

*Responsible gold sourcing: Industry efforts that  
support Gold Supply Chain Due Diligence  
and Chain - of - Custody*

Baselworld Congress Centre  
25 April 2013, 15:00 – 16:30



*Opening Remarks:*

*James Courage  
RJC Chairman and CEO of Platinum Guild International*

*Moderated by:*

*Catherine Sproule, Chief Operations Officer, Responsible Jewellery Council*



# **RJC Standards: supporting responsible sourcing in the jewellery supply chain**

**Baselworld – 25 April 2013**

**Fiona Solomon**

**Director – Standards Development, Responsible Jewellery Council**

# Why is responsible sourcing important?

- Better control over supply chains
  - identify and manage corporate risk
  - proactive CSR strategy, enhance business reputation
  - new markets, consumer expectations
  - compliance eg Dodd Frank Act, consultation for possible EU initiative



# RJC framework for responsible sourcing

Birmingham  
Assay Office



- **Responsible business practices** in the jewellery supply chain
  - Human rights
  - Labour rights
  - Business ethics
  - Environment
  - Health and safety
  - Business partners
- *... More than conflict*
- RJC Members include: miners, refiners, traders, cutters and polishers, manufacturers, wholesalers, retailers.

## Jewellery supply chains - context

- Supply chains are complex and multi-tiered, as for many manufacturing sectors
- Varies from mass production to bespoke
- Many small family businesses in the sector
- Often hundreds of suppliers of products and product components
- Orders and volumes frequently changing with seasonal designs, fashion and consumer demand



# OECD Due Diligence Guidance

Step 1 – Strong Management Systems

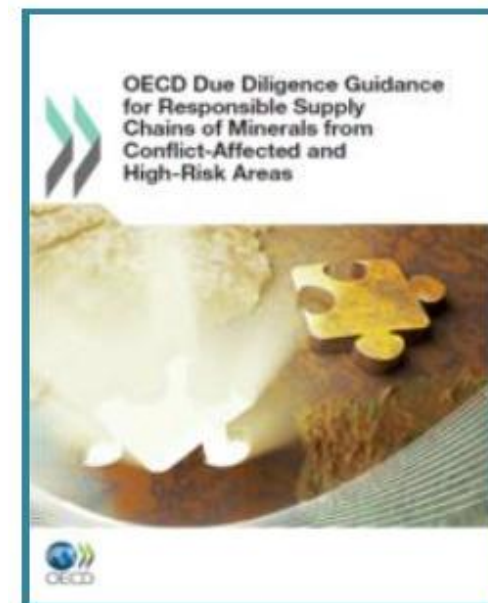
Step 2 – Assess Sources for Risk

*If 'Red Flags', Added Due Diligence*

Step 3 – Respond and Mitigate Risk

**Step 4 – Audit Refiner Due Diligence**

Step 5 – Report to Public



# RJC Standards

## *RJC Code of Practices*

- ✓ Launched in 2009
- ✓ Assurance for Member's business practices
- ✓ Compulsory for RJC Members



## *Chain-of-Custody Standard*

- ✓ Launched for precious metals in March 2012
- ✓ Assurance metals are from responsible sources
- ✓ Voluntary for RJC Members





## RJC Chain-of-Custody Standard

- Opt-in: businesses define what materials / products / facilities are to be covered by the certification.
- *Management systems*: Code of Practices is foundation, plus risk-based due diligence and inventory control.
- *Material*: Supports chain-of-custody for individual or mixed metal sources, as moves through supply chain.
- CoC approach will take time to build: mining sector, refining, alloying, manufacturing, retail.
- RJC support for implementation:
  - Training on CoC standard and help desk for Members.
  - Website resources: webinars, fact sheets, Q&A
  - Harmonisation with relevant standards and initiatives.
  - OECD collaboration – governance, outreach, projects

## Chain-of-Custody Certified Refiners / Alloyers

- **Pre-requisite:** Certified against RJC Code of Practices.
- **Conflict-sensitive due diligence for all gold sources.**
  - Implementation of OECD Due Diligence Guidance
  - Can still source from non-RJC/CoC entities, but any non-CoC gold must be kept segregated.
- **Inventory control and chain-of-custody documentation.**
  - Internal systems to support provenance claims.
  - CoC Transfer Documentation designed to support Dodd Frank compliance for customers.



## Building bridges with Artisanal and Small-Scale Mining (ASM)

Responsible sourcing – challenge and opportunity for ASM ...

RJC Standards encourage formalisation and professionalisation of ASM, and control of risks. CoC provides vehicle for sourcing relationships that benefit ASM.

*Solidaridad*



### RJC collaborations:

- MOU's with the Alliance for Responsible Mining and Diamond Development Initiative.
- Collaboration with Swiss Better Gold Initiative and Solidaridad.
- Active in OECD program on ASM issues.



*Photos: AngloGold Ashanti, Rio Tinto, Solidaridad, Cookson  
Precious Metals, De Beers Group, Dimexon, BJOP, Richemont*



# RESPONSIBLE GOLD

## Overview, Update and Next Steps

- Ruth Crowell
- Deputy Chief Executive, LBMA

# SCOPE

## Baselworld – Industry Briefing

01 Responsible Gold

Development

Audit Implementation

02 Industry Harmonisation

Implementation Process

03 LBMA Next Steps

# LBMA RESPONSIBLE GOLD GUIDANCE

## Purpose & Structure



- ▶ To ensure London Market is free from metal that had financed conflict or been used for money laundering or terrorist financing.
- ▶ Global, long term focus.
- ▶ OECD + KYC, AML + mandatory audits = **LBMA Responsible Gold**
- ▶ **All feedstock** (mined production, scrap, investment bars) subject to due diligence and audit.
- ▶ Risk-based: Higher risk = more due diligence is needed (and vice versa)
- ▶ **All production** (large bars, kilo bars, scrap etc.) therefore conflict-free.
- ▶ Focuses on conflict-free process, **not** conflict-free product.



