

The Case for Responsible Gold Miners

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GLOBAL X

by Mirae Asset

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Introduction

Gold has historically been regarded as a store of value, with its scarcity and global recognition supporting its role in long-term wealth preservation and portfolio diversification.¹ Gold miners may provide leveraged exposure to gold, with operational improvements creating potential for stronger cash flows.² A context-sensitive responsible-mining framework may support the assessment of how effectively gold miners manage material risks, strengthen business resilience and contribute to sustainable development.³

The Global X Responsible Gold Miners UCITS ETF (GLDX LN) seeks to invest in companies that provide exposure to the gold mining industry by applying a responsible mining framework that incorporates sustainability screens, environmental impact metrics and selected social and governance indicators.

Below are highlighted some key characteristics of the gold market and the gold mining sector, as well as the sector's responsible approach.

“Gold miners may provide leveraged exposure to gold, with operational improvements creating potential for stronger cash flows.”

Key takeaways



Gold may offer diversification benefits and has historically helped preserve purchasing power when confidence in fiat currencies weakens.⁴ Looking forward, continued central bank demand may provide a supportive strategic backdrop for gold.⁵



Gold miners may amplify exposure to gold and offer potential cash-flow growth as historically elevated gold prices and improved sector margins may provide a more supportive earnings backdrop.^{6, 7}



Responsible gold mining is contingent upon the quality of the operating model; in a sector where a license to operate is essential, a business's resilience can be directly affected by good governance and environmental management.⁸



Gold Has Preserved Wealth Through Market Cycles and Central Banks' Buying Reinforces its Strategic Role

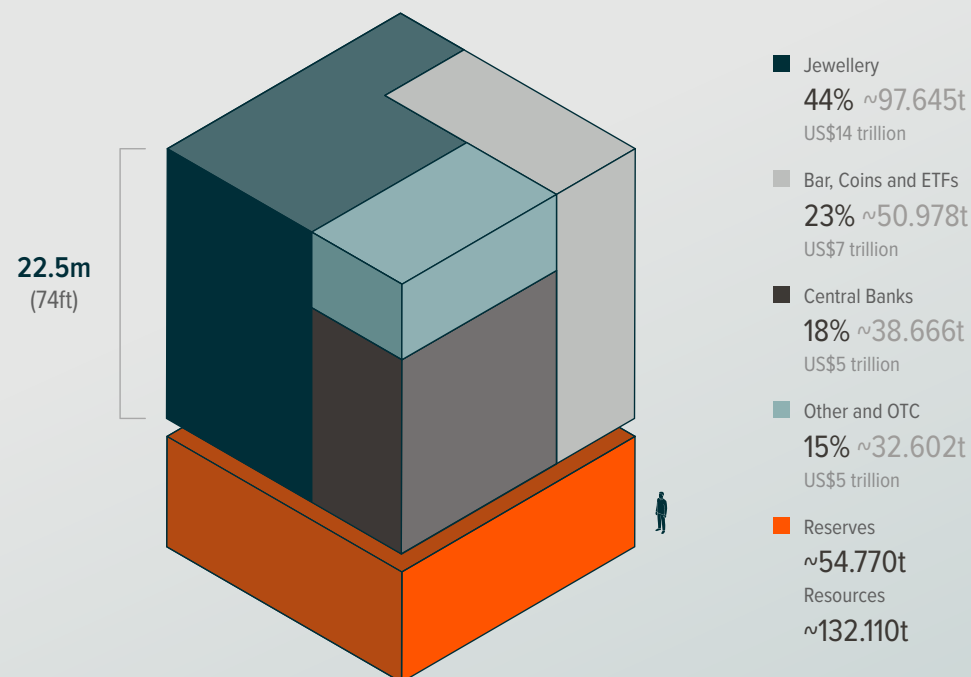
Gold occupies a distinctive position in global financial markets as a real asset, reserve asset and potential safe haven.⁹ During periods of economic or geopolitical uncertainty, it has historically attracted demand for its potential diversification benefits and resilience when confidence in fiat currencies weakens.¹⁰

