

Retailing



Code of Conduct



Self-Assessment Guide



**Swarna Adarsh
Abhiyaan**

An industry initiative

Inspired by the Retail Gold Investment Principles

Supported by



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Welcome to the in-depth guide for Retailing.



The first part - The Code of Conduct will help you understand and adapt to the best practices laid out as per the Retail Gold Investment Principles.



The second part - The Self -AssessmentGuide will help you identify areas of improvement through a comprehensive questionnaire

We hope that with this guide by your side, you can embark on a glorious journey and set a new benchmark in the gold industry.

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Introduction and structure of the Code of Conduct document

This Code of Conduct document is aimed at providing high-level guidance for retailing. The Code of Conduct includes sound practices, additional best practices and implementation guidance for retailing.

Sound practices capture healthy practices which should be followed by any provider (across all sizes, complexity, etc.)

Additional best practices are aimed at larger/mature providers who wish to adhere to even higher standards of practice

Implementation guidance offers broad steps to deploy sound practices/additional best practices at an organisation. The guidance is directional in nature and is not exhaustive. Practical application of these practices will require a detailed guidance that is specific to the organisation

Scope and Objectives



World Gold Council launched Global Retail Gold Investment Principles (RGIPs) in August 2020. The principles are designed to raise the bar for providers across the market and encourage retail investors to place their trust in gold. Greater trust should benefit customers as well as providers, creating value and driving demand across the industry.

Global Retail Gold Investment Principles



Gold is an important asset class in India with an annual demand of ~800–900 tonnes¹, making it India the world’s second largest consumer of gold. Gold holds a unique place in India, being culturally and socially significant², and is an important savings asset³ with its consumption driven largely in the form of jewellery⁴, investment bars and coins.

¹ Source: Viability of a Gold Exchange in India, 2016 by India Gold Policy Centre
² ~87% of estimated gold stock in India is with women
³ ~20% of household wealth stored is in the form of gold
⁴ ~80% of gold demand in India is in the form of jewellery compared to ~ 35% globally

While Indians have a strong affinity for investment in gold, individuals seeking to invest in gold face several challenges in doing so, particularly around price transparency and quality assurance. As the market is fragmented and there is no overarching supervisory body, an industry-defined Code of Conduct is deemed to be an effective mechanism for protecting the interest of retail investors.

Effective dissemination and implementation of the Code of Conduct should enhance trust of consumers in gold products. This should, in turn, drive demand for both established and new gold products, benefitting consumers and the industry. This document is a step in that direction, and it lays out the Code of Conduct specific to retailing. There are similar existing Code of Conduct documents for other activities across gold value chain including refining, bullion trading, manufacturing and assaying. We may develop further Code of Conduct for activities such as vaulting, lending, etc. in future, as required.

Gold jewellery value chain



The process of developing the Code of Conduct has included interaction with a number of industry experts, providers and other stakeholders. We envision that the Code of Conduct guidelines will continue to evolve over time in step with global best practices and changing consumer preferences and improved awareness of consumers in India.

India Gold Market Code of Conduct - Retailing



Activity	Sound Practices
Sourcing	<ol style="list-style-type: none"> 1. I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks 2. I promise to conduct independent tests to ascertain the characteristics of gold products received from my suppliers 3. I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers 4. I promise to only accept gold products which adhere to industry accepted standards and from registered suppliers (Additional best practices) 5. I promise to engage with suppliers that integrate ESG (Environment, Social and Governance) criteria in business operations
Transportation and storage	<ol style="list-style-type: none"> 6. I promise to have adequate operational processes and controls to safely store and transport valuables (gold, cash, precious metals)
Marketing	<ol style="list-style-type: none"> 7. I promise to promote offers clearly and fairly representing key product characteristics, including potential investment risks 8. I promise to offer educational material to customers on gold products or point them to credible sources of such information 9. I promise to not proclaim or propagate any knowledge related to gold investment which can be misconstrued as professional investment advice
Selling	<ol style="list-style-type: none"> 10. I promise to take responsibility of selling only hallmarked products (for which hallmarking standards are available) from BIS certified AHCs 11. I promise to clearly display information related to product features and price on each unit 12. I promise to charge fair prices and fees and disclose key terms and conditions to the customer 13. I promise to maintain invoice for each sale which has been generated only after ensuring required KYC 14. I promise to offer adequate training to my employees and infrastructure for seamless operations (Additional best practices)
Customer complaints redressal	<ol style="list-style-type: none"> 15. I promise to implement adequate systems and mechanisms to receive, record and redress customer queries and complaints
Payments	<ol style="list-style-type: none"> 16. I promise to clearly communicate and adhere to terms and timelines for settlement with suppliers 17. I promise to ensure customer rights and communicate key terms and conditions for the advance payments/deposits made by customers
Risk management	<ol style="list-style-type: none"> 18. I promise to maintain adequate stock of gold to cover customer liabilities arising from advances/deposits collected from customers 19. I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks
Risk Recycling/purchasing old gold	<ol style="list-style-type: none"> 20. I promise to design, convey and practice a fair old gold purchase/exchange policy and collect KYC details of sellers of old gold 21. (when using recycled gold) I promise to use recycled gold only after its purity has been ascertained by trusted refiners/manufacturers
Audit and compliance	<ol style="list-style-type: none"> 22. I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose any information as required by regulatory authorities

