



BUREAU VERITAS CERTIFICATION

Comprehensive Management Report for Reasonable Assurance review of
DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals
Supply Chain

For

AL ETIHAD GOLD REFINERY DMCC

SITE(s): EZ-03-04, Jumeirah Lakes Tower,
DUBAI , UAE

AUDIT DATE(s): 8th & 9th November 2017

Reporting Period : 16th September 2016 to 15th September 2017

Note to auditors: This report is to be issued by the reviewer. It will be delivered to DMCC and to the auditee. This report will not be published

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**BUREAU
VERITAS**



Independent
Reasonable Assurance' Report to **AI Etihad Gold Refinery DMCC (AEG)**

This report is made for the **AI Etihad Gold Refinery DMCC** for the purpose of a compliance report, in accordance with the terms of our engagement letter dated 22/06/2017.

1. Responsibilities

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and with "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Center and in accordance with the DMCC Review Protocol.

Our work has been undertaken so that we report to the **AI Etihad Gold Refinery DMCC** *to the engagement* on those matters that we have agreed to state to them in this report. Our tests are related to **AI Etihad Gold Refinery DMCC** as a whole rather than performed to meet the needs of any particular customer.

Our report must not be recited or referred to in whole or in part in any other document nor made available, copied or recited to any other party, in any circumstances, without our express prior written permission.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the **AI Etihad Gold Refinery DMCC** for our work, for this report or for the opinions we have formed.

2. Subject matter

This report covers the **AI Etihad Gold Refinery DMCC** general level of compliance with the "DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain" issued by Dubai Multi Commodities Centre and in accordance with the DMCC Review Protocol as described in your report as at **21/10/2017**.

3. Scope based on 'Reasonable or Limited' assurance:

The review procedures undertaken by us will cover the following:

- i. Review whether the **AI Etihad Gold Refinery DMCC** has established robust sustainable supply chain management systems as detailed in and referring to Rule 1 of the DMCC rules and fulfilling objectives of the review program as detailed in the DMCC review protocol.



The Policy is well defined and robust, and the KYC requirements found adequate taking into consideration the application of Rule 1.1 to 1.18.

ii. Review whether the **Al Etihad Gold Refinery DMCC** is able to identify and assess the risks in the supply chain as detailed in and referring to Rule 2 of the DMCC Rules and fulfilling objectives of the review program as detailed in the DMCC review protocol.

In respect of Rule 2, details as below verified:

(a) in relation to transactions: 70 active supplying counter parties and total of 185.2 tons gross approx. processed during 16/09/2016 to 15/09/2017. Total number of transactions 670 nos. average per month. Recycled gold 108,200,236.02 Gms, Mined gold 52,653,109.2 Gms and Fine Gold 24,424,313.92 Gms. *5 % of Samples were picked from these and reviewed.*

(i) the number of transactions audited: *5 samples of Mined Gold supplier, 10 samples of the Recycle Gold, 5 samples of fine gold 5 and 2 samples of fixing business.*

(ii) *the percentage of the audited transaction as compared to the total number of Transactions during the period subject to Review: 5 %*

(iii) *the total volume of Mined Gold /ASM in dorebar received: 52.653 tons from 40 nos. suppliers, 108.2 tons of Recycled Gold and 24.42 tons of fine gold received during the period 2016-2017.*

(iv) *the total volume of Mined Gold: AEG do not receive any gold from mines directly. However out of the total gold refined about 28% of Mined gold is received from the Suppliers customers in relation to the total number of transactions during the period subject to Review;*

(v) *there are no cash transactions. Only through bank transfers. Verified the transactions made against vouchers traceable to supply of gold and sale of gold Usage in excess of government thresholds as applicable in the Accredited Member's place of domicile was verified and found None, AEG receives recycled and a small percentage of about 28% Mined gold from customers, Refines and deliver back to the customer or sells to customer.*

(vi) the total volumes of unrelated third party payments (i.e. cash, bank transfers and metal accounts held with bullion banks) and physical gold and/or precious metal deliveries in unusual circumstances that are not consistent with local and/or International market practices (for example, value, quantity, quality, profit); this was verified and found none.

(vii) *adequacy and implementation of track and trace mechanism from mine/supplier to Sale and/or physical delivery to the Accredited Member's suppliers was verified, they were found adequate and satisfactory.*

(b) in relation to geographical considerations:



(i) Gold and/or precious metal sourced from different geographical locations based on Physical form; quantity; actual or declared purity; country of origin and transportation; and

(ii) any transaction which is related to a sanctioned and/or embargoed country, entity, Or individual;

None. All the gold for refinery is received from direct customers based in Dubai.

(c) in relation to risk assessment, the alignment of the risk assessment methodology with Rule 2 and any deviations from those requirements of Rule 2;-

The risk assessment verified and found to be adequate.

(d) the number of transactions and/or suppliers where enhanced due diligence was conducted during the period subject to Review.

None as there were no situation that required for an enhanced due diligence.

iii. Review whether the **AI Etihad Gold Refinery DMCC** has developed and implemented a risk mitigation and/or control plan as detailed in and referring to Rule 3 of the DMCC Rules and fulfilling objectives of the review program as detailed in the DMCC review protocol.

In respect of Rule 3, the adequacy and implementation of the Risk Control Plan was verified and found adequate.

iv. Reviewed whether the **AI Etihad Gold Refinery DMCC** is reporting annually on its measures implemented for responsible supply chain due diligence and that the measures being reported are consistent with the independent 3rd party audit review program findings as detailed in and referring to Rule 5 of the DMCC Rules and fulfilling objectives of the review program as detailed in the DMCC review protocol.

AEG has performed the review for the first time for the period 16th September 2016 to 15th September 2017 with Bureau Veritas as independent 3rd party reviewer will be reporting the compliance report to the DMCC annually and also make it available in their portal upon receipt of the report.

v. Reviewed the **AI Etihad Gold Refinery DMCC** activities related to conducting due diligence for adherence to DMCC's Anti-Money Laundering and Combating Financing of Terrorism Policy (as the minimum acceptable standard for AML/CFT due diligence policy).

AEG has established AML/CFT and a robust KYC due diligence Policy:

AEG Policy & procedure AEG-KYC-16 AI Etihad Gold Supply Chain, Anti money Laundering and combating the financing of Terrorism policy and general procedures rev. 00 [supply chain risk identification & assessment].

The implementation of the same was verified and found to be adequate.



4. Emphasis of matter (if required)

Not applicable.

5. Conclusion

In our opinion, in all material respects:

- i. The accompanying report by the directors describes fairly the level of general compliance of **Al Etihad Gold Refinery DMCC** with “DMCC Rules on Risk Based Due Diligence in the Gold and Precious Metals Supply Chain” issued by Dubai Multi Commodities Center and in accordance with the DMCC Review Protocol for the period 16th September 2016 to 15th September 2017.
- ii. The compliance controls that were tested, as set out in the attachment to this report, were operating with sufficient effectiveness for us to obtain Reasonable’ assurance that the related level of compliance were achieved in the period 16th September 2016 to 15th September 2017.

Bureau Veritas
Location: Dubai

Date: 07/12/17



Signature

Company Stamp