October 15, 2026

International Financial Services Centres Authority (Good Delivery) Guidelines, 2026

In exercise of the powers conferred under clause (r) of sub-regulation (1) of regulation 2, sub-regulation (1) of regulation 12 read with regulation 67 of the International Financial Services Centres Authority (Bullion Market) Regulations, 2025, the Authority hereby issues the following Guidelines:

CHAPTER I

PRELIMINARY

1. **Short title and commencement**

(1) These Guidelines may be called the International Financial Services Centres Authority (Good Delivery) Guidelines, 2026 (Guidelines'), to be implemented by the Bullion Exchange in IFSC, in accordance with the directions issued under these Guidelines.

(2) These Guidelines shall come into force with immediate effect.

2. **Scope and extant**

(1) These Guidelines lay down the framework for Good Delivery standards in relation to Gold for:

(a) the refiners established and/or operating in India, including in Special Economic Zones (SEZs) and International Financial Services Centres (IFSCs), or outside India, that intend to be certified as Accredited Refiner by the Bullion Exchange; and

(b) Accredited Refiners.

(2) The Bullion Exchange shall comply with these Guidelines for the purpose of certifying a refiner as 'Accredited Refiner' and empaneling auditor(s) for conducting 'Third-Party Audit'.

3. **Objective**

These Guidelines lay down quality and responsible sourcing standards applicable to Accredited Refiners certified by the Bullion Exchange, with a view to ensure that the Gold refined by Indian and global refineries are to be accepted as Good Delivery Gold. These Guidelines seek to promote a transparent, credible and orderly bullion market ecosystem and advance the objective of India emerging as a price influencer in the global bullion market.

4. **Definitions**

(1) In these Guidelines, unless the context otherwise requires, the terms defined herein shall bear the meanings as assigned to them below, and their cognate expressions shall be construed accordingly-

(a) "Act" means the International Financial Services Centres Authority Act, 2019 (50 of 2019;

(b) "Accredited Refiner" means a refinery certified by the Bullion Exchange as complying with the technical, quality and responsible sourcing requirements specified under these Guidelines for the purpose of recognition of Gold produced by such refinery as Good Delivery Gold.;

(c) "Aggregator" refers to an individual or an entity that engages in the aggregation or initial treatment of Gold, such as smelting, or casting; collects scrap or unfinished gold products, including but not limited to bars, doré, ingots, or other shapes, that may have inconsistent dimensions or purity levels; and prepares Gold for subsequent refining or other value-added operations;

(d) "Alluvial Gold" refers to newly extracted Gold obtained from sand and gravel deposits, typically found in or near streambeds.

Explanation.1 - This form of Gold generally appears as very small yet visible particles, commonly known as "dust," and occasionally as larger pieces termed "nuggets." This Gold is naturally concentrated, easily transportable, and can be readily melted and/or semi-refined into small ingots with a typical purity ranging from 85% to 95%.

Explanation 2.- Alluvial Gold in all these forms requires further refining before being suitable for use in bullion or jewellery. Such refining processes can ordinarily be performed directly without the necessity for additional intermediate concentration or processing steps;

(e) "Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) measures", shall mean the measures as specified in the International Financial Services Centres Authority (Anti-Money Laundering, Counter-Terrorist Financing, and Know Your Customer) Guidelines, 2022;

Explanation 1.- For removal of doubts, it is clarified that, in case of Accredited Refiners in India, they shall comply with such applicable AML/CFT measures as specified in "*Guidelines on Anti-Money Laundering (AML) Standards, Countering the Financing of Terrorism (CFT) and Combating Proliferation Financing (PF) Obligations for Dealers in Precious Metals and Precious Stones under the Prevention of Money Laundering Act, 2002 and Rules made thereunder, the Unlawful Activities (Prevention) Act, 1967 and the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005";*

*Explanation 2***.-** In case of Accredited Refiners outside India, they shall also comply with such applicable AML/CFT measures prescribed in their respective jurisdiction or countries;

Explanation 3.- Where the AML/CFT standards in another jurisdiction or countries differ from those specified by the Authority, the Accredited Refiner shall require to apply the higher of the two standards, to the extent permitted by the law of that jurisdiction.

(f) "Artisanal and Small-scale Mining (ASM)" means formal or informal Gold mining operations with predominantly simplified forms of exploration, extraction, processing, and transportation.

Explanation. - The nature of ASM is normally low capital intensive and high labor-intensive technology; These mines may include men and women working on an individual basis as well as those working in family groups, in partnership, or as members of cooperatives or other types of legal associations and enterprises involving hundreds or even thousands of miners;

(g) "Artisanal and Small-scale Mining Gold" means Gold that has been produced by Artisanal and Small-scale Mining;

(h) "Authority" or "IFSCA" means the International Financial Services Centres Authority established under sub-section (1) of section 4 of International Financial Services Centres Authority Act, 2019 (50 of 2019);

(i) “Beneficial Owner” shall have the same meaning as assigned to it in clause 1.3.3 of the International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022;

(j) “Bureau of Indian Standards” or “BIS” means Bureau of Indian Standards established under sub-section (3) of section 1 of The Bureau of Indian Standards Act, 2016;

(k) “Bullion”, “Bullion Depository Receipt (BDR)” and “Bullion Exchange” shall have the meaning as assigned to them under the International Financial Services Centres Authority (Bullion Market) Regulations, 2025;

(l) “Chain of Custody” means the documented record of the sequence of entities that maintain custody of Gold as it progresses through the Supply Chain;

(m) “Compliance Officer” or “CO” means a person, designated by the Accredited Refiner, responsible for compliance of these Guidelines;

(n) “Conflict-Affected and High-Risk Areas (CAHRA)” refers to regions identified by the presence of armed conflict, widespread violence, including violence perpetrated by criminal networks, or other significant threats of serious and widespread harm to individuals. Armed conflict may manifest in various forms, including but not limited to, international or non-international conflicts, which may involve multiple states, wars of liberation, insurgencies, or civil wars. *High-risk areas* are those where there is a heightened risk of conflict or of widespread or serious human rights abuses, as outlined in Annex II of the OECD Guidance. Such areas are typically characterized by political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence, and violations of national or international law;

(o) “Customer/Client/Counterparty” for the purpose of these Guidelines shall mean a Supplier who is directly engaged with an Accredited Refiner and includes a person on whose behalf the person engaged in the transaction or activity, is acting;

(p) “Domestic Tariff Area” or “DTA” means the whole of India (including the territorial waters and continental shelf) but does not include the areas of the Special Economic Zones;

(q) “Empaneled Auditor” means an independent auditor empaneled by the Bullion Exchange for undertaking the Third-Party Audit;

(r) “Gold” refers to gold bearing material including Mined Gold (Alluvial Gold, Gold Ore, Gold Concentrate, Gold Dore, Mining Byproduct, LSM Gold and ASM Gold),

Recyclable Gold (Unprocessed recyclable gold, melted recyclable gold, Industrial By-product), Grandfathered Stocks, Mixed Gold etc.

Explanation. - For removal of doubts, it is clarified that the terms:
(i) 'Gold' shall also include gold bars having purity of 99.5 per cent and above;
(ii) 'Unprocessed recyclable Gold' shall mean Recyclable Gold still in its original form and/or fabrication scrap, before it has been returned for processing and refining (e.g. bullion bars, pieces of jewellery, ornaments, coins, machine turnings, etc.);

(s) "Gold Ore" refers to rock or gravel that contains a commercially viable concentration of gold, even if this concentration is minimal by weight, such as 1 gram of gold per tonne of ore.

Explanation. - The Gold Ore can be economically recovered in Medium to Large-Scale Industrial mining operations. Due to its bulk and weight, Gold Ore is typically processed near the mine site and is not ordinarily transported over long distances for further processing;

(t) "Gold Concentrate" is an intermediate material produced from the initial processing of Gold Ore to increase its Gold concentration and may still requires additional intermediate processing to produce doré;

(u) "Gold Doré" is a bar composed of a newly mined Gold alloy, typically resulting from the extensive processing and smelting of ores at medium and large-scale mines with a purity less than 95%.

Explanation. - The Gold Doré shall be transported to a refinery for further refinement into commercial-grade bullion (gold bars having purity of 99.5 per cent and above), without requiring additional intermediate processing steps;

(v) "Good Delivery" refers to the quality and technical standards of manufacturing of Gold as may be prescribed by the Bureau of Indian Standards (BIS), National Accreditation Board for Testing and Calibration Laboratories and responsible sourcing as specified in these Guidelines.

Explanation. – For removal of doubts, it is clarified that the Gold manufactured in accordance with the Good Delivery shall be eligible for delivery on the exchanges in IFSC or in the over-the-counter (OTC) market;

(w) "Grandfathered Stocks" refers to any Gold product with a verifiable date upto the date of issuance of these Guidelines and are exempted from the requirement to determine its origin.

Explanation. – 'Verifiable Date' for this purpose shall refer to a date that can be authenticated through the inspection of physical date stamps on the products and/or through inventory lists;

(x) "Human Rights" shall have the same meaning as defined under Section 2 of the Protection of Human Rights Act, 1993;

(y) "Industrial By-product" shall mean a material produced while processing another material, not the primary intended product but nevertheless a separate useful material.

Illustration: Low value Industrial By-products created during the Gold refining process such as furnace flue dust, spent crucibles and floor sweepings.