# OECD GUIDANCE

Internationally recognised global framework

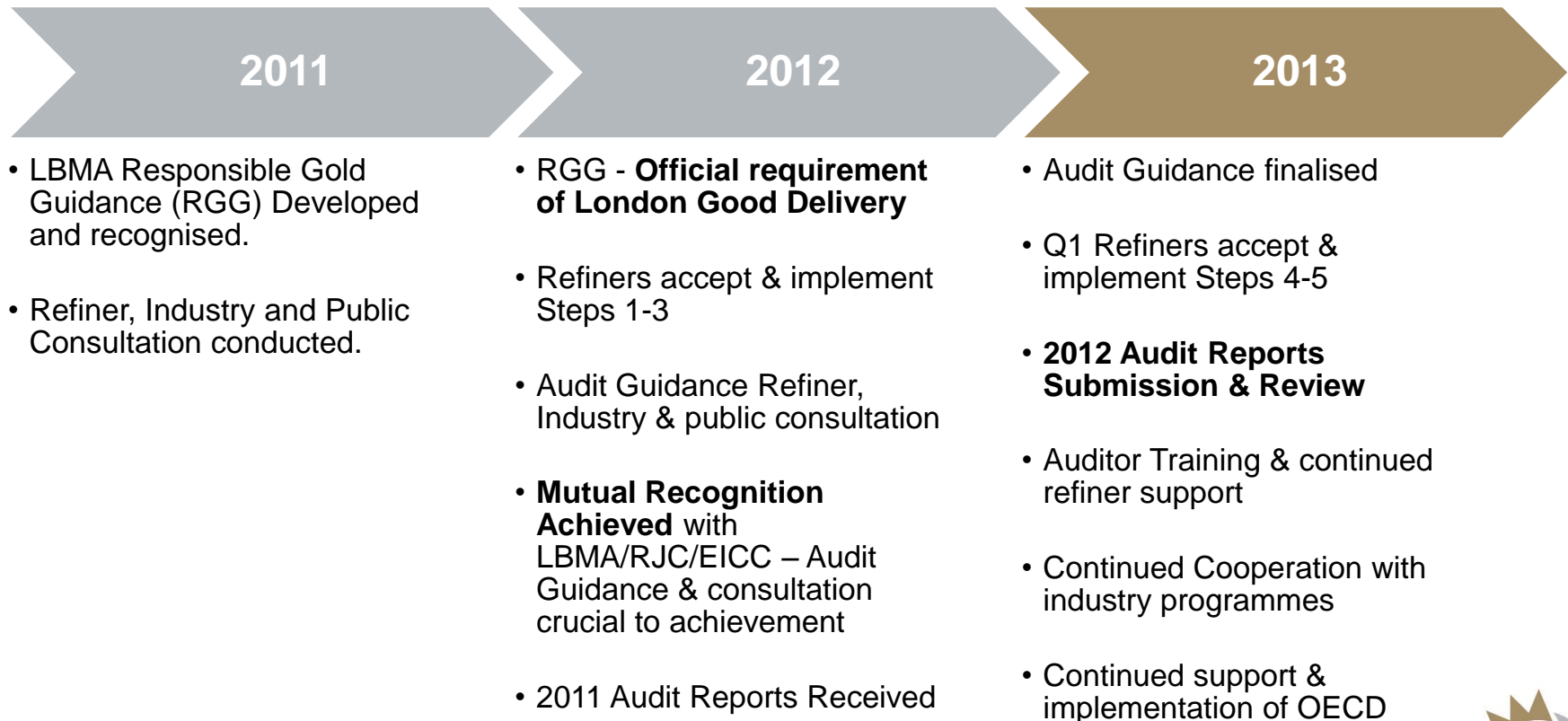


- ▶ Recognised by the **SEC Rules**.
- ▶ **Encourages** responsible engagement in worldwide conflict areas, including DRC.
- ▶ Provides internationally recognised framework for all actors to engage in conflict areas responsibly on a **global** level.
- ▶ The LBMA is currently Co-facilitator for the OECD Interim Governance Group.



# RESPONSIBLE GOLD GUIDANCE

## LBMA & GD Refiner Implementation



# RESPONSIBLE GOLD GUIDANCE

## Audit Implementation



### Third Party Audit Guidance

- ▶ The Third Party Audit Guidance provides transparency and consistency for the Responsible Gold programme.