For centuries, gold has been regarded as a store of value, helping preserve wealth through market cycles thanks to its physical qualities of durability and scarcity. Gold is highly durable and corrosion-resistant; as a result, unlike many other commodities, gold produced over time remains in existence today held as jewellery, coins, bars, and central bank reserves, or used in other applications.¹² Yet gold is scarce, and the 'gold cube' helps illustrate this scarcity: if every ounce of the world's gold mined throughout history were placed side by side, the resulting cube of pure gold would only measure approximately 22.5 meters on each side.¹³

22.5meters

Approximate size of a cube containing
all the gold ever mined

FIGURE 1: GOLD IS DURABLE YET SCARCE



Source: Global X ETFs with information derived from World Gold Council Gold Market Primer (1 April, 2026).



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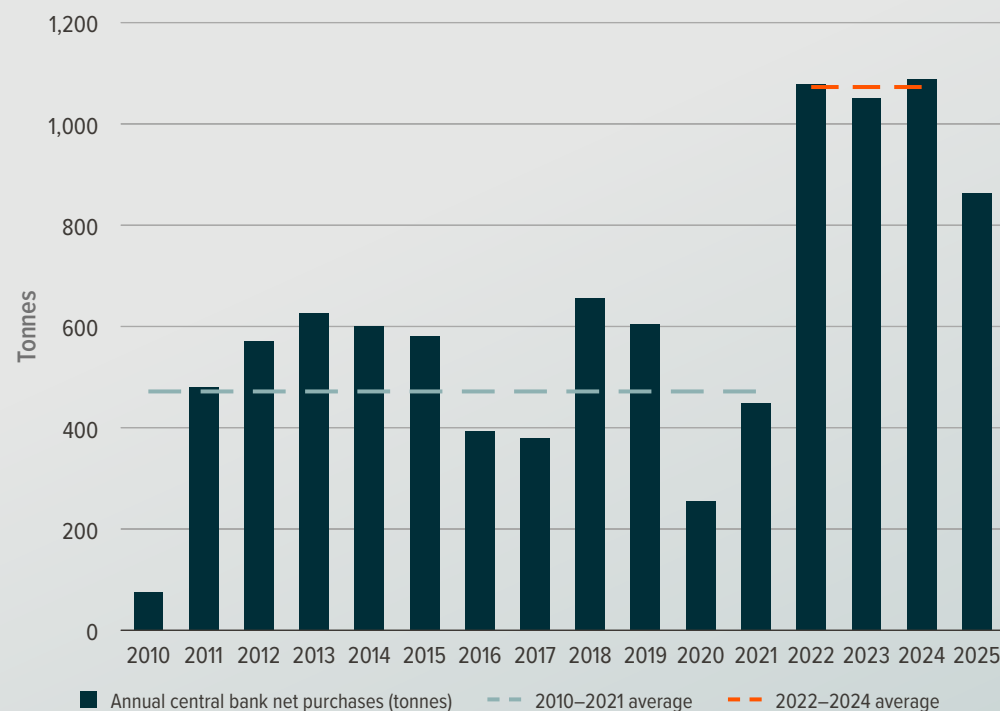
Gold demand spans jewellery, investment, technology and official-sector holdings, while supply is drawn from geographically dispersed mine production and recycled metal.¹⁴ This diversity may support market stability by reducing the market's dependence on any one consumer group, region or source of supply.¹⁵

Central banks have become an increasingly important source of gold demand.¹⁶ Official-sector purchases remained elevated in 2025, after having exceeded 1,000 tonnes annually between 2022 and 2024 compared with an average of 500 tonnes per year over the preceding decade.¹⁷

A June central banks survey found that 89% of respondents expected global central-bank gold reserves to increase over the following 12 months, while a record 45% expected their own institution's holdings to rise.¹⁸ Central banks cite crisis performance, long-term value preservation, diversification, and geopolitical risk mitigation among the reasons for holding or increasing gold reserves.¹⁹