(z) "International Financial Services Centre" shall have the meaning assigned to it under clause (g) of sub-section (1) of Section 3 of the IFSCA Act, 2019 (50 of 2019);

(aa) "ISAE 3000" mean the International Standard on Assurance Engagements ISAE 3000 Assurance Engagements;

(bb) "Large Scale Mines Gold" or "LSM Gold" shall mean Gold that has been produced by Medium and Large-scale mining;

(cc) "Medium and Large-Scale Mining (LSM)" refers to Gold mining operations other than Artisanal and Small-scale Mining;

(dd) "Melted Recyclable Gold" shall mean Recyclable Gold which has been melted as the first recycling process and cast into rudimentary bars or some other form with undefined dimensions and variable fineness;

(ee) "Mining By-product" shall mean a Gold that is produced from other metal mining, e.g., from copper sulphide ore, in which Gold may be a trace constituent. When Gold is a byproduct, the other more important metal is processed and refined first, and the Gold is then extracted and refined from the final residue of the first metal, such as a copper electrolytic cell slime;

Explanation: "For avoidance of doubt, Mining By-product Gold and Industrial By-product Gold shall constitute separate categories for the purposes of Supply Chain Due Diligence. Mining By-product Gold shall be traced to the relevant host mining and mineral processing operations, whereas Industrial By-product Gold shall be traced to the industrial, manufacturing, refining or processing activity from which such material arose.

(ff) “Mixed Gold” refers to Gold that comprises multiple sources, such as a combination of mined gold and recyclable gold. Due diligence must be performed on the sources of mixed gold in accordance with these Guidelines;

(gg) "Money Laundering" shall have the meaning as assigned to it in the International Financial Services Centres Authority (Anti-Money Laundering, Counter-Terrorist Financing, and Know Your Customer) Guidelines, 2022;

(hh) “Organisation for Economic Co-operation and Development Guidance” means the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;

(ii) “Payment Service Provider” or “PSP” means a company authorised by the Authority, or by a competent authority in another jurisdiction, to provide one or more payment services under the IFSCA (Payment Services) Regulations, 2024 or its equivalent laws and regulations applicable in such other jurisdiction;

(jj) “Politically Exposed Person” or "PEP", shall have the same meaning as assigned to it in the International Financial Services Centres Authority (Anti-Money Laundering, Counter-Terrorist Financing, and Know Your Customer) Guidelines, 2022;

(kk) “risks" shall mean the potential adverse effects arising from the operations or business activities of an Accredited Refiner, whether directly attributable to such Accredited Refiner's own conduct or indirectly through its commercial relationships with third parties, including but not limited to suppliers and other participants within the Supply Chain.

Explanation 1. - Such adverse effects may encompass:

(i) external impacts, including but not limited to harm or detriment caused to individuals, communities, or the environment; and/or

(ii) internal impacts, including reputational harm, regulatory sanctions, or exposure to civil or criminal liability.

Explanation 2. - For the avoidance of doubt, internal and external impacts are not mutually exclusive and may be causally or consequentially linked, whereby an external harm may give rise to corresponding reputational or legal consequences for the Accredited Refiner;

(ll) “Risk Based Operational Excellence Framework” or “RBOE Framework” refers to the establishment of processes and the requisite documentation to be adopted by Accredited Refiners as specified in these Guidelines;

(mm) “Risk-Focused Regulatory Compliance Framework” or “RFRC Framework” refers to a structured and systematic procedures to be adopted by Accredited Refiners as specified in these Guidelines;

(nn) “Recyclable Gold” refers to Gold that has undergone prior refining, including Gold sourced from end-users, post-consumer items, investment gold, gold-bearing products, and scrap or waste metals and materials generated during refining and product manufacturing.

Explanation. – For the removal of doubts, it is clarified that where Recyclable Gold is returned to an Accredited Refiner or other downstream intermediate processor to begin a new life cycle, such Gold shall be considered as 'recycled gold'. Its origin, for the purposes of the Gold Supply Chain, shall be deemed to be the point at which it is returned to the Accredited Refiner, downstream intermediate processor, or recycler, as the case may be;

(oo) "Refining" refers to the process of purifying Gold using aqua regia, electrolytic process, or any other techniques or processes as prescribed by the BIS and National Accreditation Board for Testing and Calibration Laboratories (NABL) or any other nodal agency as designated by the Government of India or the Authority, by removing impurities and other substances from doré, Alluvial Gold, recyclable or scrap gold, or any other gold-bearing feedstock;

(pp) “Supplier” shall refer to any individual or organisation who is considered to be a participant in the Supply Chain for the supply of Gold;

(qq) "Supply Chain" shall refer to the system encompassing all activities, organisations, persons, technologies, information, resources, and services involved in the movement of Gold from its source;

(rr) "Supply Chain Due Diligence" shall refer to the obligations of Accredited Refiner to undertake appropriate measures to identify, assess, and mitigate actual and potential risks within the Supply Chain;

(ss) “Third Party Application Provider” or “TPAP” shall mean an entity that provides an application or a platform to end-user customers (payers and payees) to initiate and receive payment transactions, through a licensed PSP;

(tt) “Third-Party Audit” means the audit conducted by an independent auditor empaneled by the Bullion Exchange to review the Supply Chain Due Diligence of the Accredited Refiner.

CHAPTER II

ELIGIBILITY AND OBLIGATIONS OF ACCREDITED REFINERS

5. **Eligibility for certification as Accredited Refiner**

The refiner shall be eligible to be certified as Accredited Refiner, pursuant to the satisfaction of the eligibility criteria specified by the Bullion Exchange in consultation with the Authority.

6. **Obligations of Accredited Refiners: Responsible Sourcing and Compliance Framework**

(1) The Bullion Exchange shall ensure that every Accredited Refiner shall, at all times, adhere to the 5-Step Framework provided under these Guidelines, namely:

(a) Step 1: Establishing An Effective Risk-Focused Regulatory Compliance Framework (RFRC Framework) through Policy and Systems

(i) Policy Adoption and Commitment

Accredited Refiners are required to undertake the following:

(A) Establishment of a Gold Supply Chain Policy

Each Accredited Refiner shall establish and implement a robust, documented Gold Supply Chain Policy, that comprehensively addresses the potential risks associated with sourcing of Gold from Conflict-Affected and High-Risk Areas (CAHRAs). The policy shall reflect the Accredited Refiner's commitment to responsible sourcing and effective supply chain due diligence, and shall include the following components:

i. **Gold Supply Chain Policy Commitment:** The policy shall articulate the Accredited Refiner's principles and expectations concerning the extraction, transport, handling, trading, processing, smelting, refining, alloying, and export of gold. These principles should serve as a common reference point for evaluating the conduct of the Accredited Refiner and its Suppliers within the Gold Supply Chain.

ii. **Risk-Based Procedures:** The policy shall incorporate structured procedures for identifying, assessing, and managing risks across the Gold Supply Chain, with specific emphasis on sourcing from high-risk jurisdictions and non-transparent supply chains.

iii. **Internal Management Framework:** The Accredited Refiner shall establish an Internal Governance Framework that supports the execution of the policy, including designation of responsible officials, adequate resourcing, and mechanisms for oversight and accountability in accordance with clause B of step 1 below.

iv. **Supply Chain Controls and Transparency:** The Accredited Refiner shall maintain effective systems to ensure traceability and Chain of Custody. These systems shall facilitate the identification of upstream actors and allow for verification of origin, transit routes, and transaction legitimacy.

Explanation. - The upstream actors shall mean the persons involved in Supply Chain of Gold from its source such as mines, aggregators, scrap from jewellery or industrial sources etc. to refiners.

v. **Supplier Engagement and Compliance:** The policy shall be incorporated into contracts or agreements with suppliers. The Accredited Refiner shall engage with suppliers to encourage conformance with responsible sourcing practices and provide support for improving due diligence performance where necessary.

vi. **Grievance Mechanism:** A formal mechanism shall be instituted to allow internal and external stakeholders to raise concerns or provide information relating to risks within the gold supply chain. This mechanism shall function as an early-warning and risk-awareness tool to support prompt and effective risk mitigation.

(B) Compliance with Group-level AML/CFT Policy

An Accredited Refiner having a branch or subsidiary in a country or jurisdiction:

i. for which the FATF has called for countermeasures; or
ii. which is known to have inadequate AML/CFT measures whether identified as such by the Accredited Refiner itself, the Authority, or other foreign regulatory authorities in the jurisdiction where the Accredited Refiner conducts business;

In such cases, the Accredited Refiner shall ensure that its Group-level AML-CFT Policy and Group Supply Chain Policy are strictly observed.

(ii) Internal Management Framework

To ensure effective implementation of Gold Supply Chain Policy, a robust internal management framework shall be developed by Accredited Refiners. This framework shall include, *inter-alia*, the following key components:

(A) <u>Management Oversight:</u> The Board of Directors or the equivalent managerial personnel shall be required to actively oversee the thorough Gold Supply Chain Policy, demonstrating a strong commitment to ethical sourcing. This shall include

developing necessary expertise, ensuring effective communication, assessing policy performance, and allocating adequate resources.

(B) Compliance Officer (CO): The CO shall be appointed to manage the thorough Gold Supply Chain Policy. Accredited Refiner shall ensure that the Compliance Officer has the necessary seniority and authority to effectively perform his responsibilities.

i. CO Qualifications: Bullion Exchange may prescribe the relevant qualifications and experience for the CO for the purpose of implementation of these guidelines.
ii. CO Responsibilities: The responsibilities of the CO shall include, *inter-alia*, monitoring, policy improvement, training, and regulatory engagement. Additionally, it is incumbent upon the CO to conduct regular and systematic reviews of the procurement activities executed by the relevant department, division, or section within the Accredited Refiner's organization.

(C) Comprehensive Training: A comprehensive mandatory training program may be established and overseen by the CO, targeting relevant internal staff (compliance, risk, procurement, key management). This program shall encompass both general due diligence principles and specific role-based responsibilities. Accredited Refiners may institute relevant annual training programs for all relevant personnel engaged in procurement, risk, compliance or logistics functions. These programs may include, *inter-alia*, identification of red flag indicators, due diligence steps, and risk escalation procedures. Training sessions may be conducted on a regular basis and subjected to periodic evaluation to ensure their effectiveness.

