remote working, D&I, physical settlement risks and the environmental, and social and governance themes. In addition, the Code was reviewed to ensure it references FMSB Papers and Spotlight review, Responsible Gold and Silver Guidance, and Conflict Minerals Legislation.

LBMA launched the first public consultation on July 29, 2022, which resulted in more than 60 comments by its deadline date of September 12, 2022. All comments were considered by the Working Group and, where appropriate, were included in the draft for version 2.

Consequently, a second public consultation was issued on October 7, 2022 which requested feedback by October 31, 2022. In the interim, a Regulatory

Workshop took place at the LBMA/LPPM Global Precious Metals Conference in Lisbon, which also discussed the background of the Code revision exercise.

By the close of the second consultation, LBMA received a few grammatical corrections and one subsequent proposal which was considered by the Working Group.

**Version 2 of the Global Precious Metals Code** was launched on December 13, 2022.

## Gold as a High-Quality Liquid Asset (HQLA)

LBMA intends to lobby the Basel Commission on Banking Supervision (BCBS) members with an updated file relating to gold's eligibility as a high-quality liquid asset.

The scope of work will be based on the seven criteria that BCBS lists within its published paper covering liquidity risks and in particular the Liquidity Coverage Ratio rule.

### The high-level list demands the following to be demonstrable:

- Low risk
- Ease and certainty of valuation
- Low correlation with risky assets
- Listed on a developed and recognised exchange
- Active and sizable market
- Low volatility
- Flight to quality

In addition to the listed criteria, there are further operational requirements such as rules on encumbrance. The Financial Markets Standards Board is writing the third section of the precious metals spotlight review which will cover pre and post trade transparency. This work is aligned with LBMA's work on HQLA.

## UK REACH

UK REACH is one of the main pieces of legislation for the regulation of chemicals in Great Britain, and is administered by the HSE and DEFRA, and has transitional provisions to reduce disruption to industry from the transition from EU to UK legislation.

Initially, the first current registration submission under UK REACH was October 2023. However, the UK governmental agency has undertaken a consultation which has resulted in an extension of the timelines to ensure there is sufficient time to develop policy and to make operational and legislative changes to implement the new model.

The registration submission format is also being revised as authorities have realised that the cost of accessing full EU REACH Registration Dossiers comes at a high price for existing EU REACH registrants, and even more for companies who will be first time registrants under UK REACH.

The new submission deadlines of each tonnage band have been put back by three years, to October 2026 (1000 tonnes or more per year), October 2028 (100 tonnes or more per year) and October 2030 (1 tonne or more per year).

This development allows companies to submit initial notification data in order to continue trading and then subsequently provide the full registration data.

## Benchmarks

The LBMA gold and silver price auctions administered by ICE Benchmark Administration (IBA) both have 13 direct participants and 1 indirect participant. One new participant is due to go live imminently.

The LBMA gold and silver price auctions have performed extremely well in 2022, despite the residual impact of the global pandemic and market stresses linked to the Russian invasion of Ukraine. The benchmarks have continued to remain liquid, reliable, transparent and robust.

Gold daily gross volumes passing through the auctions displayed a steady uptrend throughout the year, and averaged 390k oz in November 2022, the highest monthly average of the year at that point. Silver volumes were constant until November when there was a notable increase, with silver gross daily volumes averaging 55.9 moz, the highest average seen since IBA became the benchmark administrator.

IBA continues to have excellent and regular dialogue with the participants of both auctions.

# Membership and Communications & Engagement

## Welcome New Members

### KEY HIGHLIGHTS

This year, the LBMA Executive and Membership Committee have developed and implemented new membership entry requirements, and have defined a pathway to membership for those businesses still unable to meet the revised entry criteria.

In tandem with this, the internal Due Diligence policy and processes have also been reviewed and updated. These moves recognise the changing nature of the Global Market and the diverse business models operating within it. These moves are designed to offer greater access to membership whilst maintaining and safeguarding standards. LBMA also launched a new film explaining the membership classifications and associated benefits. The film can be found on the [membership page of our website](#).