Linkage to Retail Gold Investment Principles



Sound practices and additional best practices for retailing cover all the seven Global Retail Gold Investment Principles and are mapped predominantly as below

No.	Sound practices/Additional best practices	Fairness and integrity	Transparency	Protection of client assets	Responsible gold sourcing	Regulatory compliance	Commercial prudence	Operational professionalism
1.	I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks				✓	✓		
2.	I promise to conduct independent tests to ascertain the characteristics of gold products received from my suppliers				✓			
3.	I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers		✓			✓		
4.	I promise to only accept gold products which adhere to industry accepted standards and from registered suppliers				✓			
5.	I promise to engage with suppliers that integrate ESG (Environment, Social and Governance) criteria in business operations				✓			
6.	I promise to have adequate operational processes and controls to safely store and transport valuables (gold, cash, precious metals)			✓				✓
7.	I promise to promote offers clearly and fairly representing key product characteristics, including potential investment risks	✓						
8.	I promise to offer educational material to customers on gold products or point them to credible sources of such information	✓						
9.	I promise to not proclaim or propagate any knowledge related to gold investment which can be misconstrued as professional investment advice	✓						
10.	I promise to take responsibility of selling only hallmarked jewellery for which adequate due diligence has been performed on AHC	✓						
11.	I promise to clearly display information related to product features and price on each unit	✓	✓					
12.	I promise to charge fair prices and fees and disclose key terms and conditions to the customer	✓	✓					
13.	I promise to maintain invoice for each sale which has been generated only after ensuring required KYC	✓				✓		
14.	I promise to offer regular training to my employees and infrastructure for seamless operations				✓			
15.	I promise to implement adequate systems and mechanisms to receive, record and redress customer queries and complaints	✓						
16.	I promise to clearly communicate and adhere to terms and timelines for settlement with suppliers	✓	✓					
17.	I promise to ensure customer rights and communicate key terms and conditions for the advance payments/deposits made by customers	✓	✓		✓			

No.	Sound practices/Additional best practices	Fairness and integrity	Transparency	Protection of client assets	Responsible gold sourcing	Regulatory compliance	Commercial prudence	Operational professionalism
18.	I promise to maintain adequate stock of gold to cover customer liabilities arising from advances/deposits collected from customers				✓		✓	
19.	I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks						✓	
20.	I promise to design, convey and practice a fair old gold purchase/exchange policy and collect KYC details of sellers of old gold	✓	✓			✓		
21.	(when using recycled gold) I promise to use recycled gold only after its purity has been ascertained by trusted refiners/manufacturers	✓			✓			
22.	I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose any information as required by regulatory authorities					✓		

Implementation guidance



Sourcing

- 1

I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks

 - Perform due diligence and capture relevant information including below before initiating any business transaction with a new supplier/manufacturer
 - Registration number/BIS license
 - Address
 - GST certificate
 - PAN details
 - Information from market intelligence and referee (if any)
 - Promoter name and identity proof
 - Monitor practices and update information of onboarded suppliers/manufacturers annually or intermittently (e.g. any red flag is raised for the supplier from market intelligence or any reliable source)
 - Report any unfair practices based on the collected information to relevant authorities
- 2

I promise to conduct independent tests to ascertain the characteristics of gold products received from my suppliers

 - Ensure independent testing of the gold products provided by the supplier for relevant details including the below using standard testing equipment (e.g. carat meter, XRF machine) before the gold is made available for sale
 - Weight (Net weight, Gross weight)
 - Purity (caratage, fineness)
 - Presence of trace elements/impurities
 - In case the retailer does not have testing equipment, they should arrange a visit to manufacturer/AHC facility to validate the test results
 - Any deviation from the details shared by the supplier should be shared with the supplier for requisite action and resolution
 - Report any unfair practices (e.g. use of restricted elements) based on the result of independent tests to relevant authorities like BIS
- 3

I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers

 - Ensure documentation of relevant details such as below with suppliers for each trade
 - Weight (Net weight, Gross weight)
 - Purity (caratage, fineness)
 - Composition (alloys, impurities)
 - Gems/Precious stones (quality, certificate)
 - Purchase orders, business contracts
 - Track record of gold, e.g. refiners from which manufacturer has procured gold (if available)
 - Details of procured gold to be collected irrespective of the volume of gold traded and nature of relationship with the supplier
 - Maintain records of past transactions for a reasonable period (at least 2 years)