(b) Step 2: Identify and evaluate risks within the Supply Chain through a Risk Based Operational Excellence (RBOE) Framework

(i) To ensure transparency, traceability, and the necessary controls across the Gold Supply Chain, Accredited Refiners shall be mandated to implement RBOE Framework that ensures compliance to the principles of RFRC Framework. Accredited Refiners shall systematically identify and assess potential risks, through a risk-based approach. Accredited Refiners are further obligated to conduct comprehensive assessments of their Gold Supply Chain to identify and evaluate potential risks. This assessment process shall be continuous, with particular emphasis on new business relationships. The identified risks shall be the basis for scope and intensity of subsequent assessment efforts.

(ii) The RBOE Framework of the Accredited Refiner shall encompass the documentation of Gold Supply Chain, the execution of comprehensive due diligence of client/customer/counterparty (herein after referred to as 'client'), and the maintenance of detailed records in accordance with the record keeping requirements provided in these Guidelines.

(iii) The following minimum processes, among others, shall be adhered to ensure operational excellence and to establish a robust Gold Supply Chain:

(A) Undertaking Client Due Diligence:

In fulfilling the obligations of identification of the client, the Accredited Refiner shall undertake the following measures:

i. Identifying the client and verifying the client's identity using reliable, independent source documents, data, or information.

ii. Identifying the beneficial owner of the client and taking reasonable measures to verify the identity of the beneficial owner in such a manner that the Accredited Refiner is assured of the beneficial owner's identity. For legal entities and arrangements, the client due diligence shall include the Accredited Refiner taking reasonable steps to understand the nature of the client's business, its ownership, and control structure.

iii. Understanding and, as appropriate, obtaining information on the purpose and intended nature of the business relationship.

iv. Conducting ongoing due diligence on the business relationship and scrutinizing transactions throughout the course of the business relationship to ensure that the transactions being conducted align with the Accredited Refiner's understanding of the client, the client's business, and its risk profile, including, where necessary, the source of funds.

(B) Identification, Verification of Client and other AML/CFT Measures

i. The Accredited Refiner shall comply with the applicable provisions for the purpose of Client Due Diligence such as identification and verification of client and beneficial owner in accordance with the International Financial Services Centres Authority (Anti-Money Laundering, Counter-Terrorist Financing, and Know Your Customer) Guidelines, 2022.

ii. The Accredited Refiner shall also undertake such AML/CFT measures including adoption of Risk-Based approach and Risk Assessment in accordance with the International Financial Services Centres Authority (Anti-Money Laundering, Counter-Terrorist Financing, and Know Your Customer) Guidelines, 2022.

(C) Environmental Assessments

i. Regardless of the source of the Gold, it may be a recommended practice to undertake a comprehensive Environmental Impact Assessments (EIAs), with all

relevant documentation properly maintained, to ensure that mining, refining, or smelting activities do not result in significant environmental degradation or involve the use of harmful substances and chemicals that could endanger public safety.

ii. The Accredited Refiner is further obligated to comply with industry-wide commitments under relevant international agreements, conventions, or codes governing the management of specific harmful chemicals and substances. The Accredited Refiner shall not engage in any activities that would violate the principles or obligations established under such agreements, including but not limited to:

(a) Minamata Convention [1];

(b) International Cyanide Management Code (Cyanide Code)[2];

(c) Convention on Bio-Diversity Protection[3].

(D) Supply Chain Mapping and Risk mapping

i. Supply Chain Mapping is a critical process for ensuring responsible sourcing of Gold. It involves tracing the origins of Gold, from its source to its final product, providing transparency and accountability throughout the Supply Chain. The Supply Chain and risk mapping shall encompass different types of Gold sources, including Medium and Large-Scale Mines (LSM), Artisanal and Small Mines (ASM), Aggregation, Recycled Material, Mixed Gold and Industrial By-Product.

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[1] Minamata Convention- India is a party to the Minamata Convention on Mercury and ratified the convention on 18.06.2018. The Annex A of the Convention provides the list of Mercury added products to be phased out for manufacture, import and export by 2020 along with exclusion list and measures to be taken for use of Dental Amalgam. Annex B of the Convention provides the list of manufacturing processes in which mercury compounds are used for their phase out by timelines listed therein and processes for which measures to be taken by parties to restrict the use of mercury or mercury compounds, India has registered exemptions for phasing out mercury added products listed in Part 1 of Annex A by five years (till 2025) from the existing phase-out date of 2020. India has also registered the exemptions for phasing out the manufacturing process for production of Acetaldehyde in which mercury or mercury compounds are used as a catalyst at Part 1 of Annex, by five years (till 2023) from the existing phase-out date of 2018.

[2] Cyanide Code- This is a voluntary certification program that aims to improve cyanide management and reduce environmental impacts in the gold mining industry. The program is open to companies that produce, transport, or use cyanide in the mining industry, including manufacturers, transporters, and mining companies. The Cyanide Code was developed in 2005 by the International Cyanide Management Institute (ICMI), a non-profit corporation, under the guidance of the United Nations Environmental Program (UNEP).

[3] India, recognizing the critical importance of conservation and sustainable use of biological diversity, and in accordance with its sovereign commitment to global environmental governance, became a Contracting Party to the Convention on Biological Diversity (CBD), having signed the Convention at the United Nations Conference on Environment and Development (UNCED) held in Rio de Janeiro in June 1992, and ratified the same on 18 February 1994, in accordance with Article 34 of the Convention. The Convention, being a legally binding multilateral treaty, imposes on India continuing obligations to implement its provisions through domestic legal, administrative, and policy measures, and to cooperate with other Contracting Parties in achieving the objectives of biodiversity conservation, sustainable use, and equitable benefit-sharing.

Each type has distinct considerations and requirements that must be addressed to ensure compliance with international standards such as the OECD Guidance.

ii. Basis the Supply chain and risk mapping for different types of Gold sources, a robust framework shall be established to addresses the unique challenges and risks associated with them.

iii. The Supply Chain Mapping shall include detailed information about the Gold Supply Chain, including the origin of Gold, intermediaries (any other person involved in the Supply Chain of Gold such as Aggregators, etc.), and transportation routes and the said information shall be documented.

iv. The risk mapping shall *Inter alia*, consider the following risk factors:

(a) Geographical Risk Factors

(aa) Origin of Gold (mined, recycled)

(bb) Regulatory environment of supplier locations;

(cc) Levels of conflict, human rights abuses, corruption, and criminal activity;

(dd) Proximity to CAHRAs;

(ee) Enforcement of relevant laws and regulations;

(ff) Payment mechanisms (formal channels vs. cash);

(gg) United Nations Sanctions and embargoes.

Explanation. **-** For the removal of doubts, it is hereby clarified that the reference to "cash transaction" above relates only to transactions undertaken by clients and intermediaries, and not to transactions undertaken by an Accredited Refiner.

(b) Transaction Risk Factors

(aa) Transaction inconsistencies (amounts, volumes, pricing);

(bb)Excessive cash payments undertaken by the client;

(cc) Transaction structuring;

(dd) Potential adverse impacts and severity of the applicable transaction;

(ee) Unexplained geographic distance in the Gold Supply Chain.

(c) Delivery Channel Risk Factors

(aa) Unusual delivery methods (third-party involvement);
(bb) Transportation security practices;
(cc) Reliability of third-party transportation providers.

(E) Sourcing of Gold

Where an Accredited Refiner sources Gold originating from Medium and Large-Scale Mining operations or Artisanal and Small-Scale Mining operations, the Accredited Refiner shall incorporate the following procedures in its RBOE Framework to enhance transparency and uphold ethical sourcing throughout the various sources of the Gold Supply Chain:

i. Identifying the Source and mitigation measures:

(a) Mine Identification: Document the exact location of the mine, through the Global Navigation Satellite System coordinates or its equivalent, and the mining company's details, including registration, licenses, and ownership structures;
Provided that in case of Artisanal and Small-Scale mines the requirement shall only be limited to registration of mine with authorities (local or provincial or state) and obtain any available documentation on the mine's ownership and operation.

(b) On-site Visit: Accredited Refiner may prescribe a framework to conduct on-site visits and undertake comprehensive due diligence of the Supply Chain on a regular basis including prior to onboarding the Supplier as a client. In such instances, a comprehensive review must be conducted with respect to, *inter alia*, the country, the mine, the aggregator, the Supplier providing the source of Gold from the relevant mine or country. An on-site assessment shall ordinarily be undertaken where the Supplier or source is classified as high-risk, where Gold originates from or transits through a CAHRA, where material red flags remain unresolved, or where otherwise considered necessary for verification of information.

(c) Conflict-Affected and High-Risk Areas (CAHRAs): Determine if the mine or the transit country is in/through a CAHRA. If so, implement the following enhanced due diligence measures:

(aa) Security Risk Mitigation

Engage with national authorities and civil society to ensure:

1. Security forces operate under clear rules of engagement consistent with the Voluntary Principles on Security and Human Rights;

2. Payments to public/private security are legal, documented, and proportionate;
3. Avoid or minimize reliance on security forces with known records of abuse.

(bb) Human Rights Risk Mitigation

1. Establish grievance mechanisms;
2. Train workforce and security personnel on human rights protocols;
3. Suspend contracts or activities with actors credibly implicated in serious abuses.

(cc) Mitigation of Support to Armed Groups - Disengage from any participants in such Supply Chain who:

1. Finance or support armed groups;
2. Fail to demonstrate improvement within a 6-month corrective action window.

(dd) Anti-Bribery and Anti-Fraud Measures

1. Prohibit all forms of bribery or inducement;
2. Require declaration and documentation of all government-related payments;
3. Cross-verify invoices, permits, and logistics records to detect inconsistencies.

(ee) Anti-Money Laundering Controls

1. Develop transactional red flags to monitor suspicious payments;
2. Require beneficial ownership disclosures from all Suppliers/intermediaries;
3. Route all payments through formal banking channels.