The increase in official-sector gold holdings appears to form part of a broader reassessment of reserve composition amid geopolitical uncertainty and concerns about exposure to traditional reserve currencies.²⁰ Looking forward, sustained central bank demand may reinforce gold's long-term structural outlook and therefore may create a favourable backdrop for gold mining companies, notwithstanding near-term interest-rate risks.²¹

FIGURE 2: CENTRAL BANK GOLD DEMAND REINFORCES BULLION'S STRATEGIC ROLE



Source: Global X ETFs illustrations with information derived from World Gold Council: Gold Demand Trends: Q4 and Full Year 2025 (29 January 2026). There is no guarantee that any trends observed in this material will continue. Any views and opinions are based on current market conditions and are subject to change.



Miners May Translate Higher Gold Prices into Stronger Margins and Cash Flow

Gold miners can offer a differentiated way to gain exposure to gold. Unlike bullion, they are operating businesses that may generate earnings and cash flow. Because a significant proportion of mining costs may adjust more slowly than the gold price, sustained strength in gold may lead to greater increases in margins and profitability.²² This operational leverage means miners may outperform the underlying metal during favourable gold cycles, although it may also magnify losses when prices decline.²³

The long-term foundations of the opportunity may remain supportive.²⁴ For miners, gold's structural sources of demand may be complemented by company-specific opportunities to create value through productivity improvements, exploration, reserve development and disciplined capital allocation.²⁵ Stronger cash flows may be used to reduce debt, fund growth, pay dividends or repurchase shares.²⁶

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+1,000tonnes

Annual official-sector purchases by central banks between 2022 and 2024



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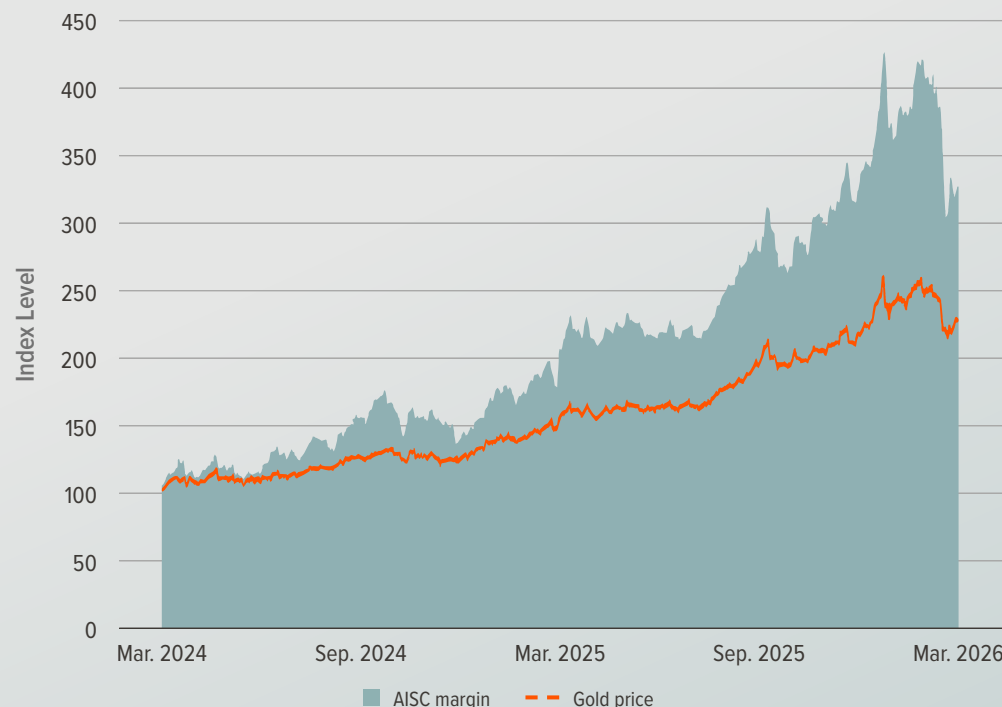
Q1 2026 provides an example of this dynamic: global average all-in sustaining cost (AISC) margins—the difference between gold prices and AISC—reached a record US\$3,076 per ounce, increasing 134% year-on-year despite continued cost inflation.²⁷ Average AISC rose 16% year-on-year to US\$1,785 per ounce, while the average gold price increased 70%.²⁸