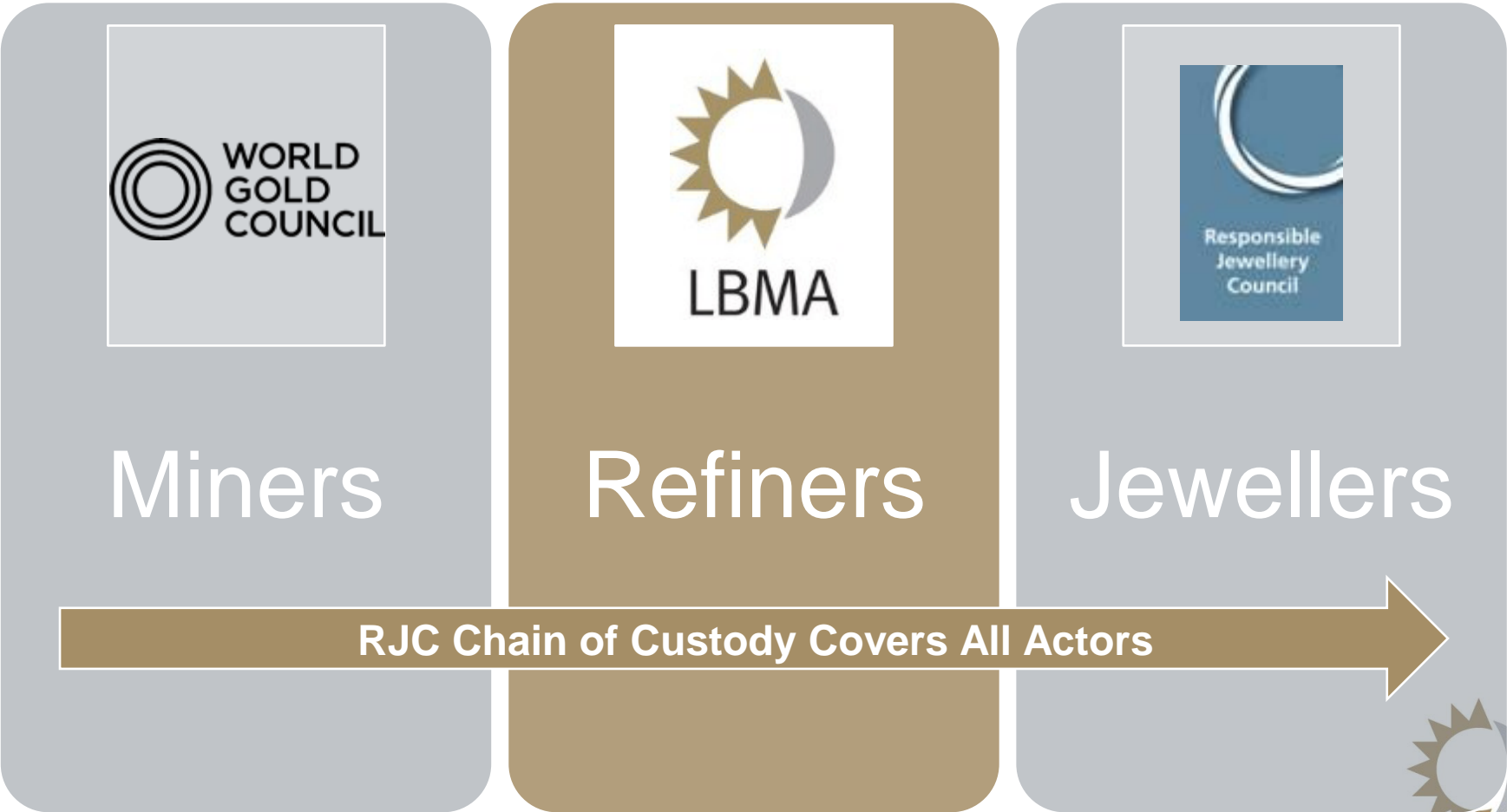
### List of Recommended Auditors

- ▶ The LBMA has published a list of Recommended Auditors.
  - ▶ Currently UL & KPMG are the only auditors listed, however the LBMA is actively approaching other auditors and will continue to add auditors. An application form is available on the LBMA website & upon request.
- ▶ Any independent, certified auditors are eligible to conduct the LBMA audit, provided they have the required credentials.
- ▶ Where applicable, authorised government institutions may also carry out audits. Refiners must communicate which government institution is conducting the audit to the LBMA Physical Committee prior to the audit as well as make this information public after the audit.



# INDUSTRY INITIATIVES

Support & Recognition throughout gold supply chain



# INDUSTRY INITIATIVES

## Refiner Audit Harmonisation

	LBMA	RJC	CFS (EICC)
<b>Common Features:</b> 3 <sup>rd</sup> Party Audit, OECD & SEC Compliance			
<b>Tailored Focus</b>	London Bullion Market	Jewellery Supply Chain - Mine to Retail	Manufacturers
<b>Audit outcome</b>	Continued Good Delivery Accreditation	CoC Certification	Validated Smelter/ Refiner list
<b>Harmonisation</b>	RJC CoC, CFS audits = Responsible Gold Requirement.	LBMA, CFS = conflict-sensitive sourcing only.	RJC, LBMA audits = CFS.

*Disclaimer: Fulfilling CFS Requirements only meets the LBMA & RJC conflict-free audit requirements to avoid duplication. There are many additional requirements for LBMA & RJC certification due to enhanced scope.*

World Gold Council and Fairtrade/Fairmined initiatives support refiner due diligence.

# NEXT STEPS

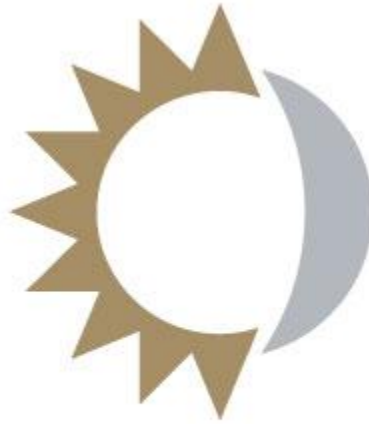
## Refiner Support & OECD Implementation

- ▶ Best Practice Guides for Refiners:
  - ▶ Criteria/Indicators for determining High-Risk & Conflict-Affected Areas
  - ▶ Guidance on how best to conduct KYC for scrap
  - ▶ Templates
  - ▶ Other, as needed
  
- ▶ Regular webinars/seminars to address implementation challenges
  
- ▶ The LBMA is also encouraging other exchanges to adopt the OECD Due Diligence Guidance to ensure that refiners not on the LBMA list are also compliant.
  
- ▶ Developing KYC best practice guide for bullion banks in order to ensure they are compliant with the OECD, SEC due diligence rules.



## Contacts

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**LBMA**

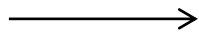
[www.lbma.org.uk](http://www.lbma.org.uk)

DAMIANO ZITO – CEO OF PROGOLD S.P.A.

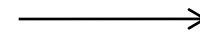
RESPONSIBLE GOLD SOURCING: INDUSTRY EFFORTS THAT  
SUPPORT GOLD SUPPLY CHAIN DUE DILIGENCE AND  
CHAIN-OF-CUSTODY

# WHO WE ARE

1997



PASSION, RESEARCH,  
DEVELOPMENT, INNOVATION



Know Quality. Choose Progold.