## LBMA WOULD LIKE TO WELCOME ITS NEW MEMBERS THAT HAVE BEEN ADMITTED THIS YEAR, WHICH INCLUDE:

Canadian Imperial Bank of Commerce

**FULL MEMBER**

Alfred H Knight Group

**AFFILIATE MEMBER**

DSV Trading Limited

**AFFILIATE MEMBER**

Kennecott Utah Copper LLC

**AFFILIATE MEMBER**

SOLIT Group

**AFFILIATE MEMBER**

## Benefits of Membership

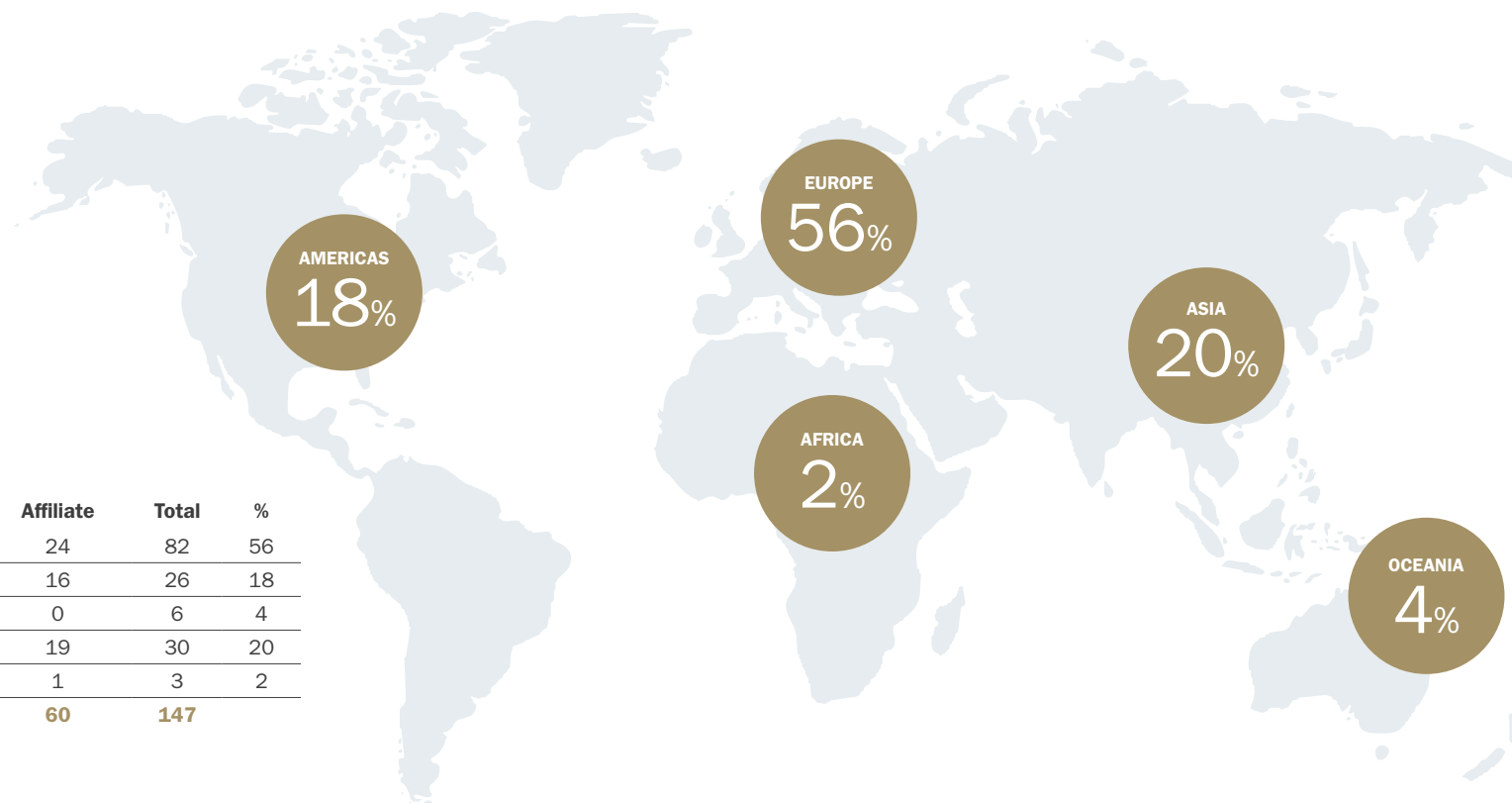
LBMA membership is open to firms from across the end-to-end supply chain, including mining, refining, transportation, trading and investment, as well as the many businesses that support the operation of that supply chain. Becoming a member gives that organisation a seat at our table and the ability to drive and develop our strategy and the essential market solutions for the future. Membership also provides the opportunity to attend a number of networking events that we operate around the globe, where businesses can grow their own networks and expand their business interests.