Additional best practices

4 I promise to only accept gold products which adhere to industry accepted standards and from registered suppliers

- Leverage accepted chains of integrity, e.g. manufacturers who are sourcing gold from LBMA accredited refinery, reputed bullion traders, or bullion banks
- As applicable, source from suppliers who by themselves and whose upstream partners adhere to responsible gold standards, e.g. LBMA, India good delivery standards

5 I promise to engage with suppliers that integrate ESG (Environment, Social and Governance) criteria in business operations

- Conduct business with suppliers who display environmental standards e.g. use eco-friendly packaging material for products, efficient use of energy, prevention of waste, avoid use of toxic materials
- With regards to social criteria, support manufacturers that ensure safe and healthy work environment for their employees, support small artisans, and create initiatives such as donate small amount to a non-profit organisation for each unit sold
- Work with business partners committed to good governance practices (transparency, internal controls, fair policies)
- Note: Retailers are not expected to conduct audit of suppliers to determine ESG compliance. They can rely on certifications that the suppliers share

Sample Scenario:

I am a large retailer and I am planning to increase the range of jewellery at my stores. I came to know about a very skilled small manufacturer in a different city who can supply jewellery with unique craftsmanship. What practices should I follow before initiating business with this manufacturer?

Potential Response:

It is critical to conduct due diligence before onboarding a new supplier, especially in geographies where limited market intelligence can be collected

- Request the manufacturer to share all necessary KYC details such as GST certificate, PAN details, business license
- Conduct market visit including manufacture's facilities to vet some of the KYC details and get market intel. Also, assess the manufacturing practices including condition of workers if it meets your business standards
- Buy a sample and gather all the information about its weight, purity, presence of trace elements/ impurities from the manufacturer
- Conduct independent testing using available testing equipment like XRF machines to check if it conforms with information provided by the manufacturer
- In case of any discrepancies, try to gain an explanation from manufacturer. In some cases, the deviations could be due to inappropriate calibration of XRF machine with regards to metals used in the product
- If you are satisfied with the product quality, gain further understanding of their way of doing business e.g. if they would provide adequate documentation for each transaction

Transportation, storage and safekeeping

6 I promise to have adequate operational processes and controls to safely store and transport valuables (gold, cash, precious metals)

- Establish adequate operational procedures such as physical security/technology enabled access to vaults; physical/digital recordkeeping of access to protect assets against misuse, fraud or operational loss

- Priority should be given to safeguard customers' assets such as gold held on their behalf (e.g. item held for repair) or cash held before the final settlement of transaction (e.g. advance payments)

- Ensure that valuables (including gold, precious metals and cash) stored are adequately covered against any loss event including loss, damage or theft through insurances or capital reserves. Valuables in transit should be adequately insured by the retailer/supplier/ logistics company

Marketing

7 I promise to promote offers clearly and fairly representing key product characteristics, including potential investment risks

- Offer fair and clear information on key product characteristics (purity, weight, composition, quality of stones/gems, etc.) in marketing materials or product promotions
- Disclose key applicable regulatory guidelines and requirements related to the offering and provide update to customer in case of any changes
- Key risks (e.g. related to gold investment) should not be omitted, disguised or misstated
- Present offerings in a balanced way by focusing on areas of differentiation – quality of workmanship, range of designs, use of eco-friendly packaging materials, acts of social responsibility, etc.
- Do not misrepresent own products with regards to any comparisons made to other products or investment asset classes

8 I promise to offer educational material to customers on gold products or point them to credible sources of such information

- Make customers aware to whether the company and the product is regulated (e.g. BIS registered)
- Proactively educate customers to check four signs of hallmarking as mentioned in BIS guidelines
- Encourage customers to check the product specifications (purity, gross weight, net weight) and price breakup (e.g. if it includes hallmarking charges)
- Guide customers to credible sources of information (e.g. BIS website, LBMA standards, WGC) to help them know more about best practices in the gold industry and make informed decisions

9 I promise to not proclaim or propagate any knowledge related to gold investment which can be misconstrued as professional investment advice

- When requested by customer for investment advice, clearly communicate that the knowledge provided is based on their experience of the business and should not be misconstrued as professional investment advice
- Clearly layout layout that it's the sole responsibility of the customer to take risk based on their financial capacity
- Offer educational material on gold as an asset class or guide them to credible sources of such information

Sample Scenario:

I am a BIS registered jeweller doing business for more than 20 years now and have established trust with our regular customers. However, I am struggling to engage the evolving customer segment of millennials who are purchasing gold products for the first time. How should I educate this customer segment in order to build trust in my brand?

Potential Response:

Millennials even being first-time consumers, are aware and rely on objective information while making purchase/investment decisions. In general, they are digitally-savvy and conscious about the environment and society.

