REGULATORY COMPLIANCE AND ANTICORRUPTION

We recognise that effective regulatory compliance is intrinsic to anticorruption efforts. As a UN Global Compact participant, we take Principle 10 on anticorruption seriously and, hence, have a zero-tolerance approach to it. This approach also extends to member companies.

Our regulatory compliance function assesses internal business risks and also identifies mitigation factors that can reduce these risks.

Risk identification is overseen by the Executive and Risk Committee. Each department is responsible for the identification of potential risks to their designated function, which are then stipulated in a risk register.

DMCC's key achievements to create a safe and compliant business environment in 2019 include:

- **Proactive member of the UAE task force formulated in preparation of the Financial Action Task Force (FATF) UAE assessment.**

- **Two Anti-Money Laundering and Combating Financial Terrorism (AML/CFT) seminars under DMCC's knowledge series programme targeted to member companies.**

- **Updated and published internal policies and external guidance covering Designated Non-Financial Businesses and Professions (DNFBPs), Suspicious Transaction Reporting issuance, Whistleblowing, Ultimate Beneficial Ownership provisions, and AML/CFT.**

- **As part of the Operational Readiness Inspection (ORI), there were 5,909 physical inspections undertaken and 713 inspections of companies with flexi-desk leases.**

- **The legal team updated and published the Legal Policy and Procedures guidelines.**

Additionally, ORI for member companies resulted in 36 fines to a total amount of AED 540,000. In 2019, 77 companies were sanctioned for non-provision of information. DMCC Legal is compliant with the International Standard of Auditing (ISA). If three or more cases are brought against the same company, the company will go through an inspection and dispute resolution process. There were three instances of this in 2019.

We are dedicated to advance initiatives in 2020 regarding AML/CFT supervision of DNFBPs. Initiatives will include training, guidance, and the implementation of a Compliance Hub.

The Compliance Hub will provide a third-party compliance resource for SMEs that do not currently have compliance capabilities. Through stakeholder support, DMCC intends to reduce compliance incidents and create a more prosperous business community for all.

RESPONSIBLE BUSINESS ECOSYSTEM

Create a resilient foundation for positive impact

RESPONSIBLE SOURCING

DMCC facilitates the trade flow of coffee, tea, precious stones, and metals. Our responsibility is to provide an infrastructure that promotes best practice sourcing protocols.

We navigate this critical topic through strategic partnerships such as the Organisation for Economic Cooperation and Development (OECD) and the Kimberley Process.

The Ministry of Economy, in collaboration with DMCC, has been a proud member of the Kimberley Process for 18 years. The certification was acquired to uphold high trade and global standards and protect the legitimate diamond industry locally and abroad.
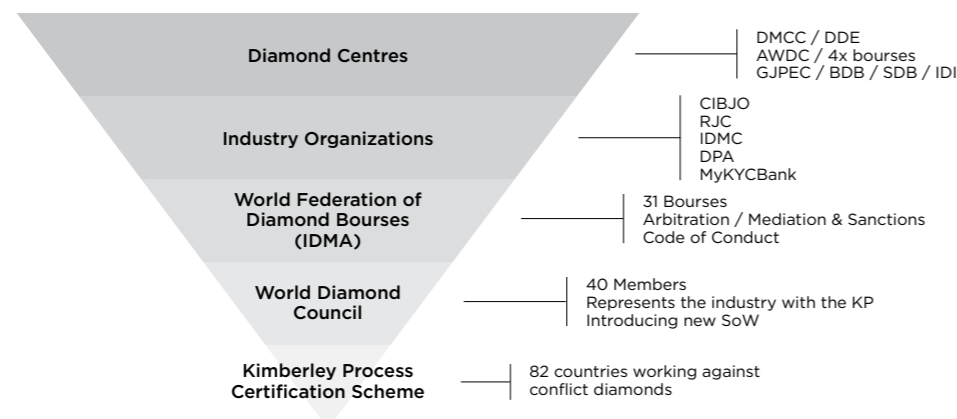
We believe Dubai needs to be at the forefront of responsible global gold trade. Therefore, we have actively led the establishment of responsible sourcing regulatory standards, such as the DMCC Practical Guidance for Market Participants in the Gold and Precious Metals Industry (the 'DMCC Guidance') and DMCC Rules for Risk-Based Due Diligence in the Gold and Precious Metals Supply Chain (the 'DMCC Rules for RBD-GPM').

Beyond regulation, we take an advocacy role. For example, we hosted the World Federation of Diamond Bourses and International Manufacturers Association meeting and presented at the Responsible Jewellery Council's President's meeting.

DMCC's key achievements to effectively support a responsible trade ecosystem in 2019 include:

- **DMCC oversaw the Kimberley Process office in the UAE, responsible for the exit and entry regulation of all rough diamonds. The first Kimberley Process office in the world to be awarded the ISO 9001 certification.**
- **UAE Kimberley Process office presented measures taken to enhance quality, efficiency, and transparency to HE Sultan Bin Saeed Al Mansoori, UAE Minister of Economy. The presentation was an initiative under the 'Ministry of Economy Strategic Objectives 2017-2021.'**
- **To localise international standards, DMCC published a publicly available Arabic translation for 'The Diamond Terminology Guidelines', endorsed by the world's leading diamond industry organisation.**
- **DMCC has partnered with the Diamond Development Initiative (DDI) to improve the lives of small-scale diamond miners. Our Executive Chairman, Ahmed Bin Sulayem, led a DMCC delegation to the Democratic Republic of the Congo to visit the project site.**

DIAMOND INDUSTRY REGULATORY FRAMEWORK

Diamond Centres	DMCC / DDE AWDC / 4x bourses GJPEC / BDB / SDB / IDI
Industry Organizations	CIBJO RJC IDMC DPA MyKYCBank
World Federation of Diamond Bourses (IDMA)	31 Bourses Arbitration / Mediation & Sanctions Code of Conduct
World Diamond Council	40 Members Represents the industry with the KP Introducing new SoW
Kimberley Process Certification Scheme	82 countries working against conflict diamonds

DIGITALISATION, DATA PROTECTION, AND CYBERSECURITY

DMCC recognises that digitalisation must remain a top priority as the world becomes more integrated and dependent on digital access. The information technology (IT) department of DMCC acts as the gatekeeper of all innovation and implementation of digital solutions.

We understand that enhanced digitalisation leads to increased threats of security. Therefore, IT solicits third-party support to conduct information security regulations (ISR) gap analysis. 41% of the gaps identified were addressed. Additionally, a data loss prevention (DLP) solution was introduced, and a penetration test (VAPT) was conducted.

DMCC's key achievements towards digitalisation, data protection, and cybersecurity in 2019 include:

- **DMCC achieved a 90% digitalised workstream.**
- **Delivered 70+ enhancements to improve the customer service experience and services.**
- **Onboarded 'iSupplier' aligned with the paperless initiative.**
- **Executed wireless sensor networks and smart lighting across JLT.**

Initiatives under the Smart and Sustainable District Strategy in-progress:

Smart District Platform

Community Portal

Mobile App

Smart Lighting

Smart Kiosk

Parking Sensors

In 2020, DMCC will secure the ISO Certification 27001 to enhance the IT infrastructure.