## Training and Education

Building on the success of 2021, LBMA has launched the 'How to use Loco London' course, which builds upon the entry level training course 'An Introduction to Loco London'. The popularity of these courses has led to the development and launch of 'An Introduction to LBMA Responsible Sourcing' course. This course offers an overview of LBMA Responsible Sourcing Programme and provides insights into the priorities, processes and controls of the Programme. LBMA also moved its Vault Training e-learning course to a new learning management system and is looking to review, update and expand this training offering in the coming year. All training and education is available to the wider market, but Members and Subscribers receive significantly discounted rates.

## LBMA Subscriber

LBMA has been encouraged by the appetite for the LBMA Subscriber offering, in terms of the growth in both Subscriber numbers and interest. It is designed for central banks, downstream multinationals, fintechs and others wanting to keep up to date with the precious metals market and engage in shaping its future. This year, in addition to key benefits – such as contributing to the future of the market; access to advice, guidance, briefings and publications; and discounts for some LBMA events – the LBMA Subscriber option has been formally recognised as an entry pathway to membership for those companies that wish to become members but cannot yet achieve the required entry criteria.



### MEMBERS

Region	Full	Market Making	Affiliate	Total	%
Europe	47	11	24	82	56
Americas	9	1	16	26	18
Oceania	6	0	0	6	4
Asia	11	0	19	30	20
Africa	2	0	1	3	2
<b>TOTAL</b>	<b>75</b>	<b>12</b>	<b>60</b>	<b>147</b>	

# Communications & Engagement



## A Welcome Return to In-Person Events

More than 730 delegates joined us from across the globe in Lisbon, making it the second-most attended Conference ever.

LBMA and LPPM hosted 39 speakers from across the precious metals value chain and welcomed delegates from across the world. Of these delegates, 80% rated the Conference as ‘excellent’, and the remainder rated it as ‘good’.

In addition to enjoying panel sessions, keynotes, networking opportunities, and witnessing the launch of two industry-leading initiatives – signing of the

Declaration of Responsibility and Sustainability Principles, and the announcement of concrete steps to encourage the inclusion of gold produced by ASM into mainstream supply lines – delegates also predicted what precious metals prices would be at the start of the 2023 Conference in Barcelona (see table). Delegates were most bullish about the prospects of silver, predicting a 52.19% increase in price.

	Forecast as at 16 October 2023	Latest price at time of forecast (17 October 2022)
<b>Gold</b>	\$1,830.5	\$1,664.75
<b>Silver</b>	\$28.3	\$18.595
<b>Platinum</b>	\$1,238.7	\$920.00
<b>Palladium</b>	\$2,058.8	\$2,031.00

The Annual Dinner took place at the Natural History Museum on December 7, 2022, where some 280 delegates enjoyed speeches from guests Peter Frankopan (bestselling author and professor of Global History at Oxford University) and Sarah John (Chief Cashier and Executive Director of Banking, Bank of England).