# WHAT WE DO

## CORE BUSINESS | ALLOYS & MASTER ALLOYS



# WHAT WE DO

## BUSINESS UNIT | XBRAX<sup>®</sup> SOLDER PASTES



# WHAT WE DO

## BUSINESS UNIT | SLM<sup>®</sup> POWDER ALLOYS



# How



- GLOBAL SALES NETWORK
- CUSTOMER CARE
- PERSONAL SELLING

# CORPORATE SOCIAL RESPONSIBILITY



SOCIAL RESPONSIBILITY  
AND BUSINESS  
=  
A COMBINATION WHICH  
ADDS VALUE

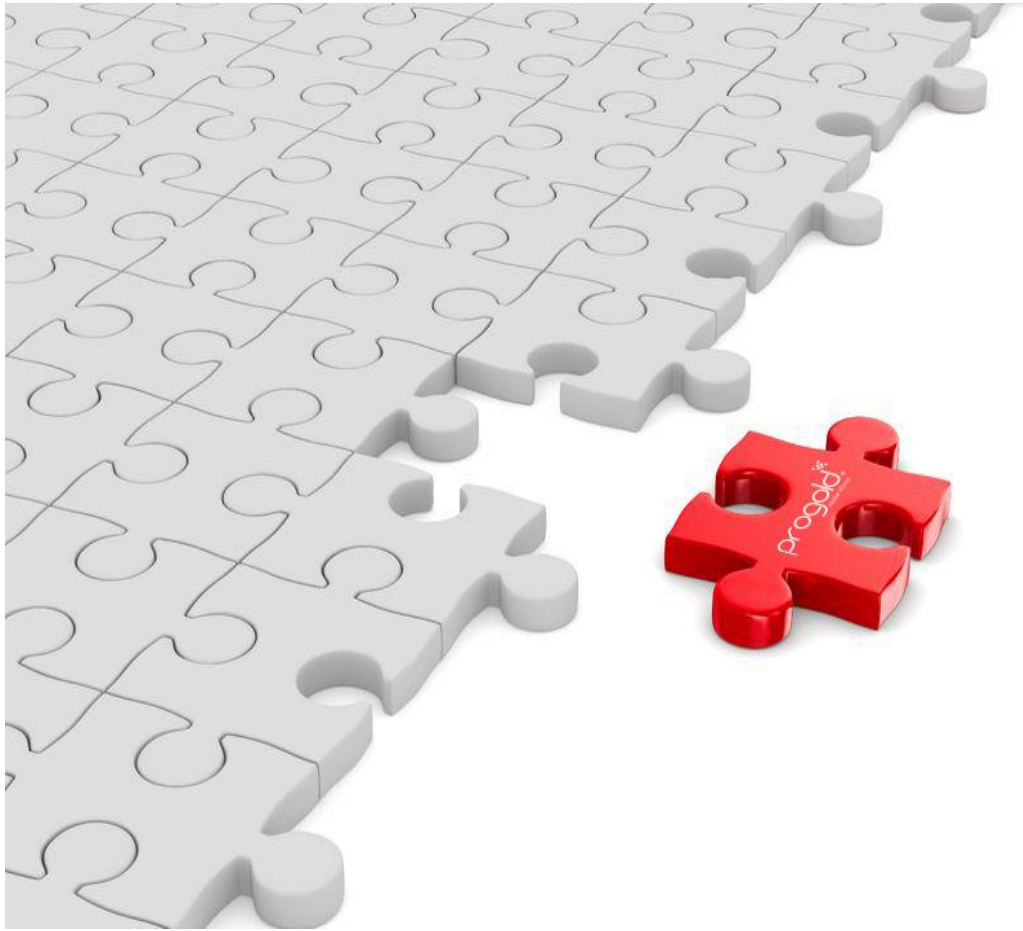


## SOCIAL RESPONSIBILITY

PROGOLD COMPLIES WITH

RJC ETHICAL STANDARDS

# SUSTAINABILITY



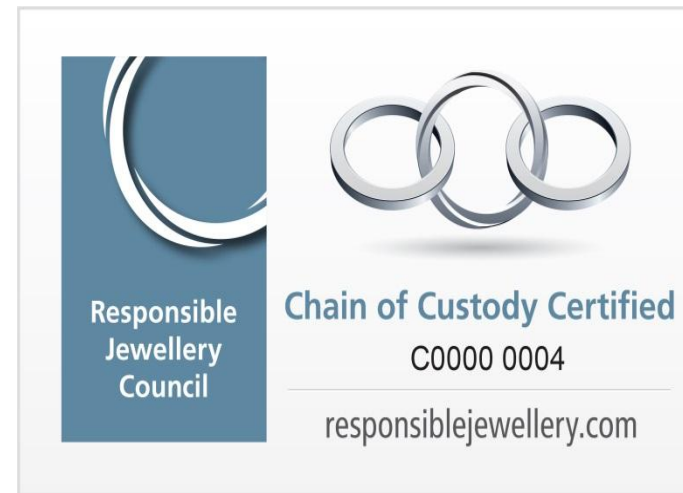
RJC Industry Briefing, 25 April 2013



Know Quality. Choose Progold.

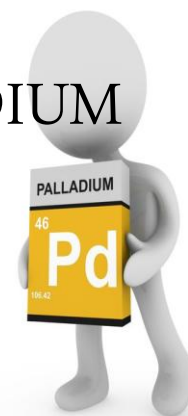
# PROGOLD OFFICIAL MEMBER OF RJC

DECEMBER 2012



# CHAIN OF CUSTODY

## GOLD, PLATINUM AND PALLADIUM



Ethically traced from a monitored supply chain

## PROGOLD'S COMMITMENT



To develop the supply chain of Gold, Palladium and Platinum, thanks to XBRAX<sup>®</sup>,  
SLM<sup>®</sup>, LUX<sup>®</sup> and GENIA<sup>®</sup>

# THE JEWEL



EXPERIENCING MOMENTS,  
EVENTS, STORIES AND EMOTIONS

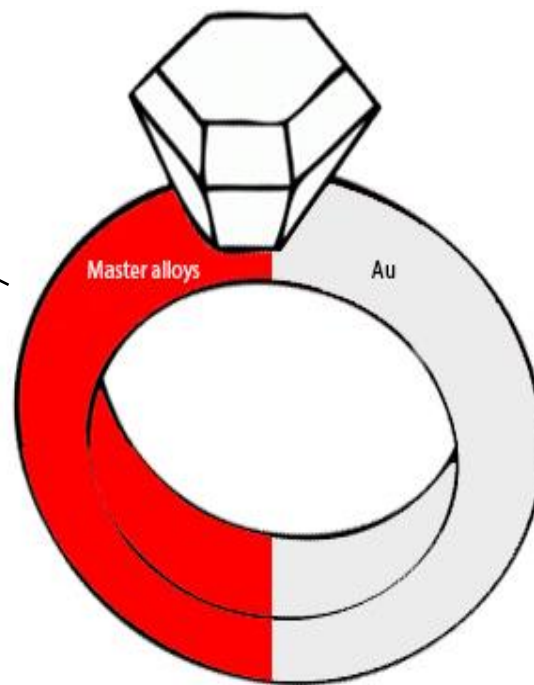
# CONSUMPTION OF GOLD IN 2012

2000 TONNES OF



2000 TONNES OF OTHER METALS

# PRODUCTION AND ETHICS



RJC CONTROLLED AND  
MONITORED SUPPLY CHAIN

# MASTER ALLOY: PRODUCTION & ETHICS

## IRIDIUM

- Economic value = high
- Traceability = 0
- Monitoring = 0
- Warranty = 0





1. IS TRACING GOLD, PALLADIUM, PLATINUM AND DIAMONDS ENOUGH?
2. IS IT ETHICAL ENOUGH?
3. IS IT SUSTAINABLE?



THANK YOU!



