INDIAN RESPONSIBLE GOLD SOURCING WORKSHOP
OUTCOMES, COMMITMENTS, & MILESTONES

6 December 2019

1. The India Gold Policy Centre (IGPC) at Indian Institute of Management, Ahmedabad, with support from the Organisation for Economic Cooperation and Development (OECD) and the India Bullion and Jewellers Association, has organised this workshop to help drive uptake of responsible gold sourcing practices in India. Specifically, the meeting aims to progress conversations about the implementation of international standards on responsible sourcing of gold in India, particularly on the completion of the India Responsible Sourcing Guidelines (IRSG), training and capacity building needs, and implementing responsible sourcing audits of gold refiners in India.

2. Participants to this multi-stakeholder workshop include representatives from the Indian government, OECD governments, and Indian and international gold supply chain representatives from banks, refiners, bullion dealers, jewellers, manufacturers, consumers, industry groups and responsible sourcing programmes.

3. Participants in the workshop convey broad support and agreement on the following points:

   a. Responsible sourcing of gold has become an important requirement in the global gold market. It is generally considered to be a precondition for international banks and gold traders to do business, and is already a delivery requirement in most gold exchanges and OTC markets around the world. Ensuring implementation of international best practices on responsible sourcing in India will help attract investment and trade to India’s gold sector, promote certainty and resilience for domestic business, while helping the government combat illicit conduct associated with the gold market.

   b. In order to promote global coherence and acceptance, responsible sourcing standards and systems in India should be aligned with the OECD Due Diligence Guidance for Responsible Mineral Supply Chains (the OECD Guidance), while taking into account the distinct characteristics of the Indian market. The OECD Guidance applies to all gold supply chain actors. This includes, but is not limited to, gold traders, refiners, bullion dealers, jewellers, and exporters of products containing gold, each with specific roles and responsibilities under the overall supply chain due diligence approach.

   c. As stipulated in the OECD Guidance, while all actors in the supply chain have their own role for due diligence, third party audits should focus on refiners of gold. Refer to the OECD and RMI for the definition of ‘refiner.’

   d. The IRSG should provide broad recommendations for all actors in the supply chain, with a specific focus on refiners, bullion traders & wholesalers, jewellery manufacturers and retailers. It should be flexible so refiners can use existing OECD Guidance aligned audit programmes. Existing OECD Guidance based gold refiner audit programmes (such as the Responsible Minerals Initiative, the Responsible Jewellery Council, the Dubai Multi-Commodities Centre and the London Bullion Market Association) are flexible enough to apply to Indian refiners small or large. As such it is not necessary to create another audit programme for refiners in India

   e. India has a large domestic market for recycled jewellery that is generally considered to be low risk material for refiners’ due diligence purposes (unless such recycled jewellery is received in melted form from dealers, in which case it might be medium or high risk - see OECD Guidance, Supplement on Gold, risk assessment on recyclable gold for more details).

   f. At the same time, specific IRSG would be beneficial to cultivate more local ownership and support, in particular from other segments of the supply chain (Indian bullion traders, wholesalers, jewellers and retailers), and completing the IRSG is an urgent priority.
4. Participants in the workshop commit to the below follow-up actions:

a. Complete the IRSG, drawing from work already carried out by members of the Indian Responsible Mineral Sourcing Working committee, the derivatives exchanges and domestic banks (India Bank Association / India Bullion Bank Association):

   i. We appreciate the initiative by National Stock Exchange for having taken the lead to providing a pathway for Indian refiners to adopt sourcing practices and eventually become audited by OECD-aligned refiner audit programmes. This work to complete the IRSG will now be led by the International Bullion & Jewellers Association with support from members representing Association of gold refiners and mint, Gem & Jewellery Export Promotion Council (GJEPC), Gem & Jewellery Council (GJC), World Gold Council, commodity exchanges, IBA and IBBA (other committee members), and oversight by the IGPC.

   ii. These organisations will invite one round of comments on the draft IRSG, when ready, from all participants in the workshop prior to finalising, including international programmes on responsible sourcing already active in India.