Prior to the Dinner, the Seminar took place at Glaziers Hall. It featured insightful presentations from our speakers – Ashok Gautam (MD & CEO, IIBX), James Steel (Chief Precious Metals Analyst, HSBC), Suki Cooper (Executive Director, Standard Chartered Bank), Wilma

Swarts (Director of PGMs, Metals Focus), Ruth Crowell (CEO, LBMA) and Isabelle Strauss-Kahn (Non-Executive Director, LBMA) – and was moderated by Edel Tully (Head of Communications, LBMA).

Earlier in the year, our work on sustainability and responsible sourcing was front and centre at the Sustainability and Responsible Sourcing Summit on 28 and 29 March, 2022. Hot topics at the two-day event included climate change, sustainability and the investor perspective, creating positive ESG outcomes, and building responsible demand for ASM.

## Training and Education

LBMA offers a range of CPD accredited training courses to deepen insight and understanding of the precious metals market, and this year LBMA launched its first in-person course on Responsible Sourcing.

Run by Emma Jenkins, the course received extremely positive feedback:

“Emma delivered the content brilliantly. Clear, concise, easy to understand. Excellent use of time. Plenty of attention to answering questions. I thought the content was just the right blend on topics and weighting toward each.”

“Expertly delivered – pitched at an appropriate level and very engaging.”



The Responsible Sourcing course complements LBMA’s existing training courses: Introduction to Loco London, and How To Use Loco London. We will also continue to offer virtual courses for those unable to travel to London.

## Engagement

LBMA has established more content streams this year, designed to improve the quality and the frequency of our communication. As part of this, in addition to GDL and Responsible Sourcing newsletters we now publish a Regulatory Affairs newsletter, and our Monthly FAQs blog posts feature answers to questions we receive from across the industry about the market and LBMA initiatives. Our Weekly newsletters continue to deliver the latest news from LBMA by email, which feature a roundup of updates from the website as well as any industry-wide news.

Furthering the work on our website in 2021, we have made improvements to the user experience throughout the site and continue to move PDFs to web pages in order to improve searchability.

We have improved Member access to the LBMA Executive through targeted meetings with Ruth Crowell (CEO, LBMA) and industry experts. Updates from Board and committee meetings are now available on our website, in a bid to increase transparency regarding what our committees do and how they work.

LBMA has also undertaken work on our customer relationship management (CRM) system to make improvements to distribution lists, ensuring that Members and those who have signed up for updated receive efficient, targeted communications.

## Webinars

LBMA has hosted no fewer than 14 webinars this year. The most viewed webinars in 2022 were ‘Silver, Ever the Capricious Metal’ (November 28, 2022) and ‘Indian Bullion Exchange: Game Change or Not’ (March 24, 2022).

Our regular webinars discuss current hot topics, and are another means by which LBMA brings relevant, engaging content to Members. They are also published as a resource on [our website](#).

## Member Satisfaction

Our first Member Survey at the end of 2021 revealed a satisfaction score of 67%, with 61% of Members asserting that membership of LBMA “exceeds expectations.” The research was conducted by an independent research consultancy to understand sentiment towards LBMA, its strategic objectives and its Membership offering.

In 2022, we conducted a similar, shorter sentiment check, which showed that satisfaction scores had risen to 85%, well above our target of 70% for 2022.

Some 88% of Affiliates, 85% of Full Members and 84% of Market Makers rated their satisfaction score as 4 or 5 out of 5.

The increase in satisfaction rates reflects how LBMA has listened to feedback – both positive and constructive – and made changes accordingly. It also indicates how we are striving to be more accessible to all our Members.

# Members of the Board & Org Structure

## Board & Governance

LBMA's Annual General Meeting 2022 took place virtually on Thursday, 7 July 2022 using the Open Audience Openmeet platform.

