MALAYSIA GOLD
INDUSTRY PRINCIPLES

MGIP PART 1:2026

MALAYSIA GOLD INDUSTRY PRINCIPLES (MGIP) - GOVERNING CHARTER

Malaysia Gold Industry Principles (MGIP)

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Foreword

This document, the MGIP Governing Charter, was developed by the Working Group of the Malaysia Gold Industry Principles (MGIP).

The Malaysia Gold Industry Principles (MGIP) were initiated by the Malaysia Gold Association (MGA) as an industry-led framework to strengthen governance, transparency, and integrity across Malaysia's gold value chain. The MGIP Working Group is co-chaired by a representative of The World Gold Council (WGC), reflecting a shared commitment to align Malaysia's aspiration to become a cost-effective and efficient market for refiners, traders, jewellery manufacturers, logistics providers and investment institutions with internationally recognised best practices while ensuring that the standards remain practical, proportionate, and suited to the Malaysian regulatory and commercial environment.

The MGIP Working Group comprises key stakeholders representing various segments of the gold value chain including Shariah as well as legal advisory. Relevant government agencies participated as observers, contributing regulatory perspectives and policy insight while preserving the independent, industry-led nature of the initiative.

MGIP draws reference from internationally recognised gold market frameworks and responsible sourcing standards, and is designed to replicate such international benchmarks, and to adapt and operationalise them within Malaysia's regulatory and commercial landscape, ensuring enforceability, transparency, market integrity, consumer and investor protection, and sustainable industry development. This standard is developed with reference to the Retail Gold Investment Principles (RGIPs) by The World Gold Council for its principles and recommended actions.

This document serves as the foundational constitutional document of the MGIP architecture. It defines the overarching purpose, scope, principles, governance structure, terminology, and baseline requirements applicable to participating entities. All sector-specific MGIP Codes of Practice shall be read in conjunction with, and remain subordinate to, this Governing Charter.

This document will be reviewed periodically, and if necessary, revised, to ensure that it reflects current needs and conditions. Users and other interested parties may submit comments on the contents of this standard for consideration in future versions.

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Information to assist users of the standard

For the purposes of this standard, the following ISO definitions have been adopted regarding verbal forms for the expression of provisions:

a) "**shall**" indicates an auditable **requirement**: it is used to indicate requirements strictly to be followed in order to conform to the document and from which no deviation is permitted;

b) "**should**" indicates a **recommendation**: it is used to indicate that among several possibilities one is recommended as particularly suitable, without mentioning or excluding others, or that a certain course of action is preferred but not necessarily required, or that (in the negative form) a certain possibility or course of action is deprecated but not prohibited;

c) "**may**" indicates a **permission**: it is used to indicate a course of action permissible within the limits of the document; and

d) "**can**" indicates a **possibility** or a **capability**: it is used for statements of possibility and capability, whether material, physical or causal.

Compliance with this standard does not by itself grant immunity from legal obligations.

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MALAYSIA GOLD INDUSTRY PRINCIPLES (MGIP) - GOVERNING CHARTER

0. Introduction

This document introduces the Malaysia Gold Industry Principles (MGIP), which establish baseline guidance to promote integrity, transparency, and responsible conduct across Malaysia's gold value chain. Developed through collaboration between industry and stakeholders, the MGIP supports Malaysia's position as a reliable, well-governed, and internationally connected precious metals hub.

The MGIP sets out core expectations covering responsible sourcing, anti-money laundering and counter-terrorism financing (AML/CTF) compliance, product integrity, consumer and investor protection, as well as governance and risk management practices. These principles are intended to be applied across all relevant segments of the gold value chain, from upstream supply to downstream activities, including Shariah-compliant gold offerings.

In establishing its framework, the MGIP takes into consideration internationally recognised standards and guidance as follows:

a) *OECD Due Diligence Guidance for Responsible Business Conduct*

b) *Good Delivery List, Conditions for Listing for Good Delivery Refiners, The London Bullion Market Association*

c) *Retail Gold Investment Principles (RGIPs), World Gold Council*

These references inform the structure and baseline requirements of the MGIP, providing a coherent foundation for the development and application of sector-specific Codes of Practice within the Malaysian context.

The MGIP serves as a common reference framework for responsible, transparent, and secure practices across the gold ecosystem, supporting ethical conduct, effective governance, and market integrity. Through this, it aims to strengthen confidence among consumers, investors, regulators, and international market participants, while reinforcing Malaysia's commitment to a high-integrity and globally competitive gold industry.

1. Scope

This document sets out the guiding principles, and related requirements and recommended actions, that are applicable to entities operating within Malaysia's gold industry. It applies to activities across the gold value chain as follows:

a) refining;

b) wholesale and trading;

c) manufacturing;

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d) assaying and hallmarking;

e) retail;

f) financial and investment products linked to gold; and

g) gold-backed micro-financing.