- Offer clear information on product features and price in your marketing materials and advertisements
- Focus on areas of differentiation, environment and social responsibility in advertisements and promotions – quality of workmanship, range of designs, use of eco-friendly packaging materials, acts of social responsibility such as donating small amount to a non-profit organization for each unit sold, promoting small artisans, etc.
- Educate them to check for four signs of hallmarking – BIS mark denoted by a triangle, caratage showing the purity, mark of the jeweler, mark of the AHCs
- Focus on high end infrastructure as available – product information and bar code displayed on each piece, digital mode of payments, on-site testing of purity, etc

Selling

- 10

I promise to take responsibility of selling only hallmarked products (for which hallmarking standards are available) from BIS certified AHCs⁵

- Ensure that only hallmarked products (for which hallmarking standards are available) are made available for sale
 - Capture relevant information such as below to ensure authenticity and credibility of AHC
 - Valid BIS license
 - Information from market intelligence and public disclosures (e.g. history of temporary suspension of license, pending complaints in public domain, significant penalties levied in the past, instances of malpractice)
- 11

I promise to clearly display information related to product features and price on each unit

- Have a clear and standard way of displaying information on each item including but not limited to
 - Product features (net weight, gross weight, purity)
 - Price (including making charges)
 - Bar code (if applicable)
 - If possible, try to measure the weight of the piece in front of the customer using a standard weighing machine, show the hallmark sign through magnification glass and check the purity of jewellery on carat meter (as applicable for gold/stones)
- 12

I promise to charge fair prices and fees and disclose key terms and conditions to the customer

- Conduct independent sample testing for the products received from AHC
 - In case the retailer does not have testing equipment, they can arrange a visit to AHC facility to validate the test results
 - Proactively monitor products and AHCs to identify any negative changes; and update information of onboarded AHCs annually or intermittently
 - Charge fair prices and fees (local base price of gold, making charges, hallmarking charges, other fees, taxes, etc.) in line with local market practices and clearly disclose these to customers
 - Do treat customers consistently, e.g. offer same price to customers irrespective of their knowledge of/experience in the gold industry
 - Disclose key terms and conditions, return policy, risks, information on customer rights, company, etc. as applicable

⁵Assaying and Hallmarking Centres

13 I promise to maintain invoice for each sale which has been generated only after ensuring required KYC

- Disclose available payment methods to the customer, e.g. digital payments, credit card or cash
- Include all the relevant information on the invoice with respect to price (local base price of gold, making charges, hallmarking charges, other fees, taxes, etc.), product (purity, weight, stones), customer rights (including link to BIS website) and transaction (date and time, invoice number, etc.)
- KYC details of any customer (individual, organization) should be collected (as required by law) before proceeding with the invoicing process

Additional best practices

14 I promise to offer adequate training to my employees and infrastructure for seamless operations

- Provide safe and healthy workplace through appropriate policies; additional benefits such as health insurance, etc.
- Offer personal and professional training such as role-specific training, ways to identify authentic products, use of testing equipment, provide customer support, etc.
- Create infrastructure to ensure 100% trackability of all items available for sale through systems such as barcoding and ERP system

Sample Scenario:

I am a small small retailer of gold jewellery. As I am preparing for implementation of mandatory hallmarking, I need to onboard another AHC to get the jewellery hallmarked as the previous AHC could not offer enough capacity. While I will collect necessary documents from the new AHC, what additional practices should I follow?

Potential Response:

Along with selling hallmarked jewellery, it is also the responsibility of the retailer to ensure authenticity of hallmarking as per BIS standards.

- Conduct market visits, secondary checks through public disclosures and reach out to other jewellers to gain information about the practices at AHC (e.g., history of temporary suspension of license, pending complaints in public domain, significant penalties levied in the past, instances of malpractice)
- You can also visit the AHC to observe the practices and testing methodologies
- Conduct sample testing for small set of items and validate the results using standard testing equipment like XRF machine. You can also get the sample validated by a trusted AHC you have been working in the past
- Employ practices to proactively monitor products and AHCs to identify any negative change for early detection of problem and requisite action

Customer complaints redressal

- 15

I promise to implement adequate systems and mechanisms to receive, record and redress customer queries and complaints
- Educate customers on their rights to raise complaints and the process to access customer support
 - Retailer should communicate their responsibility for specific issues, e.g. related to product quality, hallmarking, price, etc.
- Provide adequate training to support staff and ensure their availability during standard office hours by email and phone at a minimum
 - Set-up a physical/digital system for customers to file complaints or raise queries. The systems should also allow to record, track and resolve queries within the agreed upon timelines

Payments

- 16

I promise to clearly communicate and adhere to terms and timelines for settlement with suppliers
- Disclose/solicit key terms and conditions with customers and suppliers such as applicable purchase price and additional charges (transaction, delivery, storage, etc.), trade settlement and insurance arrangements, timelines for the payment, etc.
 - Agree on the quality and quantum of products and services to be provided and document these in Service Level Agreements (SLAs). Adhere to agreed terms and timelines for payment
 - Ensure adequate communication with suppliers to understand any changes in terms and conditions
 - Devise mitigation strategy for cases where supplier is unable to meet their obligations despite advance payments
- 17