# METALOR<sup>®</sup>

## A perspective on the implementation of responsible sourcing

Baselworld - April 2013

Nicolas Bürgi – Legal Manager – Metalor Technologies SA

# Perspective on implementation of responsible sourcing

- Why apply for RJC CoC certification?
- What are the benefits for the implementation of the CoC standard?
- Cross-recognition agreement between RJC, LBMA and EICC

## Why apply for RJC CoC certification?

- Responsible Sourcing: Metalor's philosophy pre-dates RJC
- OECD Due Diligence Guidance reflected in Metalor's existing robust due diligence processes
- Consistent with the RJC COP certification
- Confirmation of Metalor efforts on the Responsible sourcing
- Confirmation that Metalor has such systems and process in place to achieve CoC Standards

## What are the benefits for implementing the CoC standard?

- Confirmation of Metalor's leadership role by implementing and having audited RJC standard
- As being a key actor of the supply chain: participation in the industry efforts that support responsible gold sourcing
- Respond to present and future market demand

## Cross-recognition agreement between RJC, LBMA and EICC

- Increase of new protocols/standards
  - May create confusion
  - Time consuming
- In that context, commendable that RJC and LBMA worked hard to simplify the process and keep the highest level
- Benefit : respond to the different industry sectors standards requirements (Jewelry, Bullion and Electronic Industry)



**Thank you for your attention**



# METALOR<sup>®</sup>

Responsible Refining

# PAMP Responsible Sourcing Practices

Baselworld, April 2013



Switzerland – 2013

CONFIDENTIAL

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**PAMP.**  
Produits Artistiques Metaux Precieux

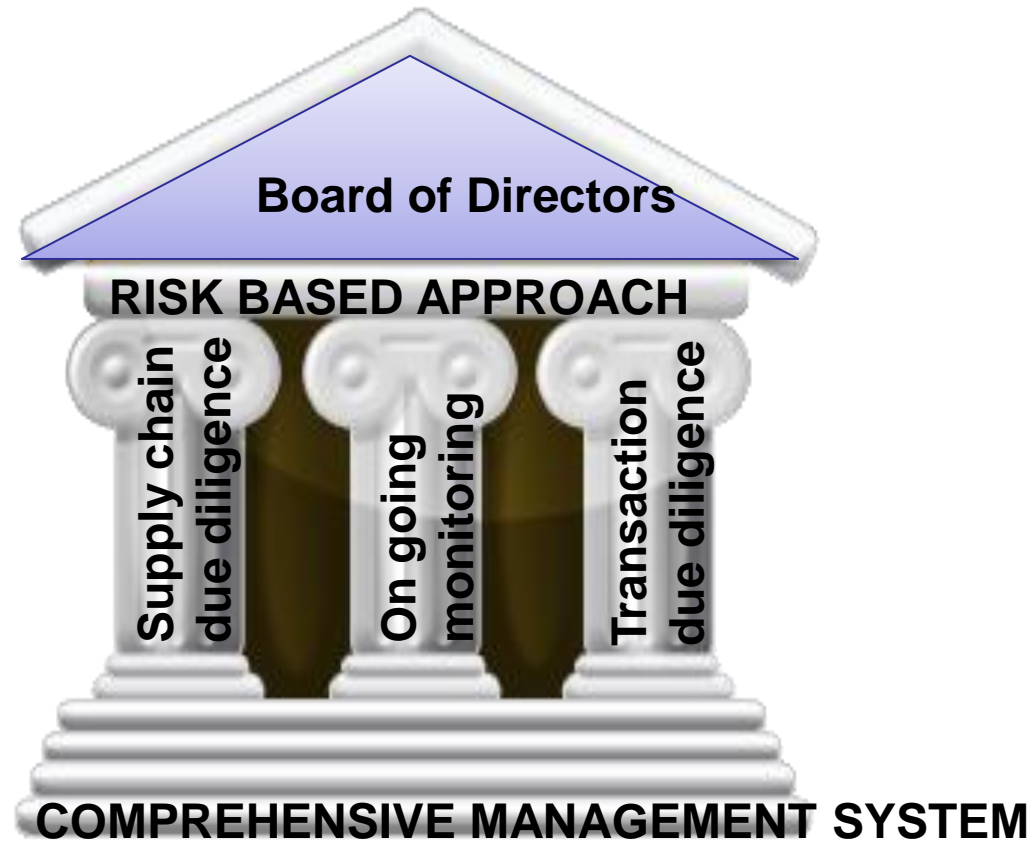
info@mks.ch / www.mks.ch – info@pamp.com / www.pamp.com