   iii. The OECD will advise in the completion of the IRSG in order to ensure alignment with OECD Due Diligence Guidance, while reflecting specific characteristics of the Indian market.

   iv. Email the OECD final draft guideline by 15th March 2020. The aim is to complete these guidelines before April 2020.

b. Implement responsible sourcing audits of refiners in India as soon as possible.

   i. The IBJA, together with the National Stock Exchange (NSE), Multi Commodity Exchange of India (MCX), the Bombay Stock Exchange (BSE) and other committee members will collaborate with OECD-aligned international audit programmes and discuss avenues for cooperation on audits in India. Cooperation avenues may include division of responsibilities, mutual recognition, and sharing of audit guidance and tools for use in India.

   ii. The aim is to have all gold refiners in India audited by an OECD-aligned audit programme by 31 March 2021.

   iii. Banks, commodity exchanges (NSE, MCX, BSE) and spot markets will require any refiners they have a business relationship with to undergo OECD-aligned responsible sourcing audits from 1 April 2021.

c. Raise awareness and promote the OECD Guidance and IRSG, and ensure appropriate implementation, training and education in India, including:

   i. Indian gold industry groups and international programmes on responsible sourcing already active in India, specifically the IBJA, GJEPC, Association of gold refiners and mint (AGRM), GJC, IGPC, as well as World Gold Council, RMI, RJC, DMCC and LBMA, will help lead training and education series for their constituents in India at definite intervals.

   ii. Efforts should also be made at raising awareness among consumers, and the hallmarking processes should be considered as an avenue in this regard, and involving the Indian Association of Hallmarking as appropriate.
iii. Organisations in India may also develop tools to help implement the OECD Guidance and the IRSG. Examples include internal training modules, common reporting templates, risk information sharing platforms, and supplemental tools for SMEs. The OECD will support in providing training contents, tools, and will seek to help the development of the training workshops, including by participating when possible.

iv. The workshops for 2020 will be organised tentatively during the following conferences: IIBS, GJEPC, and India International Gold Convention. The IBJA, GJEPC, AGRM, Indian Refiners & Mint Association, GJC, the IGPC, as well as international programmes on responsible sourcing already active in India will seek to organise at least one training per year, rotating in different regions of India with gold clusters.

d. Provide critical analysis of the Indian gold supply chain and work closely with the stakeholders of the supply chain to support meaningful monitoring and oversight. One example could include setting up a common due diligence assistance programme, to support common risk assessments of countries and mines. This can include research on gold flows and risk, as well as surveys into company uptake and implementation of the OECD Guidance and IRSG.

i. IGPC will continue to monitor trends and risks related to doré flows in India, and provide information to relevant buyers and audit programmes about risk on a regular basis.

ii. Other stakeholders are invited to share any information on risk with IBJA and IGPC.

iii. IBJA and other committee members should explore the feasibility of setting up a due diligence assistance programme and report back on progress by March 2021. This could build on the experience of the MyKYC Bank. The European Partnership for Responsible Minerals and the Public-Private Alliance for Responsible Minerals Trade will be invited to support these efforts.

e. Industry organisations will inform the Government of India on progress of the above. The Government of India is encouraged to consider, as appropriate, including the standards on responsible sourcing of gold, as aligned with the IRSG and the OECD Guidance, in its relevant policies and approaches, in particular as it relates to licensing or regulating refiners, the nominated agencies, and creating a gold spot exchange as part of an India Good Delivery standard.

f. The OECD will support help in development of the IRSG and will facilitate consultation with international markets, industry associations, in order to help ensure alignment with the OECD Guidance. Depending on the outcome, the OECD will also engage to support cross-recognition of IRSG with existing industry programs like RJC, LBMA, RMI, and DMCC.

5. IBJA is invited to present progress and the final draft made on these follow-up actions during the 2020 OECD Forum on Responsible Mineral Supply Chains, to be held in Paris, France at the OECD Conference Centre on 7-9 April 2020.
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