I promise to ensure customer rights and communicate key terms and conditions for the advance payments/deposits made by customers
- For all advance payments made by customers (for a product/towards future purchase), key terms and conditions should be made available to customers including but not limited to
 - Applicable future purchase price and charges including any additional operational charges (transaction, delivery, storage, etc.)
 - Associated risks and insurance arrangements
 - Information on customer rights
 - Provide customers with transparency on settlement times and terms, such as whether they can settle before due date

Sample Scenario:

Due to some inadequate practices related to advance payments by some jewellers in the market, the customers' trust in such transactions has declined. While I want to prioritise customer rights in my business, I am not sure how?

Potential Response:

- Communicate and adhere to key terms and conditions clearly regarding applicable future price and charges including any operational charges (transaction, delivery, storage, etc.)
- If the customer demands, provide duly signed and certified contract/agreement
- Provide receipt of each advance payment made by customer

Risk management

18 I promise to maintain adequate stock of gold to cover customer liabilities arising from advances/deposits collected from customers

- Maintain adequate financial resources to service all liabilities as they fall due or cover any other risks that the business choose to incur
- Ensure that the monies collected as customer advances are invested in gold stock which can be easily liquidated in case of a call for gold / monies by the customer
- Develop policies to protect customer rights. For example, in case of wind-down, special consideration should be given to returning any gold or cash held for customers

19 I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks

- Proactively identify major risks for the business such as
 - Financial risks (gold price risk, settlement risk, counterparty risk)
 - Operational risks (risks due to error or fraud)
 - Legal and compliance risk
 - Wind-down
- Deploy risk management practices including processes, policies, roles and responsibilities to mitigate / manage identified risks, e.g.
 - Minimum/no credit for customers or no advance payments to suppliers to reduce the counterparty risk
 - Define internal risk limits with regard to market risks such as positions in gold, currencies or derivatives, which could threaten the company's liquidity. Implement a risk limit system to ensure compliance with risk limits.
 - Assign responsibilities around issues such as planning or approval of a wind-down plan
 - Conduct due diligence on suppliers/ customers/logistic providers/assayers and only select those who are reliable (financial stability, no involvement in unfair trade practices, etc.)
 - Deploy adequate safeguards to protect the KYC information collected from suppliers, customers, logistics agencies, etc. Implement cyber-security best practices and be prepared for IT emergencies, including system failure

Recycling/Purchasing of old gold

20 I promise to design, convey and practice a fair old gold purchase/ exchange policy and collect KYC details of sellers of old gold

- Design a fair and standardized buyback/ exchange policy (applicable deductions, terms, etc.) across all product types for all its customers
- For non-customers, design standard methodology to evaluate and price old gold irrespective of its original seller
- Clearly communicate all aspects taken into consideration while pricing old gold – weight, purity, melting charges, safekeeping charges, melting losses, GST and other taxes (as applicable), etc.
- KYC details (including below but not limited to) of any customer/non-customer (individual or organization) should be collected before proceeding with the old gold purchase process
 - Address
 - PAN card (if jewellery value > 2 Lakh),
 - Self-declaration by customer that the gold has not been acquired illegally
- Digital/physical track record of parties involved in selling old gold should be maintained

21 (When using recycled gold), I promise to use recycled gold only after its purity has been ascertained by trusted refiners/manufacturers

- Develop processes and practices to route the recycled gold through a trusted refinery or manufacturer
- Examples may include having a furnace and XRF machine on-site
- When going for destructive testing for assessing gold purity, adopt the practice of retaining a small sample of melted gold to be given to customer for independent verification

Sample Scenario:

Lately, during times of Covid, I have seen a lot of people coming to my store to sell old jewellery. While I have communicated buyback policies for my own customers when they made the purchase, I am not sure how should I deal with first time customers?

Potential Response:

As retailer, you would need to ensure transparent communication of old gold purchase policy to these customers.

- Have a standard methodology in place to evaluate and price old gold irrespective of its original seller
- Communicate upfront the all aspects taken into consideration while pricing old gold – weight, purity, melting charges, safekeeping charges, melting losses, taxes, etc.
- Provide information about the purity by measuring on XRF machine (if available) and accordingly give an estimate of price. This would help the customer get some idea of the price they can expect which might change after melting
- Do not pressure the customers and allow them to make decision whether they want to sell their gold to you or not

Compliance and audit

22 I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose any information as required by regulatory authorities

- Comply with all applicable laws and regulations in the markets in which they operate (including those where customers and potential customers are located)
- Maintain all records as required. For example, a BIS registered jeweller is required to maintain all the records related to invoices of hallmarking charges paid, sale and purchase of hallmarked items for a period of five years or till the jewellery is sold, whichever is later
- Document any compliance procedures for internal purposes, as well as for any legitimate requests by external parties such as regulators or business partners, such as banks
- Conduct regular internal audits. Audit should include verification of gold holdings and reconciliation with retailer's records and information system
- Disclose any information related to taxation, consumer protection as required by regulatory authorities

Dissemination and application of the Code of Conduct

The proposed sound practices, additional best practices and implementation guidance are voluntary so, at present, there will be no audit or public endorsement by the World Gold Council. However, we believe that conforming with these practices will strongly benefit providers and customers. Over time, too, we expect stakeholders to push for implementation of the sound practices outlined in this document.