# Responsible sourcing

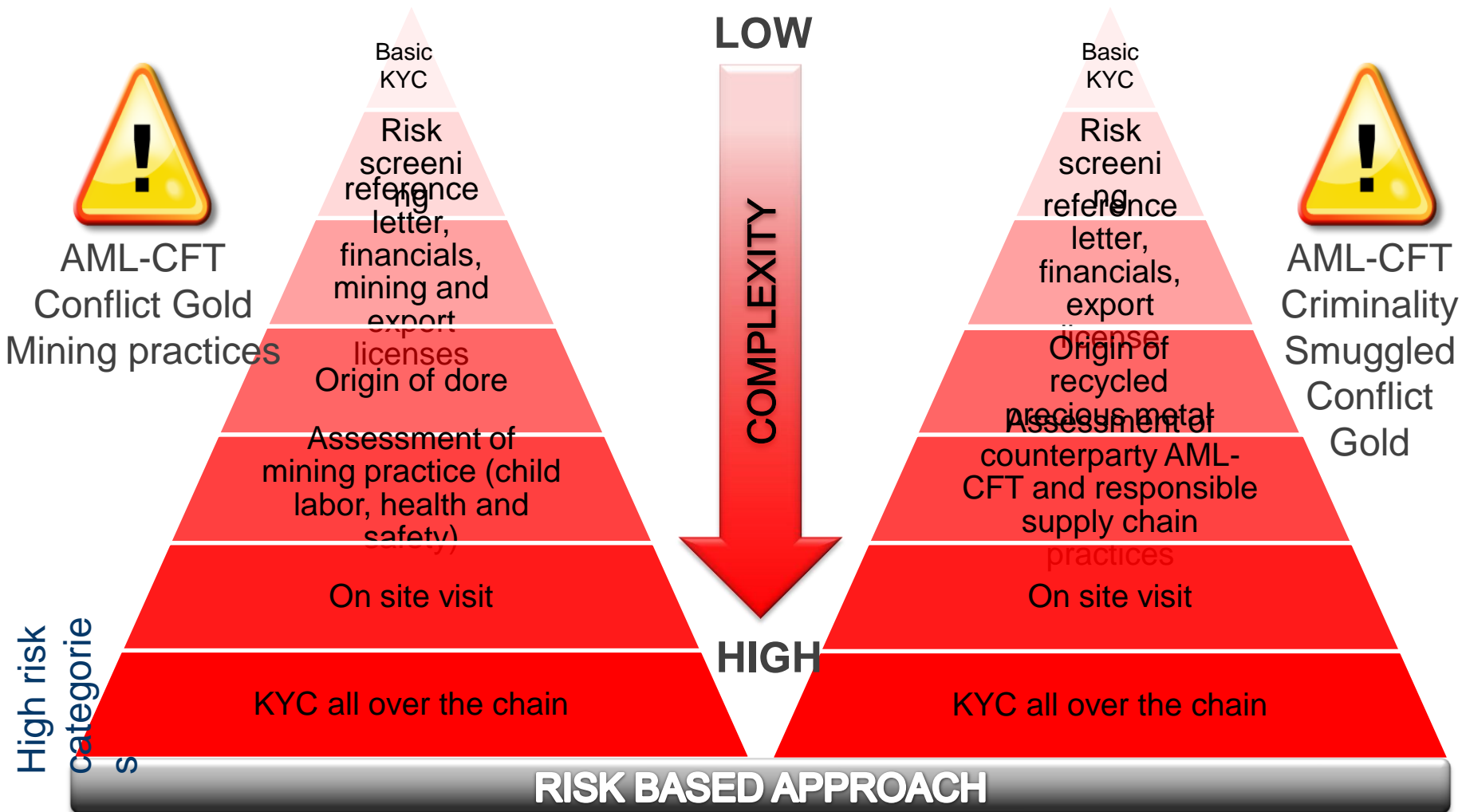
- Gold business is very difficult as it could attract unscrupulous players
- Adherence to highest ethical principles is the central tenet of PAMP philosophy
- Responsible sourcing is one of the cornerstones of our operations
- We have invested substantial human and financial resources to promote the highest industry standards in this field
- What does sourced responsibly mean?
  - Conflict free
  - Not used for money laundering
  - Not used for financing terrorism
  - Not linked to human right abuses or child labor



# Responsible sourcing: 3 pillars



# Supply chain due diligence



**MINED**

**RECYCLED PAMP**

Produits Artistiques Metaux Precieux

# LBMA Responsible Gold Guidance (LBMA RGG)

- We implemented LBMA RGG in 2012:
  - Head start: strong Swiss AML-CFT practices already in place and AML-CFT third party audit for more than 10 years
  - Additional resources dedicated to the project
  - Use of other recognized upstream responsible gold certification/assurances
- Key challenges we faced:
  - Criteria for high risk categories
  - Awareness and commitment of other supply chain actors
  - Transparency required from all upstream supply chain actors
  - KYC on all supply chain actors for high risk categories