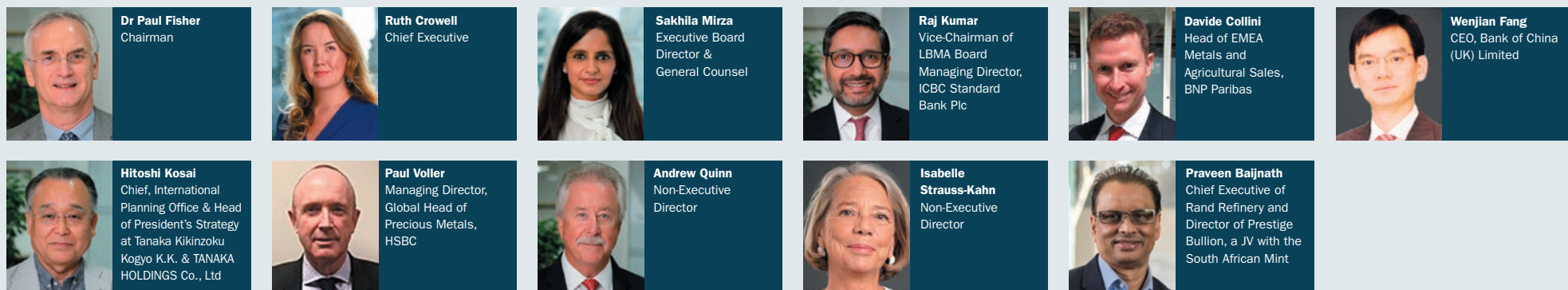
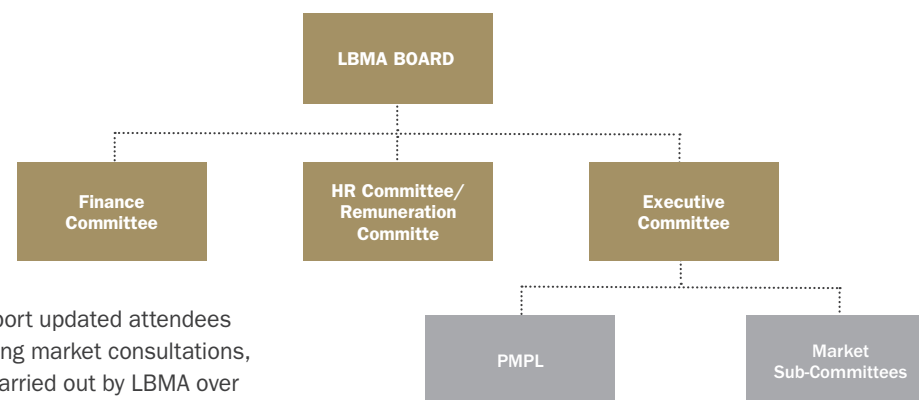
The meeting included a Chairman's Report by Dr Paul Fisher which examined international sanctions, LBMA governance surrounding Good Delivery List suspensions, sustainability within the industry, and the Board election results.

He also welcomed the three new Board Members, Wenjian Fang (Bank of China), Praveen Bajinath (Rand Refinery Limited), and Hitoshi Kosai (Tanaka Kikinzoku Kogyo K.K.). As the number of Full Member nominations fulfilled the number of vacancies, a vote at the AGM was not required to ratify the trio.

Ruth Crowell's Chief Executive's Report updated attendees on the Gold Bar Integrity pilot, ongoing market consultations, the Strategic Plan, and other work carried out by LBMA over the last year.

The Chairman's Report, along with Sub-Committee reports, are all available for Members to access any time on MyLBMA Portal.