(ff) Origin and Documentation Verification

1. Conduct geochemical testing or material fingerprinting if origin is unclear;
2. Audit mine-level documentation (licenses, production volumes, export permits);
3. Implement Chain of Custody systems for traceability;
4. Percentage of security payments disclosed to authorities;
5. Number of reported human rights violations before and after mitigation;
6. Extent of Supplier or transporter disengagement due to red flag risks;
7. Implementation status of grievance mechanisms and training programs;
8. Reduction in cash-based transactions;
9. Documentation compliance (permits, tax receipts, trade papers).

Explanation. **-** For the removal of doubts, it is hereby clarified that the reference to "cash transaction" above relates only to transactions

undertaken by clients and intermediaries, and not to transactions undertaken by an Accredited Refiner.

Provided that in case of Artisanal and Small-Scale mines, the Accredited Refiner shall in addition to the above, map and document the socio-economic impact of the mine on local communities, including Human Rights issues such as labour conditions, child labour risks, and local governance structures.

7. **CERTAIN PROCEDURES TO BE INCORPORATED BY THE MEDIUM AND LARGE-SCALE MINES IN THE RBOE**

Additional Due Diligence Requirements where Gold is sourced from Medium and Large-Scale Mining Operations:

In addition to the above requirement, in case of Medium and Large-Scale Mines, the Accredited refiner shall also incorporate the following procedures in the RBOE Framework:

(1) Assessing the Supply Chain:

(a) Chain of Custody Documentation: Maintain comprehensive records from the extraction site to the refinery, including transport documents, customs declarations, and third-party certifications such as Chain-of-Custody-Certification.

(b) Internal Audits: Engage internal auditors to regularly assess compliance with environmental, labour, and safety standards. Reports from these audits should be integrated into the supply chain documentation.

8. **CERTAIN PROCEDURES TO BE INCORPORATED BY THE ARTISANAL AND SMALL-SCALE MINES (ASMs) IN THE RBOE**

Additional Due Diligence Requirements where Gold is sourced from Artisanal and Small-Scale Mining Operations:

In addition to the above applicable requirements, in case of ASMs, the Accredited refiner shall also incorporate the following procedures in the RBOE Framework:

(1) Assessing the Supply Chain:

(a) Aggregation Points: In case of aggregation from ASM, identify and document all points where gold from ASMs is aggregated by Aggregators which may include the transmit routes through CAHRAs, before being sold to

intermediaries or refiners. Maintain records of all transactions at these points. Supply chain complexity is also to be assessed as to the number of Aggregators or intermediaries in the supply chain.

(b) Due Diligence on Aggregators: Perform due diligence on Aggregators who may be intermediaries and buyers who purchase Gold from ASMs, ensuring they comply with international standards for ethical sourcing. Ensure that documentation with regards to the Chain of Custody and the documentation of the supply chain integrity is maintained for gold sourced from Aggregators.

(2) Risk Assessment and Mitigation

(a) Worst form of Child Labour and Human Rights: Implement strict monitoring to ensure no child labour is involved. Engage local Non-Government Organisations or community leaders to support ongoing monitoring and provide training.

(b) Financial Transparency: Payments made directly by the Accredited Refiner shall be through regulated financial channels. In relation to ASM supply chains, where payments at upstream levels are made through legally permitted local mechanisms, the Accredited Refiner shall assess and document the associated risks, establish appropriate controls, and encourage progressive transition towards traceable formal payment channels.".

9. **CERTAIN PROCEDURES TO BE INCORPORATED BY THE ACCREDITED REFINERS IN CASE OF GRANDFATHERED STOCKS AND RECYCLABLE GOLD**

In case of Grandfathered Stocks and Recyclable Gold, the Accredited refiner shall incorporate the following procedures in the RBOE Framework:

(1) Identifying the Source:

(a) In case of Grandfathered Stocks, the requirement to determine their origin may be exempted in accordance with these Guidelines.

(b) In case of Recyclable Gold–

(aa) Source Documentation: Collect documentation on the origin of Recyclable Gold, whether from jewellery, electronics, or industrial scrap to ensure the legality and ethical sourcing of the original material.

(bb) Supplier Verification: Verify the Suppliers' processes for collecting and processing recycled gold.

(2) Assessing the Supply Chain:

(a) Traceability Records: Maintain detailed records of the recycled gold from the point of collection through refining, including documentation from all intermediaries.

(b) Audits and Certifications: Engage in regular audits of Suppliers' operations, ensuring compliance with environmental and Human Rights .

(3) Risk Assessment and Mitigation:

(a) **Recycled gold from high-risk areas:**

In cases where the Accredited Refiner may reasonably conclude that recycled gold does not originate (directly or indirectly) from high-risk areas, then it may not be subjected to Enhanced Due Diligence (EDD);
Provided that where the recycled gold originates from or transits through conflict-affected and high-risk areas (CAHRAs), it shall be subjected to EDD, including working with relevant parties to verify the sources and the Chain of Custody.

(b) **Environmental Assessment Impact:** The Accredited Refiner shall undertake Environment Assessment Impact to ensure that the recycling processes undertaken by them do not result in significant environmental harm, particularly regarding waste management and emissions.

10. **CERTAIN PROCEDURES TO BE INCORPORATED BY THE ACCREDITED REFINERS IN CASE OF MIXED GOLD (COMBINATION OF MINED AND RECYCLED GOLD) AND INDUSTRIAL BY-PRODUCT GOLD**

In case of Mixed Gold and Industrial By-Product Gold, as applicable, the Accredited refiner shall incorporate the following procedures in the RBOE Framework:

(1) Identifying the Source:

(a) **Source Segregation in case of Mixed Gold**: Maintain clear records of the origins of both mined and recycled gold, ensuring that it is traceable back to its source.

Source Segregation in case of Industrial By-Product Gold: Maintain clear records of the origins of Industrial By-Product Gold from the host mine or smelter and proof of legal origin, ensuring that it is traceable back to its source.

(b) **Documentation Integrity**: Ensure that accurate, comprehensive, and verifiable documentation with regards to the Chain of Custody and the Supply Chain Integrity is maintained for both mined and recycled components and, Industrial By-Product Gold, as applicable.

(2) Assessing the Supply Chain:

(a) **Documentation of Records in case of Mixed Gold:** Document the blending process, including the proportions of mined and recycled gold. Ensure transparency in the blending process, with records available for audit.

Documentation of Records in case of Industrial By-Product Gold: Document the process of getting Industrial By-Product Gold from base metal or other mineral mining/smelting. Ensure transparency in the process with records available for audit. The audit may include mass-balance checks between feed grades of base metals or other mineral mining/smelting and recovered Gold.

(b) **Supply Chain Certification in case of Mixed Gold:** Consider obtaining Supply Chain certification from reputed bodies that specialise in mixed-material tracking and verification.

(3) Risk Assessment and Mitigation:

(a) **Risk Assessment:** Perform risk assessments for both mined and recycled components and, Industrial By-Product Gold, as applicable, addressing any potential risks with sourcing from high-risk areas, adverse environmental impact and adverse Human Rights issues such as labour conditions.

(b) **Transparency and Reporting:** Ensure that all stakeholders are informed of the mixed nature of the Gold and Industrial By-product nature of Gold, as applicable, including disclosures in all relevant documentation and reports.

(F) Record keeping:

i. Accredited Refiner shall be required to maintain comprehensive, accurate and legible records, either in physical or digital mode, for a period of minimum 8 years.

ii. The records shall encompass all aspects related to the collection, documentation, and verification of information associated with Supply Chain mapping, and risk assessments, mitigation plan, client due diligence including identity verification, Beneficial Ownership and adverse media or sanctions findings.

iii. The records shall be preserved in a manner that ensures their integrity, availability for audit or review, and compliance with applicable legal and regulatory requirements.

iv. The record keeping system shall also support ongoing monitoring and periodic review processes to ensure continuous alignment with these Guidelines.

(G) Supply Chain Controls

i. Payments undertaken through Wire Transfers and their Verification:

(a) On completion of necessary Client Due Diligence (CDD) and KYC procedures, transactions by the Accredited Refiner with Suppliers shall be conducted only through official banking channels, Payment Service Providers (PSP) and Third Party Application Provider (TPAP). **Cash transactions are not permitted for the Accredited Refiner.**

(b) Accredited Refiner shall monitor payment messages through wire transfers to and from high-risk countries or jurisdictions, which may include, but not limited to the CAHRAs, and suspend or reject payment messages or transactions with sanctioned parties or countries or jurisdictions, as per the guidance issued by the competent authorities of respective countries or jurisdictions (for e.g., Financial Intelligence Units, Ministry of Home Affairs etc.).

(c) Where background checks, undertaken by the Accredited Refiner during Client Due Diligence confirm that the Client is a terrorist or a terrorist entity, the Accredited Refiner shall comply with "*Guidelines on Anti-Money Laundering (AML) Standards, Countering the Financing of Terrorism (CFT) and Combating Proliferation Financing (PF) Obligations for Dealers in Precious Metals and Precious Stones under the Prevention of Money Laundering Act, 2002 and Rules made thereunder, the Unlawful Activities (Prevention) Act, 1967 and the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005 or its equivalent in other jurisdiction;*

(d) Where there are positive hits arising from screening/background checks of the Client, they should be escalated to the Compliance Officer, who shall place the matter before the board or a body exercising equivalent functions for approval or rejection and shall be documented.

(b) Accredited Refiner shall not omit, delete or alter information undertaken during the continuous and ongoing screening/background checks of the client and any information which may not be limited to transactions, messages or emails or

any form of communication, for the purpose of avoiding detection of that information during the audit review process.

ii. Security Measures

(a) The Accredited Refiner shall ensure that all the incoming Gold is subjected to inspection by the personnel handling the Gold and the same shall also be supervised by the Compliance Officer. The inspection shall be conducted to verify the identity of the Supplier, as well as to confirm the type, weight, and quality of the Gold. Furthermore, the Accredited Refiner and its personnel shall ensure the completeness and accuracy of the documentation provided by the Supplier.