Providers are therefore encouraged to independently demonstrate compliance with the sound practices. This should strengthen trust in their offerings, facilitate customer acquisition, drive business growth and foster cooperation with external partners such as vault operators, security carriers, gold dealers and banks. Providers can demonstrate adherence to the practices through public disclosure to customers, investors and other interested parties. This can be achieved in several ways – via providers’ own websites, through marketing materials or more generally online.

Providers who choose to go beyond to additional best practices will be able to differentiate themselves from peers.

Disclaimer

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Annexure A: Self-assessment guide



Introduction to Self-assessment guide

The self-assessment guide is applicable for organisations of any size as the test is based on the practices deployed and not the volume of trade conducted. It is voluntary at present and there will be no audit or public endorsement by the World Gold Council. Providers can demonstrate adherence to the practices through public disclosure to customers, investors and other interested parties. This can be achieved in several ways – via providers’ own websites, through marketing materials or more generally online

Self-assessment guide aims to help the provider with current state assessment of their practices against corresponding Code of Conduct and entails three steps for assessment

- 1. Read the corresponding Code of Conduct thoroughly before beginning this assessment
- 2. Refer to guiding questions to develop conclusion for the organisation's spractices against each Code of Conduct statement – to determine the extent to which a Code of Conduct is observed by the organisation
- 3. Assess current state against each Code of Conduct. The assessment is built on the gravity and urgency to address the areas of improvement.

Assessment outcome would be as following –

A. Observed (O)

The provider observes the Code of Conduct in entirety

B. Broadly Observed (BO)

The provider broadly observes the Code of Conduct. The assessment has identified one or more areas of improvement that the provider should address and follow up within a defined timeline

C. Partly Observed (PO)

The provider partly observes the Code of Conduct. The assessment has identified one or more critical areas of improvement and should be addressed as high-priority items

D. Not Observed (NO)

The provider does not observe the Code of Conduct.

The self-assessment guide is evolving in nature and will mature over time with inputs from the market participants

Detailed assessment guidance

1 I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you conduct due diligence / “Know Your Provider” checks to evaluate suppliers before initiating business with them?
2. Do you conduct business with the suppliers if they can’t fulfil the minimum requirements?
3. Do you maintain record of the information and documents collected?
Do you update the information collected on an ongoing basis?
4. Do you ensure that the above processes are followed at your organisation

Assessment notes:

Area(s) of improvement:

2 I promise to conduct independent tests to ascertain the characteristics of gold products received from my suppliers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you conduct independent tests for the received products?
Do you test for all the relevant characteristics (such as weight, purity etc.)?
2. Do you have equipment and skills to perform the tests on site?
If you do not have the testing facility, do you visit another facility (e.g. AHC) to validate test results?
3. Do you use complaint and resolution mechanisms of supplier in case of any deviations?

Assessment notes:

Area(s) of improvement:

3 I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you document all information (such as weight, purity, etc.) related to the trade in purchase orders / other documents?
Do you maintain the records of past transactions for reasonable period (atleast 2 years)?
2. Do you ensure that the documentation is completed for all trades, irrespective of volume and nature of relationship with supplier?

Assessment notes:

Area(s) of improvement:

4 I promise to only accept accept gold products which adhere to industry accepted standards and from registered suppliers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have a criterion to only accept gold products supplied by manufacturers that adhere to industry accepted standards?
If yes, do you have adequate processes to ensure its implementation at your organisation?
2. Do you procure gold from registered manufacturers only?

Assessment notes:

Area(s) of improvement:

5 I promise to engage with suppliers that integrate ESG (Environment, Social and Governance) criteria in business operations

Current state:

- ☐ Observed ☐ Broadly observed
☐ Partly observed ☐ Not observed

Key questions to consider:

1. Do you consider environmental standards, beyond the applicable laws (e.g. eco-friendly packaging material, zero waste) while selecting a supplier?
2. Do you consider other social (e.g. support small artisans, child labor free) and governance (e.g. transparency) criteria?

Assessment notes:

Area(s) of improvement:

6 I promise to have adequate operational processes and controls to safely store and transport valuables (gold, cash, precious metals)

Current state:

- ☐ Observed ☐ Broadly observed
☐ Partly observed ☐ Not observed

Key questions to consider:

1. Do you deploy safety measures for storage and transportation of gold, cash and precious metals?
2. Do you have adequate insurance or capital buffers to cover against any event of loss?
3. Do you conduct due diligence / have internal processes to evaluate logistics agencies before empanelling them? Do you collect all the requisite documents from the agencies as part of "Know Your Providers" checks?