This document also specifies requirements applicable to Shariah-compliant gold related activities.

The MGIP applies to midstream and downstream gold industry activities only. Upstream mining activities, including exploration, extraction, and primary production, are excluded, as these fall under separate regulatory, environmental, and sovereign jurisdictional frameworks.

This ensures clear scope focus and avoids duplication with existing mining authorities. Nevertheless, participants are encouraged to exercise due diligence in sourcing so as to align with internationally recognised responsible gold standards.

2. Normative references

The following normative references are indispensable for the application of this standard. For dated references, only the edition cited applies. For undated references, the latest edition of the normative reference (including any amendments) applies.

OECD Due Diligence Guidance for Responsible Business Conduct

Good Delivery List, Conditions for Listing for Good Delivery Refiners, The London Bullion Market Association

Retail Gold Investment Principles (RGIPs), World Gold Council

3. Terms and definitions

For the purposes of this standard, the following terms and definitions apply.

3.1 principle

A basic belief, theory or rule that has a major influence on the way in which something is done.

3.2 refining

Processing, purification, and recovery of gold to achieve specified purity levels suitable for commercial use.

EXAMPLE Refining doré gold and recycled gold, precious metals recovery from scrap jewelry or industrial materials, production of refined gold bars or feedstock for manufacturing, recycling and secondary refining of gold.

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3.3 wholesale and trading

Sourcing, wholesale trading, and distribution of gold products within domestic and international markets.

EXAMPLE Wholesale gold products trading between dealers, distribution of investment-grade gold products, international gold products sourcing and trading, and institutional or B2B transactions.

3.4 manufacturing

Fabrication and production of gold products for commercial and consumer markets.

EXAMPLE Jewelry manufacturing and fabrication, production of minted bars and commemorative gold products, fabrication of gold components and finished consumer products, design and production of jewelry and related items.

3.5 assaying and hallmarking

Testing, verification, and certification of gold purity and authenticity.

NOTE. This includes laboratory testing gold purity, issuance of assay certificates, hallmarking and quality marking of gold products, independent verification of precious metals content.

3.6 retail

Distribution and sale of gold products directly to consumers or investors.

EXAMPLE Retail sale of gold products, retail distribution of investment gold products, consumer gold investment services, online and physical retail platforms for gold products.

3.7 financial and investment products linked to gold

Financial instruments or investment arrangements linked to gold.

EXAMPLE Gold investment accounts offered by financial institutions, exchange-traded gold products (ETFs), exchange-traded gold contracts, structured or digitally represented gold investment products.

3.8 gold-backed micro-financing

Micro-financing services secured by gold collateral.

EXAMPLE Pawnbroking (conventional/Ar-Rahnu) services secured by gold products; short-term financing secured by gold collateral; valuation and management of gold collateral.

3.9 Shariah-compliant gold related activities

Governance and structuring of Shariah-compliant refineries, gold products and services.

EXAMPLE Structuring of Shariah-compliant activities which include but not limited to refineries operation, gold trading procedures; Shariah advisory and governance oversight; compliance review of Shariah-compliant gold products; ensuring adherence to Shariah principles in gold-related activities.

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3.10 entities

Refers to any legal or organisational unit operating within the gold value chain, including but not limited to companies, firms, partnerships, sole proprietorships, government bodies, or other institutions engaged in activities such as refining, trading, manufacturing, assaying, hallmarking, or retailing of gold.

4. Guiding principles

4.1 This clause sets out the principles applicable to responsible and sustainable conduct in the Malaysian gold supply chain.

4.2 These principles provide the basis for the requirements and recommendations specified in this document and shall be applied, as appropriate, by all entities.

4.3 The following principles apply to the Malaysian gold industry and provide the foundation for the clauses that follow:

a) fairness and integrity;

b) transparency;

c) protection of client assets;

d) responsible gold sourcing;

e) regulatory compliance;

f) commercial prudence; and

g) operational professionalism.

5. PRINCIPLE 1: Fairness and integrity

5.1 Statement of the principle

The entity shall treat customers fairly and act with integrity, from information and service provision through to transaction completion.

5.2 Recommended action

5.2.1 Fair marketing

Promote offers clearly and fairly to customers by representing key product characteristics, including safeguards and potential risks. Avoid pressuring customers or using manipulation tactics.

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5.2.2 Awareness and support

5.2.2.1 Provide customers with relevant awareness and up to date information about the products or platforms, as well as gold as an asset class in general.

NOTE. During periods of market uncertainty, panic buying may occur. Therefore, gold products and related financing or investment need to be marketed clearly and transparently, with disclosure of key features, risks, and safeguards, and without applying pressure or misleading customers.