(b) The inspection shall also encompass the verification of the physical security measures employed by the Supplier, ensuring that shipments have not been tampered with, unsealed, or opened. Physical security measures, such as sealed containers and segregation of shipments, shall also be implemented to prevent tampering and loss of materials or evidence or information.

iii. Cooperation with Regulatory Bodies and Enforcement Authorities

Accredited Refiners shall cooperate with regulatory bodies and law enforcement agencies by providing access to relevant information.

iv. Supplier Engagement

(a) **Supplier Commitment**: Accredited Refiners shall enhance their engagement with Suppliers by incorporating a Supply Chain policy into contracts or agreements, as applicable. Accredited Refiners shall only engage with those Suppliers who are willing to adopt the principles of responsible sourcing practices aligned with these Guidelines.

(b) **Capacity Building**: Accredited Refiners shall support Suppliers, wherever possible, in enhancing their thorough assessment capabilities to strengthen the overall Gold Supply Chain. Accredited Refiners may also provide assistance, wherever feasible, to Suppliers in capacity-building efforts aimed at improving their due diligence performance.

v. Red Flag Indicators

Accredited Refiners shall establish and maintain a comprehensive list of red flag indicators pertaining to potential risks within their procurement and Supply Chain networks. These red flag indicators shall be categorized, reviewed, and updated regularly to reflect the evolving risk landscape. By systematically

evaluating these indicators, Accredited Refiners can prioritize due diligence, mitigate exposure to adverse impacts, and ensure compliance with responsible sourcing principles in line with these Guidelines.

(a) Location-Based Red Flags

(aa) Conflict Zones: The Gold originates from or transits through Conflict-Affected and High-Risk Areas (CAHRAs), including regions identified in United Nations sanctions or embargo lists.
(bb) Illegitimate Origin Claims: The country-of-origin lacks known Gold reserves or has negligible production, creating suspicion of misrepresentation.
(cc) Transit Anomalies: Gold transits through countries known to serve as conduits for smuggled CAHRA gold.
(dd) Suspect Recycling Hubs: Recycled gold is refined in jurisdictions suspected of laundering Gold originating from conflict regions.
(ee) AML Deficiencies: The country of origin or transit is characterised by weak anti-money laundering frameworks, high corruption indices, or reliance on informal financial systems.

(b) Supplier Based Red Flags

(aa) High-Risk Jurisdictions: Supplier operates in or is linked to sanctioned, high-risk, or opaque jurisdictions.
(bb) Adverse History: Supplier has a known history of sourcing from or being complicit in transactions involving CAHRAs or sanctioned actors.
(cc) Opaque Ownership: Supplier refuses to disclose or provides incomplete details on beneficial ownership, directors, or affiliates.
(dd) Compliance Failures: Lack of documented policies on responsible sourcing, ethics, AML/CFT, or due diligence.
(ee) Involvement of PEPs: Supplier is linked to Politically Exposed Persons (PEPs) or entities under political patronage.
(ff) Bribery & Fraud Indicators: Supplier has a pattern of misrepresenting the origin, falsifying documents, or offering unofficial inducements during transactions.

(c) Human Rights and Security-Based Red Flags

Serious Abuses: Evidence or allegations of:
(aa) Torture, cruel or inhumane treatment;
(bb) Forced or compulsory labour
(cc) Worst forms of child labour
(dd) Widespread sexual violence
(ee) War crimes or gross violations of international humanitarian law

(ff) Gold sourced from areas where security forces (state or private) are implicated in illegal taxation, extortion, or control of mine sites or transportation.

(gg) The Supplier is known to have provided logistical, financial, or material support to non-state armed groups or militias.

(d) Financial Integrity & Governance Red Flags

(aa) Money Laundering Risks: Transactions involving round-tripping, unusually large or fragmented payments, third-party intermediaries, or unexplained changes in payment arrangements.

(bb) Tax Evasion & Royalties: Supplier fails to declare or underreports taxes, fees, or royalties paid to governments in extraction or export.

(cc) Lack of Disclosure: Refusal to share payment records, trade licenses, export documentation, or customs declarations.

(e) Any other circumstances related to Red Flags.

(H) Enhanced Due Diligence (EDD) for High-Risk Supply Chains

i. When significant potential risks or red flags are identified within a Gold Supply Chain, the Accredited Refiners shall conduct Enhanced Due Diligence (EDD) to mitigate potential adverse impacts. This involves in-depth examination of the Supplier and its operations. If a Gold Supply Chain is assessed and identified as low risk, ongoing monitoring within the existing RBOE Framework is sufficient.

ii. EDD Components:

(a) **On-site Assessments:** Physical inspections of Supplier facilities are essential for the verification of the information provided and for obtaining a direct understanding of the Supplier's operations. Such assessments may be conducted independently by the Accredited Refiner or as part of collaborative efforts within industry initiatives.

(b) **Documentation and Reviews from Other Sources:** A comprehensive examination of relevant documentation, financial records, and publicly available information is necessary to identify potential red flags and evaluate the Supplier's compliance with applicable standards.

(c) **Transaction Sampling:** A review of a representative sample of transactions is required to detect any patterns, inconsistencies, or irregularities that may indicate underlying risks or non-compliance.

iii. EDD Focus Areas, *inter-alia*, shall include:

(a) **Detailed Verification of Supplier:** Detailed verification of the Supplier's legal status, ownership structure, and beneficial ownership including identification of any nexus with the government, political parties, military, criminal networks, or non-state armed groups.

(b) **Financial Information:** Review of financial statements, payment terms, and transaction history of Supplier such as payments made to public or private security forces or other armed groups at all points in the Supply Chain from extraction onwards, unless prohibited under applicable law.

(c) **Supply Chain Mapping:** Identify the origin of Gold, transportation routes, and key intermediaries involved in the Supply Chain including the mapping of the flow of Gold from mine to refinery.

(d) **Operational Practices:** Evaluation of mining techniques, labour conditions, and environmental impacts.

(e) **Document Review:** Review relevant documentation, including permits, licenses, contracts, financial statements, and other pertinent records such as documents related to payments to government or other regulatory agencies related to royalties, taxes or fees.

(f) **Third-Party Verification and Audits:** Utilise independent third-party audits or Audit Reviews, certifications, or industry reports to corroborate the information provided.

(g) **Compliance Records**: Verification of adherence to laws, regulations, and industry standards.

(c) Step 3: Implementation of Risk Control and Management Strategy as response to the Identified Risks:

(i) The Accredited Refiner shall implement a comprehensive risk control and management strategy, which shall be subject to ongoing review and updates to ensure alignment with evolving business conditions, operational modifications, Supply Chain dynamics, and applicable regulatory changes.

(A) Risk Management Strategy

Based on the potential risks identified in Step 2, the Accredited Refiners shall take appropriate steps in the following manner:

i. Onboarding Suppliers or continue the relationship: The Accredited Refiners may onboard or continue existing relationships with Suppliers, while implementing additional measures to strengthen Supplier assessments. Where the assessments identify any deviation, by the Supplier, the beneficial owner, or the person(s) with controlling ownership, from the principles set out in the RBOE Framework, the resulting performance shall be closely monitored for improvement using both quantitative and qualitative metrics. The assessment plan conducted by the empaneled auditor shall be placed, by the Compliance Officer, before the board or the body exercising an equivalent function of the Accredited Refiner, for approval. Basis the assessment plan, the Accredited Refiner shall communicate to Suppliers for making necessary improvements within six months. Where due diligence establishes direct or indirect support to non-state armed groups, money laundering, terrorist financing, or serious human rights abuses of the nature specified in these Guidelines, the Accredited Refiner shall immediately suspend procurement and shall disengage from the Supplier in accordance with applicable law. Other identified deficiencies that are capable of remediation may be addressed through a time-bound Risk Mitigation Plan. In certain other cases, the Accredited Refiner shall take approval from the Bullion Exchange to extend the timeline up to a period of further six months. In the event of a failure to achieve satisfactory progress, the Accredited Refiner shall ensure the suspension or termination of the relationship with the Supplier. For suspension, revocation of suspension, termination and associated timelines of the Suppliers of the Accredited Refiner may be prescribed by the Bullion Exchange.

ii. Case for Suspension: If the CDD of the Supplier, , beneficial owner, or person(s) with controlling ownership reveals suspicions of illegal activities, including but not limited to money laundering, terrorist financing, human rights violations, environmental damage, or support for non-state armed groups, the Accredited Refiner is obligated to suspend all business dealings with the Supplier until sufficient risk mitigation measures are implemented.

iii. Termination of Relationship with Supplier: In instances where the Supplier, beneficial owner, or person(s) with controlling ownership is confirmed to be involved in money laundering, terrorist financing, human rights abuses, or support for armed conflicts are confirmed, the Accredited Refiner, whether located in India or overseas, is required to immediately terminate the Supplier relationship.

(B) Supply Chain Risk Mitigation Plan

The Supply Chain risk mitigation is an ongoing process, and the Accredited Refiners are required to regularly assess the effectiveness of implemented risk mitigation measures and determine the need for repeated thorough assessments. Changes in the Gold Supply Chain environment or onboarding of new Suppliers shall necessitate review of Step 2 and additional thorough assessment efforts.