Assessment notes:

Area(s) of improvement:

7

I promise to promote offers clearly and fairly representing key product characteristics, including potential investment risks

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you offer information regarding the product characteristics in promotional material?
2. Do you disclose applicable regulatory guidelines applicable to product to customer? Do you state potential investment risks objectively?
3. Do you offer objective and fair information without impacting industry perception while differentiating your jewellery against other competing retailers in marketing material?

Assessment notes:

Area(s) of improvement:

8

I promise to offer educational material to customers on gold products or point them to credible sources of such information

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Have you developed any educational material for customers?
Do you include details on products, pricing, hallmarking, etc. in such materials?
Do you train sales staff to use this material to educate customers?
2. In absence of in-house materials, do you point customers to other external sources of information? Are these credible sources?

Assessment notes:

Area(s) of improvement:

9

I promise to not proclaim or propagate any knowledge related to gold investment which can be misconstrued as professional investment advice

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you provide investment advice to customer to promote gold products?
2. Do you train staff at point of sale to delineate facts from opinion while providing information to customers and guide them to credible sources of information?

Assessment notes:

Area(s) of improvement:

10

I promise to take responsibility of selling only hallmarked products (for which hallmarking standards are available) from BIS certified AHCs⁶

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you ensure that only hallmarked products (for which hallmarking standards are available) are made available for sale?
2. Do you perform adequate checks (valid BIS license, history of temporary license suspension, pending complaints in public domain, instances of malpractice etc.) and collect relevant documents (valid BIS license etc.) from AHC?
Do you validate the assaying results with independent sample testing?
3. Do you ensure that the above processes are followed at your organization for all AHCs and each product?

Assessment notes:

Area(s) of improvement:

⁶Assaying and hallmarking center

11

I promise to clearly display information related to product features and price on each unit

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have standard way of displaying product information on each item at point of sale? Do you include information related to product, price, unique identification, etc.?
2. Do you provide additional information to the customer, if requested, to improve credibility?

Assessment notes:

Area(s) of improvement:

12

I promise to charge fair prices and fees and disclose key terms and conditions to the customer

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you charge standard prices and fees to the customers irrespective of your relationship with them? Do you disclose pricing components to the customer?
2. Do you clearly disclose key terms and conditions (such as return policy, risks, etc.) to customers? Do you ensure that these terms are being adhered to?

Assessment notes:

Area(s) of improvement:

13 I promise to maintain invoice for each sale which has been generated only after ensuring required KYC

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you maintain invoice for all transactions? Do you include all the information related to price, product, customer rights and transaction on the invoice?
2. Do you collect requisite documents from customers for KYC checks? Do you conduct business with the customers if they can't fulfil the KYC requirements?
3. Do you have systems in place to ensure that the above processes are followed at your organisation?

Assessment notes:

Area(s) of improvement:

14 I promise to offer. adequate training to my employees and infrastructure for seamless operations

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have adequate workplace policies and benefits for employees? Are these sufficient to provide a safe and healthy workplace to employees?
2. Do you offer adequate training to employees, as required?
3. Do you have high-end infrastructure (e.g. barcoding and ERP system) to ensure 100% traceability?

Assessment notes:

Area(s) of improvement:

15 I promise to implement adequate systems and mechanisms to receive, record and redress customer queries and complaints

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have systems in place to receive customer complaints?
Do you commit a timeline to customers to resolve complaints?
2. Do you maintain records of the customer complaints?
If yes, for how long?

Assessment notes:

Area(s) of improvement:

16 I promise to clearly communicate and adhere to terms and timelines for settlement with suppliers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you communicate and clearly align on key terms of payment before finalising trade with suppliers?
2. Do you ensure that you as well as the suppliers adhere to the terms?
Do you have mechanisms in place for events where any one party violates the terms?

Assessment notes:

Area(s) of improvement:

17 I promise to ensure customer rights and communicate key terms and conditions for the advance payments/deposits made by customers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you collect payments in advance from your customers?
2. Do you disclose the key terms and conditions such as price and risks to customers opting for advance payments?
3. Do you provide customers visibility on settlement times and terms that would be applicable upon their future purchase and settlement?

Assessment notes:

Area(s) of improvement:

18 I promise to maintain adequate stock of gold to cover customer liabilities arising from advances/deposits collected from customers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you put aside adequate financial resources to service all future liabilities and cover any risks that arise due to regular operations?
2. Do you invest customer advances in gold stock that can easily be liquidated upon customer request or as planned?
3. Do you ensure adequate coverage against customer liabilities arising from advances/deposits collected?
4. Do you have adequate policies to protect customer rights e.g. in case of wind-down?