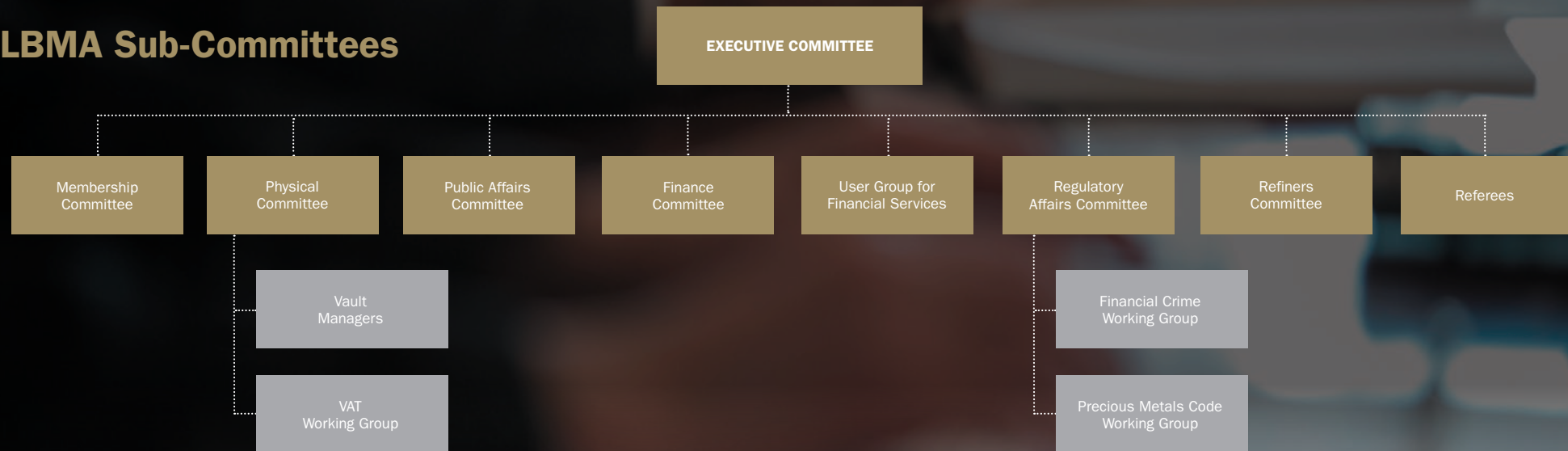
Afterwards, a networking event was held at LBMA's offices, which included summertime refreshments and the chance to speak to the LBMA Executive.