In respect of Suppliers whose assessments are found to be in deviation from the principles set out in the RBOE Framework, including those in the "Case for Suspension", the Accredited Refiners shall formulate a comprehensive Risk Mitigation Plan, which shall include, *inter-alia*, the following measures:

i. Regular Reporting: The Risk Mitigation Plan must mandate the regular reporting of identified potential risks by the Compliance Officer to the board or the body exercising an equivalent function. These reports should be documented, with clearly defined intervals for submission, ensuring that senior management remains fully informed of ongoing and emerging risks. These reports shall highlight high-risk Clients and their associated risk management strategies.

ii. Enhanced Supplier Engagement: The Risk Mitigation Plan shall include enhanced engagement with Suppliers, particularly through the implementation of Chain of Custody and traceability measures. Accredited Refiners shall ensure that Suppliers maintain comprehensive records and provide transparency throughout the Supply Chain, allowing for continuous monitoring and verification of compliance with established standards.

iii. Strengthened Physical Security Protocols: The Risk Mitigation Plan shall include reinforced physical security measures designed to safeguard assets and shipments. These protocols shall address potential threats and ensure compliance with due diligence requirements while maintaining the integrity of the supply chain, particularly in cases of Conflict-Affected and High-Risk Areas (CAHRAs). Additionally, the protocols shall ensure that shipments are protected against theft, tampering, or any other forms of compromise.

iv. Physical Segregation and Secure Handling: For shipments identified as high-risk due to its source emerging from CAHRAs or related to CAHRAs in any manner, the mitigation plan shall ensure physical segregation and secure handling procedures. This may involve dedicated storage areas, restricted access controls, and specialized handling protocols and documentations to prevent contamination, loss, or unauthorized access to the material, data and documents.

v. Formal Agreements for Information Sharing: Accredited Refiner shall establish formal agreements with Suppliers or clients obligating them to share timely and accurate information regarding their operations, including any changes in ownership, management, or operational practices that could impact risk exposure. These agreements should also stipulate the consequences of failing to provide such information.

Continuous Evaluation of Risk Mitigation Efforts: The Risk Mitigation Plan shall include provisions for the ongoing evaluation of risk mitigation efforts. This evaluation should assess the effectiveness of existing controls and determine whether

additional thorough assessment or risk mitigation measures are necessary. The plan should also outline procedures for escalating issues to senior management when significant risks are identified.

(d) Step 4: Third-Party Audit of Accredited Refiner

(i) The Accredited Refiner shall be obligated to undergo Third-Party Audits. This requirement is instituted to ensure the maintenance of integrity, reputation, and standards for any transaction.

(ii) The Accredited Refiners shall verify the empanelment status of the auditor from the Bullion Exchange and confirming the authenticity of the Letter of Empanelment issued by the Bullion Exchange to the empaneled auditor prior to engaging the auditor for conducting Third-Party Audits.

(iii) These Guidelines serve as foundational principles for audit by providing the scope and criteria for conducting audits; however, they do not constitute a formal audit standard.

(iv) **Audit Plan**

The empaneled auditor shall develop a comprehensive audit plan including, but not limited to, the following components:

(A) **Scope of Audit**

The scope of audit shall encompass an extensive evaluation of the Accredited Refiner's Supply Chain Due Diligence framework, including, but not limited to:

i. Supply Chain Policy and Procedures: Review of the policies and procedures that govern the Accredited Refiner’s due diligence practices, ensuring they align with these guidelines.

ii. Implementation of Policies and Procedures: Assessment of how the policies and procedures are integrated into Accredited Refiner’s operational processes and systems, and the effectiveness of their application in everyday operations.

iii. Comprehensive Supply Chain Risk Assessment and Mitigation Strategies: Examination of the Accredited Refiner's approach to identifying, assessing, and mitigating Supply Chain risks, including potential risks associated with sourcing from CAHRAs and other high-risk areas.

iv. Effectiveness of Engagement with Suppliers: Evaluation of the Accredited Refiner's engagement with Suppliers, including communication of due diligence requirements, monitoring of Supplier compliance, and mechanisms for addressing non-compliance.

v. Chain of Custody Mechanisms and Traceability Systems: Verification of the Accredited Refiner's systems for maintaining the integrity and traceability of materials throughout the Supply Chain, ensuring a clear Chain of Custody from origin to final product.

(B) Audit Review for Compliance and Supply Chain Due Diligence Evaluation

Audit review by the empaneled auditor shall evaluate the Accredited Refiner's conformity with these Guidelines, assessing whether the Supply Chain Due Diligence framework meets all prescribed requirements, including those related to interactions with Supply Chain participants, compliance with applicable provisions of the AML-CFT guidelines, and adherence to responsible sourcing principles.

(C) Principles of Audit

i. Independence: The empaneled auditor shall maintain independence from the Accredited Refiner, including all its subsidiaries, licensees, contractors, and Suppliers. The empaneled auditor shall disclose to Bullion Exchange any current or previous business, financial, or consultancy relationships with the Accredited Refiner or related entities that could potentially impair their objectivity or independence. The Bullion Exchange shall retain the right to review and approve the selection of the auditor to ensure compliance with these requirements.

ii. Competence: Empaneled auditor shall possess the requisite qualifications, knowledge, and experience necessary to conduct the audit in accordance with recognized auditing standards. This includes a thorough understanding of Supply Chain Due Diligence principles, procedures, and international guidelines, such as those set forth by the OECD, as well as specific expertise in Gold procurement practices and the relevant geographical contexts in which the Accredited Refiner operates.

iii. Accountability: In order to ensure accountability, the Bullion Exchange shall maintain a publicly accessible registry of accredited auditors on its website, providing transparency and ensuring that only qualified auditors are engaged for these assessments.

(D) **Procedures to be complied while conducting the Audit**

i. Audit Review: Empaneled auditors may apply materiality principles and sampling methodologies where appropriate, provided such application aligns with risk-based principles and ensures the integrity of conclusions. Refer to the Audit Review Framework (Annexure A) for procedures.

ii. Audit Preparation: The empaneled auditors shall develop a detailed audit plan outlining the audit's objectives, scope, methodology, questionnaire and criteria. The audit plan must be communicated clearly to the Accredited Refiner to ensure alignment and understanding of the audit process.

iii. On-site Investigation: The audit shall include comprehensive on-site assessments at the Accredited Refiner's facilities and relevant operational sites. This shall involve conducting interviews with key personnel responsible for Supply Chain management, reviewing relevant documents, and physically verifying operations and facilities. The on-site assessments must cover all relevant locations and include a representative sample of Suppliers to ensure a holistic evaluation.

iv. Document Review: A meticulous review of relevant documentation shall be conducted, including the Accredited Refiner's Supply Chain Due Diligence policies, procedures, risk assessments, Supplier contracts, and traceability records. Document selection shall be based on a risk-based approach, focusing on high-risk areas and significant aspects of the Supply Chain.

v. Audit Findings and Recommendations: Upon completion of the audit, the empaneled auditor shall prepare a detailed report outlining the findings, conclusions, and any recommendations for improvement. The report shall be structured in accordance with these Guidelines, providing a clear, concise, and comprehensive assessment of the Accredited Refiner's compliance and areas for enhancement.

The **Annexure A** shall be construed as Audit Review Framework, and the Auditor retains the discretion to extend beyond the provisions prescribed therein, as necessary, to ensure full compliance with the RFRC and RBOE by the Accredited Refiner.

(E) **Reporting Obligations of Empaneled Auditors**

Audits of Accredited Refiners shall be undertaken by empaneled auditors in accordance with the frequency and assurance level requirements specified in **Annexure A**, including Limited Assurance and Reasonable Assurance engagements in line with ISAE 3000.

(F) The empaneled auditor shall ensure the preparation of the Report as part of the reporting timelines **(as specified in Annexure A)**, based on the Audit Review. This report must include the requirements outlined in the:

i. Step 1: Establishing An Effective Risk-Focused Regulatory Compliance Framework (RFRC) through Policy and Systems

ii. Step 2: Identify And Evaluate Risks Within the Supply Chain through a Risk Based Operational Excellence (RBOE) Framework

iii. Step 3: Implementation Of Risk Control and Management Strategy as Response to The Identified Risks

(G) Audit Implementation

The empaneled auditors shall conduct audits in strict accordance with the established audit plan, adhering to the specified scope, criteria, principles, and procedures. Effective collaboration with relevant stakeholders, including Suppliers, management, and employees, is essential for the successful implementation of the audit. The Accredited Refiner shall ensure the facilitation of audits and maintain the independence of the empaneled auditor, refraining from any actions or influence that may compromise or be deemed detrimental to the integrity, reputation, and sanctity of empaneled auditor.

(e) Step 5: Annual Reporting on the RFRC and RBOE

(i) Comprehensive Management Report (CMR)

The Accredited Refiner shall publish a Comprehensive Management Report annually. The report shall include the latest applicable Third-Party Audit Report, details of material changes occurring subsequent to such audit, the status of corrective actions and such other disclosures as may be specified by the Bullion Exchange.

(A) The CMR must provide an overview of the Accredited Refiner's assessment practices and their effectiveness in mitigating potential risks within the Gold Supply Chain. It must comprehensively address all critical requirements to enhance transparency and uphold the integrity of the Gold Supply Chain, thereby ensuring compliance with the highest standards of responsible sourcing and regulatory adherence.

11. **Directions for Bullion Exchange**

In exercise of the powers conferred under sub-regulation (1) of regulation 12, clause (c) of sub-regulation (2) of regulation 12 read with regulation 67 of the International Financial Services Centres Authority (Bullion Market) Regulations, 2025, the Authority hereby issues the following directions for Bullion Exchange for effective implementation of these Guidelines.

(1) **Certification of Accredited Refiners:**

The eligibility criteria for certification of a refiner as an Accredited Refiner shall be specified by the Bullion Exchange in consultation with the Authority;

Provided that the Bullion Exchange shall certify a refinery as an Accredited Refiner only upon being satisfied that the applicant refinery has undergone the prescribed due diligence process.

(2) The Bullion Exchange shall ensure that every Accredited Refiner accredited by it complies with these Guidelines, including the five-step framework specified in these Guidelines for the continuance of its accreditation.

(3) **Suspension, Termination, and Revocation:**

The Bullion Exchange shall prescribe:

(i) the manner and grounds on which an Accredited Refiner may suspend or terminate its relationship with a Supplier; and

(ii) the timelines applicable to such suspension, termination, and any subsequent revocation thereof.

(4) **Empanelment of Auditors:**

The Bullion Exchange shall prescribe the mode, manner and other requirements for empanelment of auditors.