Assessment notes:

Area(s) of improvement:

19

I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you identify, measure and monitor major financial and non-financial risks to business?
2. Do you have appropriate risk management practices including policies, governance in place to mitigate / manage these risks?

Assessment notes:

Area(s) of improvement:

20

I promise to design, convey and practice a fair policy for old gold purchase and collect KYC details of sellers of old gold

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you have a standard buyback/exchange policy for customers and non-customers?
2. Do you clearly communicate all aspects taken into consideration while pricing old gold (purity, melting charges, melting losses, GST and other taxes (as applicable) etc.) to all customers, consistently and impartially? Do you state key risks objectively?
3. Do you collect KYC details of sellers of old gold? Do you purchase gold if the seller does not meet KYC requirements?

Assessment notes:

Area(s) of improvement:

21 (when using recycled gold) I promise to use recycled gold only after its purity has been ascertained by trusted refiners/manufacturers

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you sell products made of recycled gold? If yes, do you have adequate practices and process to ascertain the purity of recycled gold before further use?
2. Do you route the recycled gold through trusted refinery/manufacturer?

Assessment notes:

Area(s) of improvement:

22 I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose any information as required by regulatory authorities

Current state:

- ☐ Observed
- ☐ Broadly observed
- ☐ Partly observed
- ☐ Not observed

Key questions to consider:

1. Do you ensure compliance with all laws / regulations are applicable to your organisation
2. Do you maintain records and documentation for all compliance and audit procedures?
3. Do you conduct internal audits? Are the audit results shared in public domain to enhance credibility of your practices?

Assessment notes:

Area(s) of improvement:

Activity	Sound Practices	Rating
Sourcing	1. I promise to record all the relevant information about my suppliers and ensure adequate “Know Your Provider” checks	O / BO / PO / NO
	2. I promise to conduct independent tests to ascertain the characteristics of gold products received from my suppliers	O / BO / PO / NO
	3. I promise to conduct business transparently by ensuring due documentation for all transactions with suppliers	O / BO / PO / NO
	4. I promise to only accept gold products which adhere to industry accepted standards and from registered suppliers (Additional best practices)	O / BO / PO / NO
	5. I promise to engage with suppliers that integrate ESG (Environment, Social and Governance) criteria in business operations	O / BO / PO / NO
Transportation and Storage	6. I promise to have adequate operational processes and controls to safely store and transport valuables (gold, cash, precious metals)	O / BO / PO / NO
Marketing	7. I promise to promote offers clearly and fairly representing key product characteristics, including potential investment risks	O / BO / PO / NO
	8. I promise to offer educational material to customers on gold products or point them to credible sources of such information	O / BO / PO / NO
	9. I promise to not proclaim or propagate any knowledge related to gold investment which can be misconstrued as professional investment advice	O / BO / PO / NO
Selling	10. I promise to take responsibility of selling only hallmarked products (for which hallmarking standards are available) from BIS certified AHCs	O / BO / PO / NO
	11. I promise to clearly display information related to product features and price on each unit	O / BO / PO / NO
	12. I promise to charge fair prices and fees and disclose key terms and conditions to the customer	O / BO / PO / NO
	13. I promise to maintain invoice for each sale which has been generated only after ensuring required KYC	O / BO / PO / NO
	14. I promise to offer adequate training to my employees and infrastructure for seamless operations (Additional best practices)	O / BO / PO / NO
Customer and Complaints Management	15. I promise to implement adequate systems and mechanisms to receive, record and redress customer queries and complaints	O / BO / PO / NO
Payments	16. I promise to clearly communicate and adhere to terms and timelines for settlement with suppliers	O / BO / PO / NO
	17. I promise to ensure customer rights and communicate key terms and conditions for the advance payments/deposits made by customers	O / BO / PO / NO

Activity	Sound Practices	Rating
Risk Management	18. I promise to maintain adequate stock of gold to cover customer liabilities arising from advances/deposits collected from customers	O / BO / PO / NO
	19. I promise to proactively identify major financial and non-financial risks to my business and take appropriate steps to mitigate / manage the risks	O / BO / PO / NO
Recycling / Purchasing Old Gold	20. I promise to design, convey and practice a fair policy for old gold purchase and collect KYC details of sellers of old gold	O / BO / PO / NO
	21. (when using recycled gold) I promise to use recycled gold only after its purity has been ascertained by trusted refiners/manufacturers	O / BO / PO / NO
Audit and Compliance	22. I promise to comply with all applicable laws and regulations, maintain adequate documentation and disclose any information as required by regulatory authorities	O / BO / PO / NO

Annexure B: Version control

The Code of Conduct is a continuously evolving document intended to incorporate latest and best practices in the industry. The below table reflects the history of updates and latest version of the document

S.No.	Version Number	Timeline
1.	Code of Conduct_Retailing_vMar2021	Mar, 2021

Notes