During that period, producers maintained relatively disciplined spending and cost management compared with previous gold-price booms, with many holding net cash positions and returning cash to shareholders.²⁹ The durability of these benefits depends on gold prices, production costs, investment requirements and operational execution.³⁰

\$3.076/ounce

Q1 2026 global average all-in sustaining cost (AISC) margins record, up 134% year-on-year despite continued cost inflation

FIGURE 3: GOLD MINERS' AISC MARGINS REACHED A RECORD IN Q1 2026



Note: Index: 31 March 2024 = 100. Source: Global X ETFs with information derived from World Gold Council (24 August 2026). Record gold prices outpace rising mining costs in Q1'26. There is no guarantee that any trends observed in this material will continue. Any views and opinions are based on current market conditions and are subject to change.



Responsible Mining Practices **May Strengthen Long-Term Business Resilience**

"A responsible approach to gold mining may help identify companies with stronger governance, environmental stewardship, safety standards and community relationships. These qualities can help maintain a licence to operate and protect the value of long-lived mining assets, making responsible practices a relevant consideration in risk management and business resilience."

How investors assess the sector remains relevant as gold miners face operational disruption, cost inflation, commodity price volatility, and political or jurisdictional risk.³¹ A responsible approach to gold mining may help identify companies with stronger governance, environmental stewardship, safety standards and community relationships.³² These qualities can help maintain a licence to operate and protect the value of long-lived mining assets, making responsible practices a relevant consideration in risk management and business resilience.³³

Responsible mining may contribute to the Sustainable Development Goals (SDGs) through employment, infrastructure development and community investment.³⁴ These potential benefits should be assessed alongside mining's environmental and social impacts.³⁵ In gold mining, this requires attention to environmental stewardship, human rights, affected communities, sound governance, and the equitable distribution of benefits to host countries.³⁶ Applying an SDG lens could provide a systematic and transparent framework for assessing and weighting companies against defined sustainability indicators.³⁷



Responsible Mining Practices **May Strengthen Long-Term Business Resilience**

FIGURE 4: RESPONSIBLE GOLD MINING CAN CONTRIBUTE TO SUSTAINABLE DEVELOPMENT

Responsible mining may be assessed by how effectively policies and commitments are implemented and overseen in practice.³⁸ Independent assurance, where available and appropriately scoped, may provide an additional input into this assessment.³⁹ Appropriate practices are likely to vary according to the jurisdiction, operating context and stage of the mine lifecycle.⁴⁰ Relevant factors may include water management, tailings safety, effects on communities, activities in conflict-affected or high-risk areas, and engagement with artisanal and small-scale miners.⁴¹

Responsible mining may therefore be viewed as an ongoing process of identifying, preventing or mitigating, monitoring and communicating impacts, rather than as a fixed designation.⁴²

"Independent assurance, where available and appropriately scoped, may provide an additional input into this assessment. Appropriate practices are likely to vary according to the jurisdiction, operating context and stage of the mine lifecycle."

Source: Sources: Infographic: Global X ETFs with information derived from United Nations Sustainable Development Goals.
Accessed on 8 June 2026.



Footnotes

- 1 International Monetary Fund (2026, March 3) *Gold's lasting luster. Finance & Development*, 63(1).
- 2 Reuters (2026, January 26) *Gold miner shares jump as bullion prices hit \$5,100/oz record high*.
- 3 World Gold Council (2019, September 12) *Responsible Gold Mining Principles (RGMPs)*.
- 4 Ibid.
- 5 Reuters (2026, June 16) *More central banks signal plans to increase gold holdings, WGC survey shows*.
- 6 Bloomberg Dataset (2026, July 14) *Gold price 30/06/2016 to 30/06/2026*.
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- 36 Ibid.
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- 39 Ibid.
- 40 Ibid.
- 41 Ibid.
- 42 Ibid.



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