(5) **Registry of Empanelled Auditors:**

The Bullion Exchange shall maintain, on its website, a publicly accessible registry of empanelled auditors, to ensure transparency and that only qualified auditors are engaged for the assessments.

(6) On such other matters, as may be specified by the Authority.

12. **Power to specify norms, procedures, issue clarifications and remove difficulties**

(1) For the purposes of implementation of these Guidelines and matters incidental thereto, the Authority may specify norms, procedures, processes, additional requirements, etc. by way of circulars or directions.

(2) In order to remove any difficulties in the interpretation or application of the provisions of these regulations, the Authority may issue directions through guidance notes or circulars.

Annexure -A

Audit Review Framework by Third-Party Auditors

(1) The Audit Review Framework outlines the criteria basis which Accredited Refiners shall be evaluated on their compliance with the conduct of business based on the International Financial Services Centres Authority Good Delivery Guidelines (herein referred to as the 'Guidelines'). This framework is applicable to empaneled auditors engaged in conducting Third-Party Audits of Accredited Refiners.

(2) The Audit Review Framework prescribes the procedures for assessment that must be followed by the empaneled auditors and Accredited Refiners, as applicable.

Auditor Empanelment

(3) The Bullion Exchange shall consider applications for empanelment from auditing organizations, whether domestic or international, subject to the fulfillment of eligibility criteria specified below.

Eligibility criteria

(4) Eligibility criteria for applicants applying for empanelment are as under:

(a) The applicant entity shall be duly registered with the Institute of Chartered Accountants of India (ICAI) in India or Institute of Company Secretaries of India or The Institute of Cost Accountants of India or any other similar institutions overseas.

(b) The applicant entity, neither the firm/organisation nor its promoters, partners, or key management personnel (KMP) should be listed on any defaulter, barred, or caution list published by public bodies, including but not limited to the Reserve Bank of India (RBI), Export Credit Guarantee Corporation of India (ECGC), Securities and Exchange Board of India (SEBI), or Credit Information Companies (CIC) or any other public bodies or regulatory authorities in India or overseas. The applicant entity is required to submit a self-attested affidavit affirming compliance on the same.

(c) The applicant entity should have experience of conducting audit for a minimum period of 2 years.

(d) The applicant entity shall be equipped with the necessary systems and procedures to ensure that they meet the high standards set by ISAE 3000 and be capable of assuring integrity, governance and confidentiality.

(e) The applicant entity shall have adequate number of qualified personnel.

(f) The applicant entity shall possess and be able to demonstrate the necessary capabilities, competencies, and proficiencies with respect to the following:

(i) Maintaining independence from any entities for which it conducts audits;

(ii) Implementing robust quality control procedures, including effective follow-up mechanisms;

(iii) Establishing effective systems for managing complaints and appeals;

(iv) Ensuring the integrity and confidentiality of all audits conducted;

(v) Ensuring the integrity and confidentiality of its employees, staff members, subcontractors, agents, assignees, or any other persons engaged in activities related to any audit; and

(vi) Providing, storing, and managing verifiable documentation that details the track record of the Supply Chain Due Diligence systems and procedures under audit.

(g) The applicant entity must possess and be able to clearly demonstrate in-depth knowledge of International Financial Services Centres Authority (Anti Money Laundering, Counter-Terrorist Financing and Know Your Customer) Guidelines, 2022. Further, in case the applicant based in India, they shall also demonstrate in-depth knowledge of AML CFT Guidelines for dealers in Precious Metals and Precious Stones issued by the Directorate General of Audit (Indirect Taxes & Customs) dated January 25, 2023 or any other relevant notification / guidance or circulars issued by the IFSCA or the Government of India or any other competent authority.

(h) The applicant entity shall have the know-how of the Supply Chain Due Diligence systems and procedures applicable to the Gold and precious metals industries.

Procedure for consideration of application and empanelment

(5) Upon receipt of complete application, an internal committee of Bullion Exchange shall review the request for empanelment along with the supporting documents as prescribed by Bullion Exchange.

(6) The Bullion Exchange reserves the right to seek clarification or request additional information from the applicant entity as deemed necessary.

(7) Upon completion of the evaluation, the empanelment of the applicant entity shall be subject to approval by the internal committee of the Bullion Exchange.

(8) The Letter of Empanelment shall be issued to the applicant entity by the competent authority within the Bullion Exchange, serving as formal confirmation of their empanelment.

(9) The empaneled auditor is required to provide copies of this Letter of Empanelment to the 'Accredited Refiners' upon request and prominently display it at their place of business.

Audit Plan

(10) Before commencing any audit, the empanelled auditor shall develop a comprehensive audit plan in agreement with the Accredited Refiner under review. This plan shall explicitly define the audit's scope, the timeline for its completion, and the associated costs.

I. Objectives of the Audit Plan

(A) For each audit plan, the empaneled auditor and the Accredited Refiner shall ensure that the following objectives are included:

i. An assessment and conclusion by the empaneled auditor regarding the extent to which the Accredited Refiner has established robust Supply Chain management systems in accordance with the Guidelines.

ii. An evaluation by the empaneled auditor of how effectively the Accredited Refiner identifies and assesses risks within its Supply Chain in compliance with Step 2 (Identify and Evaluate Risks Within the Supply Chain through a Risk Based Operational Excellence (RBOE) Framework) of the Guidelines.

iii. An assessment and conclusion by the empaneled auditor of the adequacy of the Accredited Refiner's reporting on the measures implemented for responsible Supply Chain Due Diligence, in accordance with all steps outlined in the Guidelines.

II. Compliance Assessment

(A) The empaneled auditor shall assess and include in its audit report the extent to which the Accredited Refiner complies with the Guidelines, including:

i. The implementation of a policy in accordance with Step 1 of the of the Guidelines.
ii. Clear definition, establishment, and implementation of responsibilities and escalation channels as required under the Guidelines.
iii. Appropriate criteria for Supply Chain Due Diligence, including systems and processes for identifying red flags as per Step 2 of the Guidelines.
iv. Implementation and application of KYC processes in accordance with Step 2 of the Guidelines and the existence of a suitably qualified and competent Compliance Officer.
v. Adequacy and existence of internal documentation and records of Supply Chain Due Diligence covering inventory and transactions.
vi. Tracking and tracing for all inventory and transactions as per Step 2 of the Guidelines.
vii. Addressing Supplier relationships in accordance with Step 2 of the Guidelines.
viii. Maintaining confidentiality relating to whistleblowing and the reporting of suspicious activities while avoiding compromising any related investigations.
ix. Consistent application of security requirements as mandated by Step 2 of the Guidelines.
x. Training of relevant staff of the Accredited Refiner in accordance with its Supply Chain policies and procedures, including:

(a) Providing different training programs based on the levels of risk associated with different Suppliers or staff functions.
(b) Receiving and addressing feedback from attendees.
(c) Assessing the effectiveness and adequacy of training program content.

III. Risk Assessment

(A) The auditor shall evaluate and include in its audit report the extent to which the Accredited Refiner can identify and adequately assess risks within the supply chain in accordance with Step 2 of the Framework for Due Diligence of the Guidelines:

i. Consistent application of the policy as mandated by Step 1 of the Guidelines.
ii. The Accredited Refiner's assessment of Supply Chain risks, including processing, distribution, transportation, cross-border trading, and an evaluation of every actor in the Supply Chain.

IV. Risk Assessment Tools and Methodologies

(A) The empaneled auditor shall assess and include in its audit report the extent to which the Accredited Refiner has established and applies adequate risk assessment tools and methodologies (e.g., screening systems for international sanctions lists) across its business divisions, including:

i. Evidence that all relevant risk factors (geographical, client, transactional, and product) are considered for risk assessments, and that findings are adequate (e.g., the ability to detect falsification of evidence or proper implementation of track and trace principles).
ii. Evidence that risk assessment findings enable the Accredited Refiner to detect, evaluate, and address red flags in accordance with Step 2 of the Guidelines.
iii. Evidence of enhanced due diligence where red flags or potential red flags are detected, using methods outlined in the Guidelines.
iv. Evidence that all findings are accurately documented and reported to all relevant parties in a timely manner.

V. Risk Mitigation

The empaneled auditor shall assess and include in its audit report the extent to which the Accredited Refiner has developed and implemented a risk mitigation plan in accordance with Step 3 of the Guidelines, including evidence of the adequacy and effectiveness of risk level classification and related control mechanisms.

VI. Risk Control Practices

The empaneled auditor shall evaluate and report on the effectiveness of the Accredited Refiner's risk control practices, as outlined in its risk control plan, including the implementation of adequate measurable steps, monitoring and audit performance, and reporting to senior management.

VII. Annual Reporting

(A) The empaneled auditor shall assess and include in its audit report the extent to which the Accredited Refiner is reporting annually on the measures implemented for responsible Supply Chain Due Diligence (including the methodology and results of any risk assessment and steps taken to manage risks) in accordance with Steps 4 and 5 of the Guidelines, including:

i. Assessment of the completeness, adequacy, and accuracy of the content of such reporting.

ii. Assessment of and evidence of the level of accessibility of such reporting for the Accredited Refiner's regulators, existing and potential counterparties.

VIII. Application of Materiality

The empaneled auditor shall apply materiality in the development and execution of the audit plan, considering the nature, scale, and impact of the Accredited Refiner's business.

IX. Sampling

The empaneled auditor shall, when warranted by the circumstances, carry out sampling of information sources by selecting a sampling method, determining an appropriate sample size, conducting the sampling, and documenting the results.