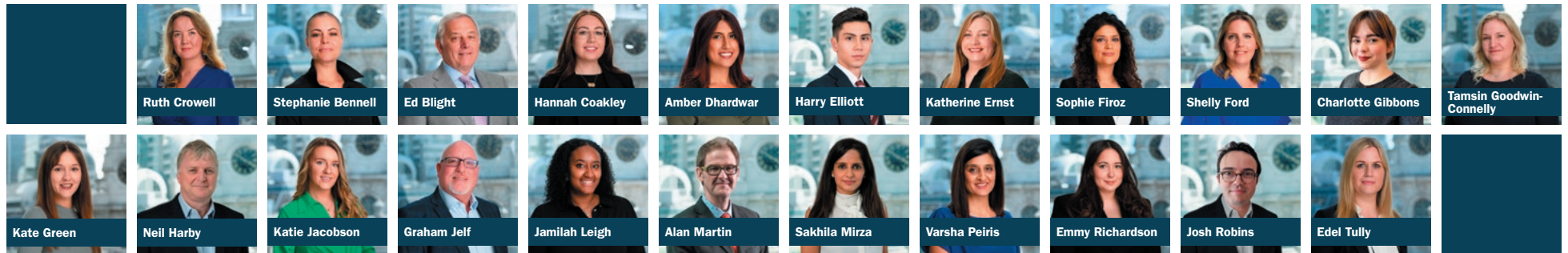
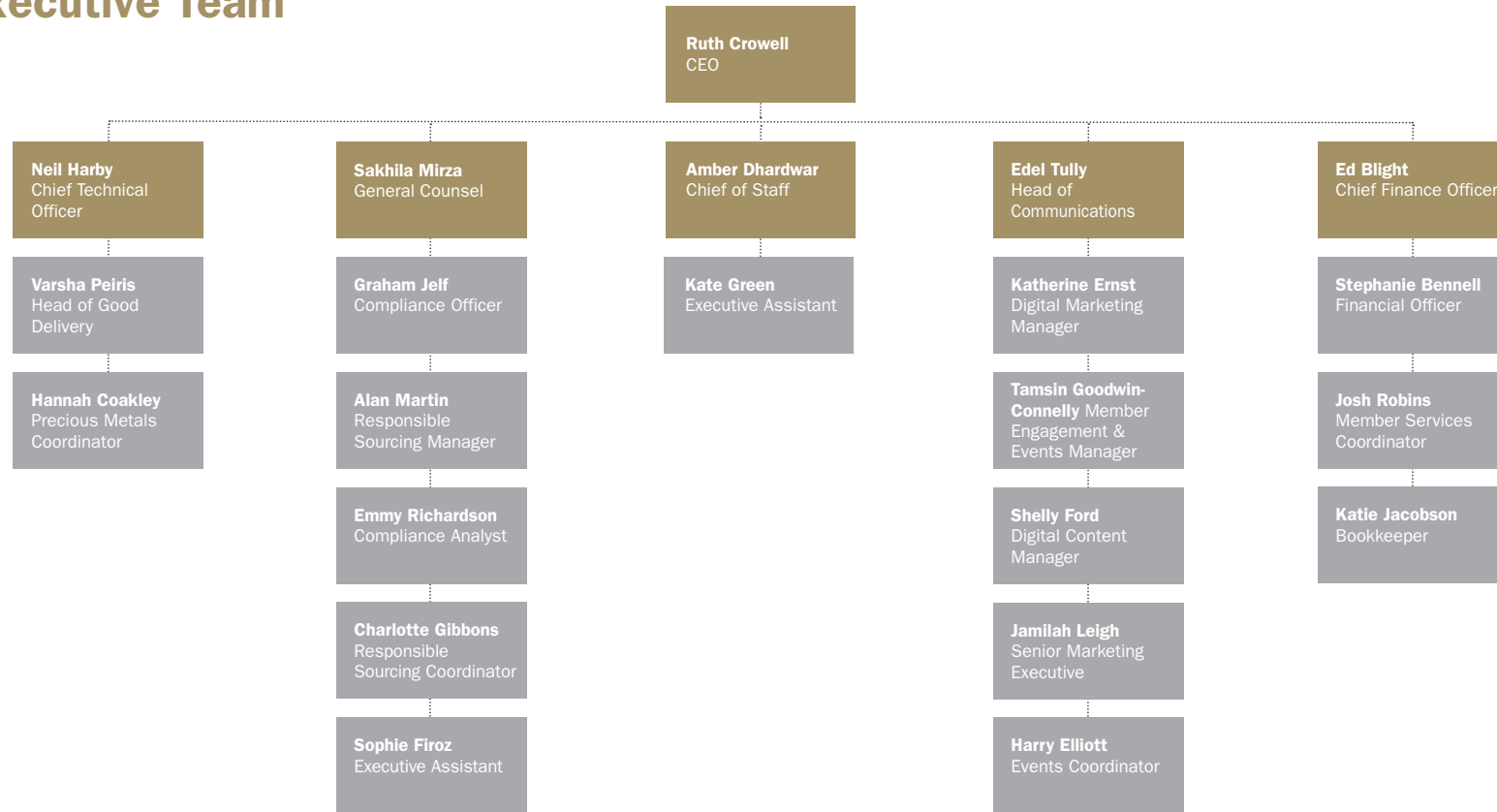


# Markets Sub-Committees & Executive Team

## LBMA Sub-Committees



# LBMA Executive Team



# Financial Overview

The impact of COVID-19 on the financial performance for 2021 was the inverse to that assumed at the end of 2020. The assumption had been that 2021 would see a full return to pre-COVID levels of business and events. However, the reality was much different, with events being either cancelled or held virtually, outreach and market engagement activities being severely curtailed, and other areas of business hampered by the inability to travel or engage.