5.2.2.2 Be reachable for your clients and offer support, where necessary.

5.2.3 Fair pricing and fees

5.2.3.1 Ensure fair fee and charges.

5.2.3.2 Provide customers with necessary information on fee and charges so that they can understand and assess prices properly to make informed decision.

6. PRINCIPLE 2: Transparency

6.1 Statement of the principle

The entity shall be transparent about prices, key terms and other material information related to product features.

6.2 Recommended actions

6.2.1 Fees and terms transparency

6.2.1.1 Provide clear information about fees, prices and, terms and conditions, so that customers can make informed investment decisions.

6.2.1.2 Information should include fee components, base and purchase prices, and investor rights.

6.2.2 Disclosure

Disclose relevant information to customers, prospects and other stakeholders such as service providers.

7. PRINCIPLE 3: Protection of customer assets

7.1 Statement of the principle

The entity shall ensure adequate protection of gold holdings held on behalf of its customers.

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7.2 Recommended actions

7.2.1 Safekeeping of customer assets

Protect any assets held on customers' behalf. This applies to investment gold that has been purchased but not yet collected or delivered. It also applies to gold that is being delivered to customers.

7.2.2 Insurance/Takaful

Procure adequate insurance/takaful for business operations and gold holdings to protect customers directly and indirectly. This is especially relevant when safekeeping customers' gold assets.

8. PRINCIPLE 4: Responsible gold sourcing

8.1 Statement of the principle

The entity shall source gold of high integrity from trustworthy suppliers, whilst considering Environmental, Social and Governance (ESG) criteria.

8.2 Recommended actions

8.2.1 High-integrity gold

The entity should ensure that the authenticity and integrity of all products are verified prior to any transaction.

8.2.2 Trustworthy suppliers

Conduct due diligence prior to initial transaction and ongoing monitoring of gold suppliers to ensure that they have genuine integrity and can be trusted at all times.

8.2.3 Environmental, Social and Governance criteria

Consider the Environmental, Social and Governance (ESG) credentials of products and suppliers according to existing ESG standards including, where applicable, relevant certification to these standards.

9. PRINCIPLE 5: Regulatory compliance

9.1 Statement of the principle

The entity shall adhere to all applicable Malaysian laws and regulations, including any local regulations, and, where applicable, the laws and regulations in the country of import/export.

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9.2 Recommended actions

9.2.1 Know-Your-Customer (KYC) and Anti-Money-Laundering (AML) controls

Adhere to global and local regulations by preventing, detecting or reporting any money laundering activities. Establish robust controls and compliance functions. Collect and keep customer records, as and where required.

9.2.2 Adherence to local laws and regulations

Comply with any additional applicable laws and regulations in all markets served, such as those pertaining to consumer protection, taxation and financial services.

10. PRINCIPLE 6: Commercial prudence

10.1 Statement of the principle

The entity shall not take excessive risks and should be prepared for any foreseeable eventualities, including preparing a business continuity management plan in the event of a company wind-down.

10.2 Recommended actions

10.2.1 Adequate financial resources

Monitor and maintain adequate financial resources to meet any liabilities, especially with regards to customers' claims. Resources should include safety buffers for unexpected events.

10.2.2 Limited risk-taking

Limit risks, such as those arising from unhedged gold stock positions or foreign exchange holdings, so that even adverse conditions do not threaten customers' assets and claims or the continuity of the company's operations.

10.2.3 Wind-down planning

Be prepared for potential wind-down scenarios, including involuntary market exit or company collapse. The key objective is to avoid or minimise any negative impact on customers.

11. PRINCIPLE 7: Operational professionalism

11.1 Statement of the principle

11.1.1 The entity shall conduct their business with due skill, care and diligence, and manage key risks.

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11.1.2 Achievement of MGIP 7 shall require full compliance by the entity with MGIP 1 to MGIP 6.

11.2 Recommended actions

11.2.1 Reliable risk management

Identify key risks for the company and its customers and manage them on an ongoing basis. Implement adequate measures for risk mitigation.

11.2.2 Physical security

Ensure adequate physical protection of documented information and assets. In addition to the safekeeping of valuables, this includes physical protection of IT infrastructure, as well as sensitive information, such as customer data.

11.2.3 Credible information technology systems

Invest in adequate information technology systems and implement processes so that sensitive data is protected. Implement cyber-security best practices and be prepared for IT emergencies, including system failures.

11.2.4 Diligent outsourcing

Choose third-party service providers carefully and monitor providers closely. Ensure adequacy of contractual terms with service providers. Disclose information on key service providers, such as vault operators, to customers if they can significantly affect customer experience or pose material risks.

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Bibliography

[1] *Quality management principles, International Organization for Standardization, Switzerland, 2015*

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