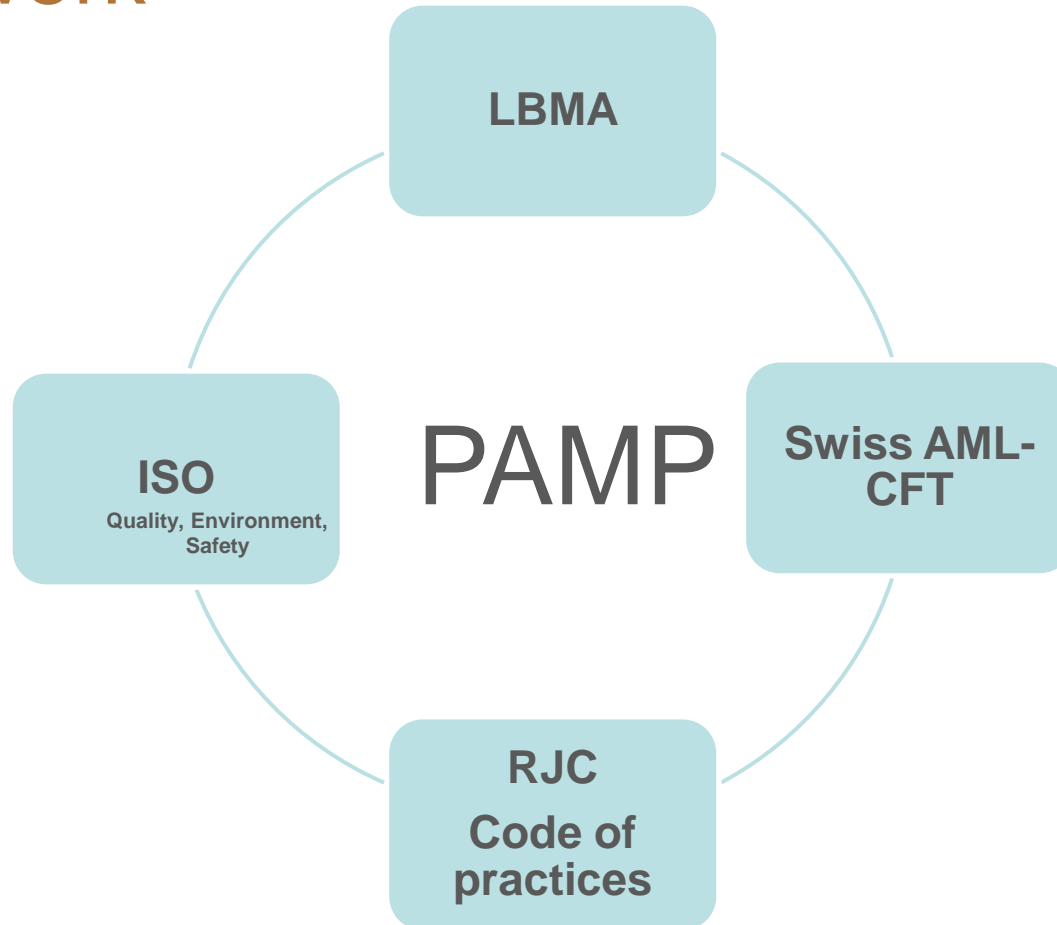



# LBMA Responsible Gold Guidance (LBMA RGG)

- We go well beyond LBMA requirements as we apply it to all precious metals and activities
- Clean audit opinion issued by Ernst & Young in March 2013
- Publication on [www.pamp.ch](http://www.pamp.ch):
  - Our responsible precious metals policy
  - Our LBMA RGG Compliance Report
  - Audit assurance report
- Published materials will assist downstream actors to comply with their own responsible sourcing practices (OECD guidance)



# Our Comprehensive Compliance Framework





**Responsible Sourcing  
Position & Experience  
of Argor-Heraeus SA**

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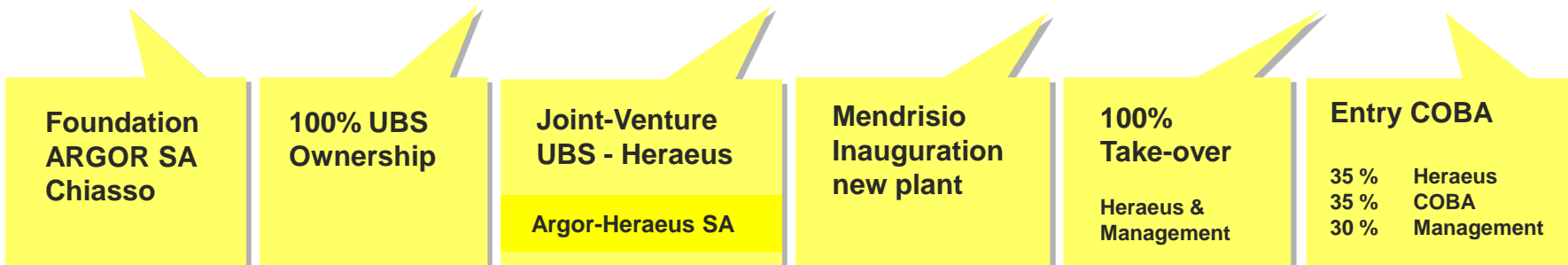
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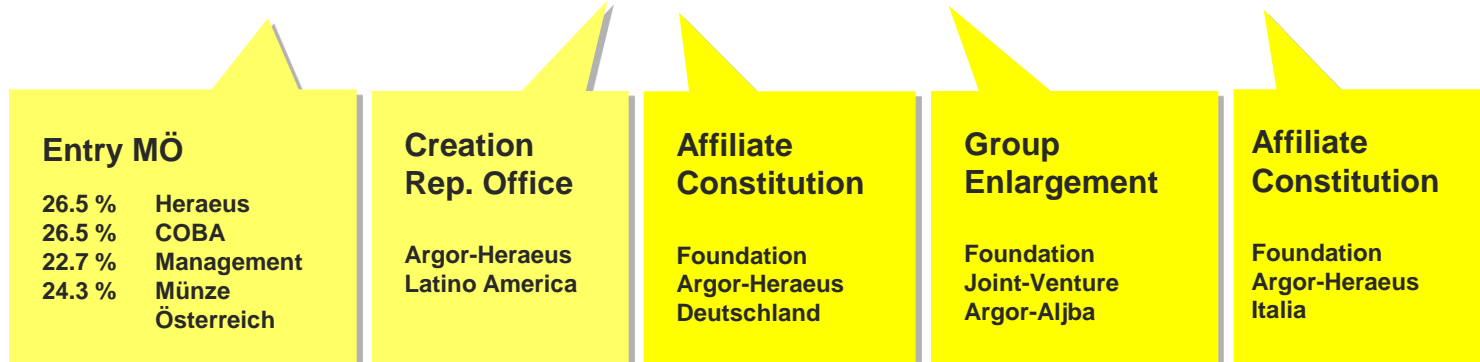
# History

history

• 1951 ••••• 1973 ••••• 1986 ••••• 1988 ••••• 1999 •••••



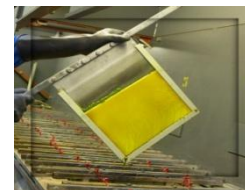
••••• 2002 ••••• 2004 ••••• 2005 ••••• 2006 •••••



# Argor fields of activity

## Refinery

- ◆ Gold – Silver – Platinum – Palladium



## Transformation: Finished Products

- ◆ bank bars
  - ◆ cast
  - ◆ minted
- ◆ kinebar®
- ◆ iridor® products
- ◆ coins and medals



## Transformation: Semifinished Products

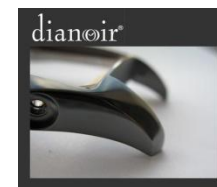
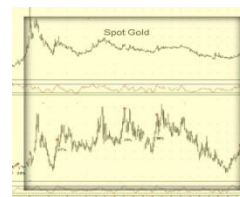
- ◆ watch industry
- ◆ jewelry industry