Whilst revenue is up on 2020 levels, the factors set out above mean that the return for the year was down on what was originally planned. Much of the Executive effort has been focused upon negotiations to roll over event venue contracts to mitigate against substantial loss. The success of these negotiations was the principal driver behind overall expenditure being £1.5M down on that originally planned. PMPL continued to have a good year, with revenue up by close to £215K on 2020 returns, and its reserves are now contributing to the overall financial resilience of LBMA.

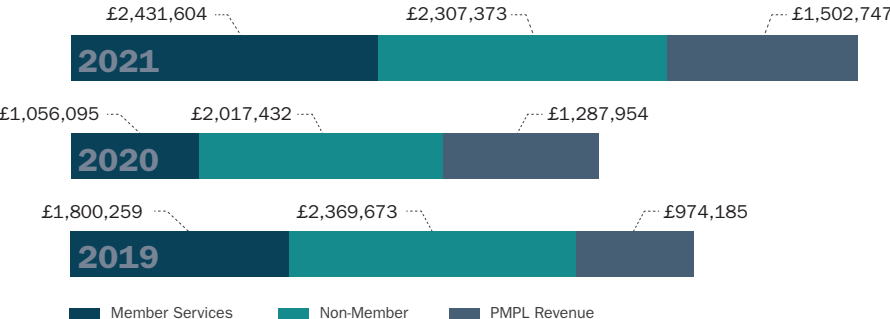
In 2021, LBMA began the process of investing in new offices! Over the past three years, the evolution of the long-term strategic plan has required LBMA to resource new workstreams and business functions to support key Market Development initiatives and standards. Put simply, the old offices no longer had the space to accommodate the Executive or to provide the meeting space capable of supporting its business needs across the next five to ten years. The project has been the subject of close scrutiny by the Finance Committee and the Board.

As a result, LBMA now has offices that are fit for purpose, and capable of hosting small events and offering its Members temporary meeting space in London should they require it.

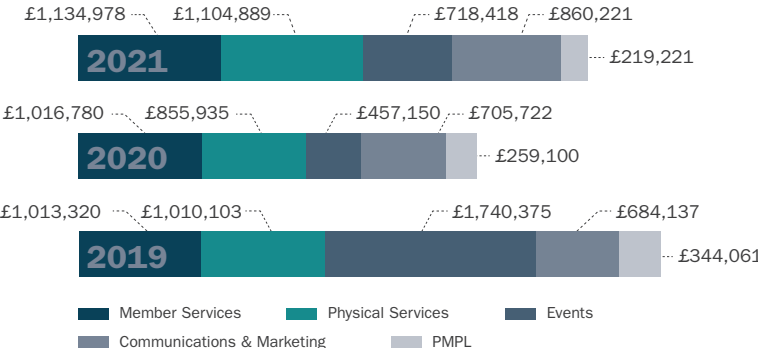
2022 has also brought with it many unforeseen challenges and new financial risks. The impact of sanctions has understandably had an adverse effect upon membership and GDL Refiner accreditation numbers, and LBMA was facing a potential revenue shortfall of circa £250K in 2023.

This, coupled with the energy crisis and surging inflation, is naturally a cause for concern in 2023 and beyond. However, the strength of LBMA reserves, together with judicious contingency planning, mean that LBMA is in a strong position to overcome these challenges. Whilst continuing to resource its strategic plan, LBMA is looking to take balanced decisions, particularly in its approach to setting fees for 2023, with the aim of softening the impact on its Members, Refiners and stakeholders in plans to be announced shortly.

## LBMA & PMPL INCOME ANALYSIS



## LBMA & PMPL EXPENDITURE ANALYSIS



# SAVE THE DATE!

## GLOBAL PRECIOUS METALS CONFERENCE 2023

### 15-17 October

Conference@lbma.org.uk  
www.lbma.org.uk/events

# BARCELONA 2023

