
Independent Governance Committee for the DMCCA

Report for the period 1 June 2019 to 31 May 2020

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Executive Summary

The Independent Governance Committee (the **IGC**) was established in January 2015. It provides an independent oversight role on all aspects of the DMCC Authority (DMCCA) Responsible Sourcing of Gold and Precious Metals Programme (the **Programme**). This includes oversight of the implementation and enforcement of the 'DMCC Rules for Risk Based Due Diligence in the Gold and Precious Metals Supply Chain v 1.1' (the **DMCC Rules for RBD-GPM v 1.1**) which have been effective since 1 January 2018.

The purpose of this annual report in respect of the period 1 June 2019 to 31 May 2020 (the **Period**), is to publicly disclose information to market participants on the activities undertaken by the IGC and DMCCA as regards the implementation of the DMCC Rules for RBD-GPM v 1.1. During the Period, the IGC was comprised of the following members:

- Effie Marinos, Global Technical Governance Manager, Responsible Business Services, SGS;
- Sudheesh Nambiath, Head, India Gold Policy Centre (IGPC);
- Matthew Keen, Managing Consultant, Evidens Consultancy DMCC;
- Scott Hutton, Partner, EKP Legal; and
- Mitchell Hickman, UAExchange, Head – Group Enterprise Risk Management.

During the Period, the IGC met two times (all meetings were by way of teleconference) to discuss the following matters:

1. On-going review of reports on accredited members participating in the Programme submitted to DMCC pursuant to the DMCC Rules for RBD-GPM v 1.1 and recommendations and/or follow up on actions taken by DMCC;
2. The updating of the IGC Terms Of Reference;
3. Review of actions undertaken by DMCCA between IGC meetings;
4. Review and approval of IGC meeting minutes; and
5. Strategic objectives of the IGC in 2019-20;

The IGC confirms that the DMCC has implemented all the recommendations of the IGC for the Period in accordance with the expectations of the IGC and that there have been no material discrepancies in DMCC's implementation of the Programme during the Period.

Overall, the IGC concludes that in accordance with the IGC's Terms of Reference, all of its objectives have been fully met for the Period and that DMCCA has discharged its obligations and responsibilities with robustness, transparency and consistency, thereby upholding the integrity of the implementation of the Programme for the Period.



Ms Effie Marinos
IGC Chairperson

1. Role of the IGC and its Governance Structure

The IGC was established in January 2015. It is an independent body which oversees all implementation aspects of the Programme.

1.1 IGC's Objectives

- To ensure consistency, transparency and robustness of the implementation of the Programme;
- To uphold the integrity of the Programme;
- To perform an annual review of the governance framework for implementation of the Programme; and
- To ensure continuous improvement of the Programme.

1.2 IGC Members

The IGC members are industry experts and key stakeholders representing a diversity of market participants across the globe. During the Period, the IGC members were as follows:

- Effie Marinos, Global Technical Governance Manager, Responsible Business Services, Certification & Business Enhancement, SGS (Committee Chairperson);
- Sudheesh Nambiath, Head, India Gold Policy Centre (IGPC)
- Matthew Keen, Managing Consultant, Evidens Consultancy DMCC;
- Scott Hutton, Partner, EKP Legal; and
- Mitchell Hickman, UAExchange, Head – Group Enterprise Risk Management,

1.3 Role of DMCCA

- DMCC is the Secretariat for the IGC meetings and provides related administrative support for the operations of the IGC.
- On the request of the IGC, DMCC is required to make available to the IGC all relevant information with regards to the implementation of the Programme.
- DMCC does not have any voting rights in relation to matters under consideration by the IGC.
- From time to time, the relevant DMCC employee(s) and/or external market participants may be called by the IGC at its discretion to attend IGC meetings to provide clarification of matters being discussed and reviewed by the IGC.
- The IGC makes recommendations to DMCC. However, it is at the discretion of DMCC as to whether it upholds and implements the IGC's recommendations.

2. Review of the Programme

2.1 Key actions of implementation

The IGC advised DMCC to consider improvements of the DMCC Rules on RBD-GPM v 1.1 to improve the review in the following regards

- as regards the on the ground risk assessments and the points of Annex II that had been mentioned in the results of the OECD Alignment Assessment. This will be undertaken during the 2020/2021 cycle.
- Recommendations on the sample size of review.
- Amendments in accordance with current UAE law.
- Providing more transparency and equality amongst members.

Following this advice, DMCC amended the Rules to fulfil the IGC recommendations. The DMCC Rules for RBD-GPM v 2 are currently under IGC review.

3. Conclusion and outline for 2020/21

The IGC confirms that DMCC has implemented all the recommendations of the IGC for the Period in accordance with the expectations of the IGC and that there have been no material discrepancies in DMCCA's implementation of the Programme for the Period.

Overall, the IGC concludes that in accordance with the IGC's Terms of Reference version 1.4 dated September 2019, all of its objectives have been fully met for the Period and that DMCC has discharged its obligations and responsibilities with robustness, transparency and consistency, thereby upholding the integrity of the Programme.

During the Period, the IGC reviewed the reports of 2 Members that were escalated to the IGC by DMCC. The IGC provided DMCC with its recommendations and reviewed the results of their implementation by DMCC.

The IGC supported DMCC's decision to delist one member from the program during the period as this member's review remained unsatisfactory and this member did not make conscious efforts towards achieving progressive improvement regarding the essence of the responsible sourcing program.

The IGC underlines that the consistent implementation of DMCC Rules for RBD-GPM v 1.1 is critical. As highlighted by the OECD, it is important that DMCC continues checking additional information on Members to enhance transparency and compliance of the Members with the OECD Guidance.

The IGC welcomes the initiative of DMCC to initiate an independent third-party review of all audit reports submitted by Members. The new structure provides a more rigorous system that is aligned with international best practice on corporate governance.

The IGC underlines that it is important that the IGC focuses on the strategic aspects of the Programme. It is essential that a strategic approach is developed which will further frame the activities of the IGC.

Based on the feedback from the OECD, it would be appropriate for the IGC to take a stronger position and oversight on:

- individual auditor approval requirements and expertise rather than just company level approvals;
- training of auditors to understand expectations and develop greater industry knowledge;
- improved reporting by approved refiners (to include exploring whether the assurance statement should provide more information);
- more details in public reporting by DMCCA (annual report); and
- preparation of a plan for the amendment and development of the DMCCA Rules for RBD-GPM v 1.1.

Though the above points have been mentioned in the last annual report it remains an on-going effort and will continue through 2020-21.

4. Remarks

This report has been approved by all existing members of the IGC on October 7, 2020 and subsequently will be published by DMCC on its website.

5. Appendix

The overview of the DGD and MDB members is available on the [DMCC website](#).