## Precious Metal Services

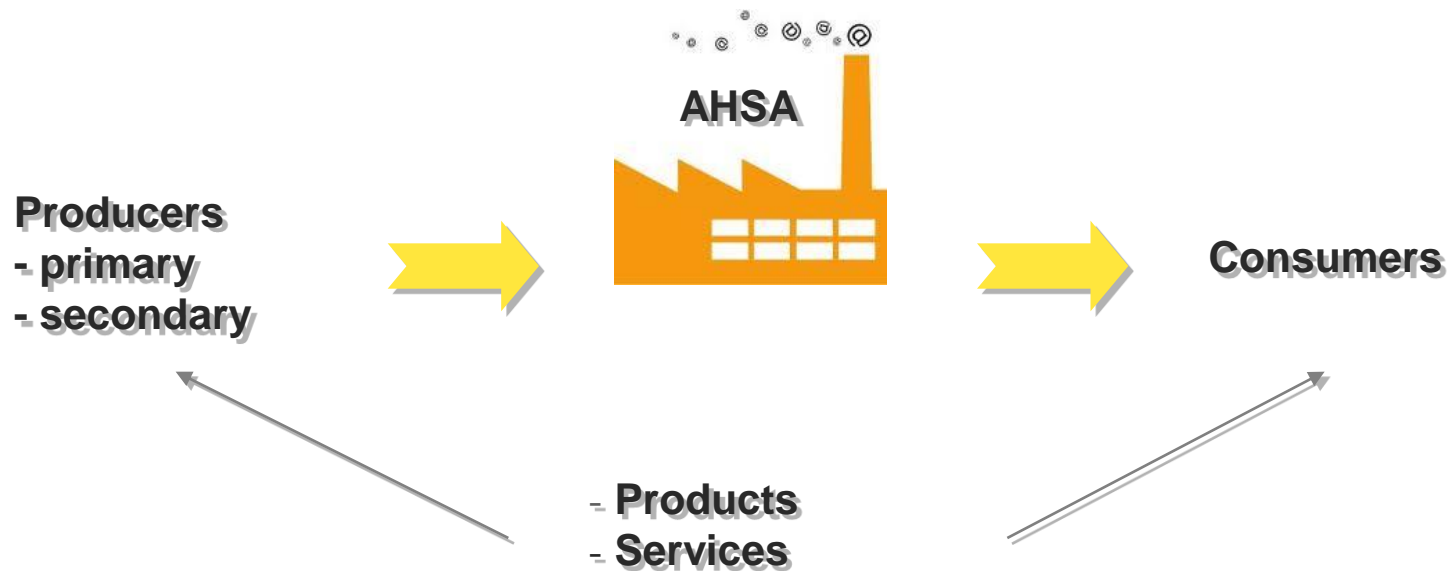
## Diamond-Like-Coatings

- ◆ dialong® & dianoir®



# Value chain

## The golden link





# Cross recognition

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- World Gold Council
- London Bullion Market Association
- Responsible Jewellery Council
- EICC / GeSI



# ASM problematic

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- Informal often illegal operations
- Origin of material difficult to establish
- Major contribution to environmental problems = uncontrolled use of Mercury
- Operations in areas uncontrolled by authorities
- Operations in areas controlled by guerillas or other illegal organizations
- Weak governments without legal framework



# Argor's position

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- We believe in transparent and responsible supply chains
- COP of RJC audit was straight forward and helpful
- LBMA audit will be concluded shortly
- Regular audits by FINMA
- We cooperate with several organizations to create a sustainable sourcing model for ASMs



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra  
Swiss Confederation

Federal Department of Economic Affairs FDEA  
State Secretariat for Economic Affairs SECO  
Trade Promotion

# Better Gold Initiative

## RJC workshop

## Baselworld

Hans-Peter Egler  
25 April 2013





# Political background

Switzerland has a long tradition as one of the world's leading centers of commodities trading

Strategic interest in supporting the sustainable development of this industry

Growing public interest and diverging expectations regarding the Government's role vis-à-vis the commodities sector

The Federal Council recently outlined its role in the first „**Background Report: Commodities**“



# SECO Economic Cooperation & Development

**Goal:** Sustainable economic growth (more jobs and higher income) of developing countries through their integration into the global economy

## Interventions in the field of non-renewable materials:

- Extractive Industry Transparency Initiative (EITI)
- OECD Due Diligence Guidance for responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- Better Gold Initiative



**Better Gold Initiative**

EAER/SECO/WEHU – Hans-Peter Egler

# Raw materials and Swiss Development Policy

**Why we engage:** Raw materials = substantial part of developing countries' economic wealth. Their extraction affects the economic, social and environmental development

**Our Goal:** improve the social, environmental and economic sustainability of commodities production and trade.

**Opportunity:** Framework of international commodity trade is changing:

- increasing transparency and accountability requirements
- development of international (voluntary) standards, e.g. RJC





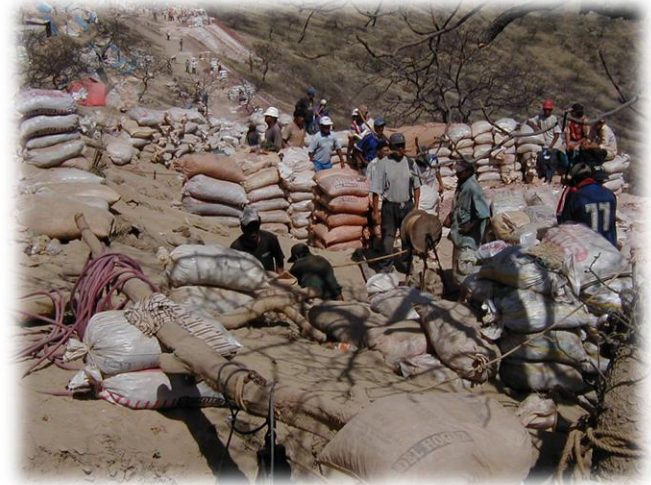
## Focus on artisanal and small scale mining

More than 30 million ASM miners worldwide

More than 15 million ASM miners extracting gold

- ~ 20% global gold production
- ~ 90% of global gold mining employment

→ risk of losing access to formal value chains due to increasing production and transparency requirements





## Better Gold Initiative (BGI)

Private-Public-Partnership between SECO and the recently founded Swiss Better Gold Association (SBGA), a non-profit organization for business partners.

**Development initiative** contributing to sustainable development of artisanal, small- and medium- scale mining communities in selected developing countries.

Innovative gold value chain from mine to market that builds on existing experiences and instruments, e.g. RJC, FT and FM certification.





# Better Gold Initiative (BGI)

## Four operational components:

- I. PRODUCERS: increase sustainable gold supply through technical assistance for Peruvian ASMM.
- II. INSTITUTIONS: Strengthen existing certification schemes
- III. POLICY: Policy dialogue on ASMM related issues in Peru
- IV. DEMAND: Business platform on sustainable gold and demand matching in Switzerland → Key role of the Swiss Better Gold Association.





# Thank you for your attention!



**State Secretariat for Economic Affairs  
(SECO)**

Economic Cooperation and Development  
Trade Promotion

[www.seco-cooperation.admin.ch](http://www.seco-cooperation.admin.ch)

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*Comments and Questions  
are welcome!!*