X. Auditor's Responsibilities, Resources, and Procedures

A. Responsibilities

The responsibilities of an empaneled auditor for each audit shall include:

i. Ensuring the audit plan is clearly established based on the objectives set out in the Guidelines.
ii. Applying materiality in developing and executing the audit plan, considering the nature, scale, and impact of the Accredited Refiner's business.
iii. Ensuring that it acquires a comprehensive understanding of the business, organizational structure, and Supply Chain of the Accredited Refiner.
iv. Clearly define the responsibilities and procedures of the auditor's assessment team throughout the audit.
v. Ensuring the Accredited Refiner provides sufficient resources for conducting a comprehensive audit.
vi. Conducting the audit in accordance with this Audit Framework specified under the Guidelines and maintaining records.
vii. Applying an adequate level of sampling, where applicable.
viii. Ensuring audit reports facilitate monitoring, auditing, and implementing a corrective action plan by the Accredited Refiner.
ix. Informing the Bullion Exchange of any breach or non-compliance with the Audit Framework specified under the Guidelines.
x. Specifying a format for the Accredited Refiner's Compliance Report.

B. Resources

An empaneled auditor's resources for each audit shall include:

i. Sufficient financial resources to develop, implement, manage, and improve the audit plan.
ii. Sufficient operational resources to conduct a comprehensive audit.
iii. Sufficient knowledge and competency of the auditor's assessment team to perform the audit in accordance with this Audit Framework.
iv. Appropriate audit techniques, methodologies, frameworks, and related systems.

C. Procedures

An empaneled auditor's procedures for each audit shall include:

i. Planning and scheduling the audit plan.
ii. Ensuring the competence of the auditor's assessment team.
iii. Assigning appropriate roles and responsibilities to the team members.
iv. Monitoring the performance and effectiveness of the audit plan to meet its objectives, including:
    (a) Conducting any required follow-up actions;
    (b) Recording the findings of the audit and carrying out cross-validation of evidence; and
    (c) Reporting the findings of the audit to the Accredited Refiner in a clear and comprehensible manner.

XI. Implementation of the Audit Plan

In carrying out each audit plan, the empaneled auditor shall:

i. Ensure the audit is conducted in accordance with the audit plan and its objectives.
ii. Communicate initial findings to relevant parties for comments to be incorporated into the final audit report.
iii. Coordinate the audit with all relevant persons and activities.
iv. Continuously evaluate the adequacy of the audit plan and the assessment team.
v. Follow up with relevant persons on all outstanding matters or required actions.

XII. Recording Audit Findings

The empaneled auditor's records of each audit shall include:

i. All documents related to the engagement of the empaneled auditor by the Accredited Refiner.
ii. Interim and final versions of the audit plan.
iii. Documents and correspondence regarding findings of non-compliance.
iv. Documents and correspondence regarding corrective actions.
v. Documents and correspondence regarding follow-up actions.

vi. Interim and final versions of the audit report.
vii. Maintenance of all records for a minimum of eight years from the conclusion of each audit.

XIII. Ongoing Monitoring and Assessment

The empaneled auditor shall continuously monitor the implementation of the audit plan for each audit to confirm:

i. All audit objectives are met; and
ii. Required modifications to the audit plan are identified and implemented timely for compliance.

XIV. Pre-Audit Activities

The pre-audit activities shall include agreements on costs, identification of audit locations, establishment of timelines, and verification of relevant documentation and due diligence requirements.

XV. On-Site Audit Activities

The empaneled auditor shall conduct an opening meeting to present the audit plan and confirm key details with the Accredited Refiner's relevant departments. All evidence obtained should be objective, relevant, and conclusive.

XVI. Assessment of Compliance with the Guidelines

The empaneled auditor shall assess compliance with the Guidelines and assign a rating to the Accredited Refiner based on the findings.

XVII. Closing Meeting

A closing meeting shall be conducted with the Accredited Refiner to present audit conclusions and recommend improvements, if necessary.

XVIII. Reporting of Audit Plan Findings

Audit reports shall be provided to both Bullion Exchange and the Accredited Refiner within 90 calendar days from the end of the audit period.

XIX. Accredited Refiners' Compliance Report

Based on the audit findings of the empaneled auditor:

i. The Accredited Refiner shall prepare Compliance Report in a format specified by the empaneled auditor, providing an overview of the detailed findings therein.
ii. The said Compliance Report shall form part of the Comprehensive Management Report of the Accredited Refiner.
iii. The said Compliance Report shall include the Accredited Refiner's disclosure of its overall rating against the five steps identified in Steps 1 to 5 of the Guidelines, along with individual ratings for each of those steps. These ratings may be provided as low, medium or high, basis the deviations identified by the empaneled auditor.

XX. Auditor's Assurance Report

i. The Auditor's Assurance Report shall be prepared by the empaneled auditor based on the Accredited Refiner's Compliance Report and shall serve as confirmation of the findings contained within the Accredited Refiner's Compliance Report.
ii. The Bullion Exchange shall utilise the empaneled auditor's final overall rating, as provided in the Comprehensive Management Report, as a basis for determining the types of annual audits required.
iii. The empaneled auditor may issue an Assurance Report on either a 'Reasonable Assurance' or 'Limited Assurance' standard in accordance with the ISAE 3000 standard.
iv. The initial audit of any Accredited Refiner shall be conducted on a 'Limited Assurance' within the first 2 years and 'Reasonable Assurance' basis within the first 5 years of being accredited with the Bullion Exchange.

XXI. Subsequent Audits

i. Subsequent audits, following the initial audits based on the ‘Limited Assurance’ or ‘Reasonable Assurance' standard, shall be conducted with the same periodicity (within 2 years ‘Limited Assurance’ & within 5 years ‘Reasonable Assurance’) through an empaneled auditor.

ii. The Bullion Exchange may require the Accredited Refiner to instruct the empaneled auditor to conduct any audit on a 'Reasonable Assurance' basis in accordance with ISAE 3000. The empaneled auditor and the Accredited Refiner shall amend the terms and conditions of the empaneled auditor’s engagement accordingly.

XXII. Mandatory Follow-Up Audit

i. If an audit of Accredited Refiner results in a rating of *'Not compliant with International Financial Services Centres Authority (Good Delivery) Guidelines - High Risk Deviations*,' the Auditor shall conduct a follow-up audit based on the 'Reasonable Assurance’ in accordance with the ISAE 3000 within 180 days of issuing the applicable Accredited Refiner's audit reports.

ii. In the event a follow-up audit is required, the Accredited Refiner shall confirm with the Bullion Exchange that it has engaged an empaneled auditor, and that the Auditor has commenced the follow-up audit within the applicable 180-day period.

iii. The scope of any follow-up audit shall focus on the Accredited Refiner's corrective action plan, as provided by the empaneled auditor who conducted the previous audit and shall include details of the implementation of the corrective actions to address the rating.

iv. Upon completion of a follow-up audit, the Accredited Refiner shall issue a consolidated Compliance Report that includes the corrective actions undertaken to address high or medium-risk deviations and disclose the individual ratings for compliance with each of the steps outlined in the Guidelines, following the implementation of the corrective action plan.

v. Upon completion of a follow-up audit, the empaneled auditor shall issue an Assurance Report on the Accredited Refiner's consolidated Compliance Report and provide copies of both reports, along with the associated corrective action plan, to the Bullion Exchange within 30 days of concluding the follow-up audit.

vi. If an Accredited Refiner is required to conduct a follow-up audit, the next annual audit period shall commence from the date of conclusion of the follow-up audit. The

empaneled auditor shall conduct the next audit following a follow-up audit on a 'Reasonable Assurance' standard in accordance with the ISAE 3000.

XXIII. Breach of Audit Framework

During any audit, any of the following circumstances shall constitute a zero-tolerance breach of the Audit Framework:

i. The empaneled auditor is not granted adequate access to any of the Accredited Refiner's locations and necessary documents subject to the audit;
ii. The Accredited Refiner engages in unethical practices to influence the audit's outcome;
iii. Any misrepresentation or falsification of documentation is carried out by the Accredited Refiner and/or any Supply Chain participant, with the knowledge and acceptance of the Accredited Refiner;
iv. The Accredited Refiner continues to engage with Suppliers, despite due diligence confirming the Supplier's direct or indirect involvement in conflict Gold, severe human rights abuses, money laundering, or terrorism financing.
v. Upon the occurrence or reasonable suspicion of any of the events set forth in (a) to (d), the empaneled auditor shall immediately and confidentially report the matter to the Bullion Exchange, accompanied by the necessary supporting evidence.
vi. Upon receipt of such a report, the Bullion Exchange, at its sole discretion, shall determine the validity of the empaneled auditor’s claims or suspicions and decide whether to take appropriate action accordingly.

Creation of Audit Guidance Training of the personnel in the Third-Party Auditors

(11) The empaneled auditor shall ensure that its personnel (for e.g. the audit managers), are well trained for conducting the Third-Party Audits. The training session shall cover the processes as prescribed under the Risk-Focused Regulatory Compliance Framework (RFRC) and Risk Based Operational Excellence Framework of the Guidelines. The empaneled auditors may also refer to any training/guidance/certifications/study material available and recognised globally as a basis for creating an Audit Guidance Training of the Audit personnel. Training may be online or in person training.

(12) The empaneled auditor shall be required to maintain detailed records of all training activities, including but not limited to attendance records and feedback forms, and shall make such records available to the Bullion Exchange upon request at any time.

Suspension, withdrawal or cancellation of empanelment:

(13) The empanelment of the auditing organization may be suspended, withdrawn or cancelled if:

i. Quality of the Third-Party Audits is compromised;
ii. Auditing organization ceases to comply with the empanelment criteria;
iii. Professional misconduct;
iv. The conduct by the empaneled auditors constitutes a breach of the following fundamental principles of an effective audit:

(a) Integrity: Violates the core principle of professionalism.
(b) Fairness: Fails to uphold the duty to report truthfully and accurately.
(c) Due Professional Care: Neglects the application of diligence and sound judgment in assessments.
(d) Confidentiality: Compromises the security and protection of sensitive information.
(e) Independence: Undermines the impartiality of the assessment and objectivity of conclusions.
(f) Evidence-Based Approach: Contradicts the rational methodology for achieving reliable and reproducible conclusions in a systematic assessment process.
(g) Risk-Based Approach: Disregards the audit approach that considers risks and opportunities effectively.