



الإتحاد جولد

## Al Etihad Gold's Compliance Report

Al Etihad Gold was accredited as Dubai Good Delivery on December 2012 and since its establishment in 2009, the company has already in placed policy and procedures that reflects our objective on observing highest ethical and moral standards in carrying out its business.

This report summarizes how our company has complied with the requirements of the DMCC Practical Guidance on responsible sourcing of precious metals.

### Table 1: Refiner's Details

Refiner's Name:	Al Etihad Gold
Location:	Al Quoz 3, Dubai United Arab Emirates
Reporting Period:	1 June – 31 December 2012
Implementation of Corrective Action Period:	1 January – 14 July 2013
Date of Report:	27 November 2013
Senior Management Responsible for this Report:	Sami Abu Ahmad

*Sami*



### Our Evaluation

The following table lists the minimum requirements that must be satisfied by Refiners in accordance with the DMCC Practical Guidance to demonstrate compliance.

### Table 2: Summary of activities undertaken to demonstrate compliance

#### Step 1: Establishing robust supply chain management systems

##### 1.1 Develop a policy and processes for supply chain

###### Comments and demonstration of compliance

**We have fully complied with Step 1. 1**

During the reporting year, Al Etihad Gold revised its Supply Chain Policy ("policy") and adapted the model set of Annex II of the OECD Due Diligence Guidance as set out in the DMCC Guidance. The Policy sets out our responsibility and commitment to establish and maintain strong company management systems to fight serious abuses of human rights, to avoid contributing to conflict over our supply chain and to comply with high standards of AML and CFT, to conduct appropriate supply chain due diligence over our counterparties and to ensure appropriate monitoring and recording of transactions on a risk based approach. Our policy is shared and acknowledged by all our suppliers and undertakes to follow its provisions. The policy is available in our website [www.aletihadgold.com](http://www.aletihadgold.com).

##### 1.2 Assign a dedicated compliance officer

###### Comments and demonstration of compliance

**We have fully complied with Step 1. 2**

Al Etihad Gold assigned a senior staff member to be the dedicated compliance officer of the company. He has necessary competence, knowledge, experience and trainings in supply chain due diligence, and anti – money laundering, aside from attending DMCC seminars and conferences related to responsible sourcing. Al Etihad Gold also provided resources and means to equip the compliance officer with the necessary tools to perform his duties. Our compliance officer is readily accessible by all employees especially the ones who are expose in the supply chain, and has direct line of reporting to the top management.

### 1.3 Develop internal documentations and records of supply chain due diligence

#### Comments and demonstration of compliance

**We have fully complied with Step 1. 3 following the implementation of our Corrective Action Plan**

Al Etihad Gold strengthened its existing procedures by updating its Track and Trace mechanism. A data base from previous transactions is used for verifying the consistency of our suppliers' shipment aside from the required complete transactional documentation which is a must. Each gold shipment received must be approved from three departments before processing.

During the period of June to December 2012, we have not complied since the existing procedure for the Internal documentations and record of supply chain due diligence was not completely in line with the Guidance. During the corrective action period, the company adapted the procedures as prescribed in the Guidance and visited and educated its suppliers about the DMCC Guidance.

### 1.4 Strengthen relationships with suppliers

#### Comments and demonstration of compliance

**We have fully complied with Step 1.4 following the implementation of our Corrective Action Plan**

Al Etihad Gold requires all counterparties to accept our Supply Chain Policy, DMCC Practical Guidance, LBMA Responsible Gold Guidance and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Company also sponsored the DMCC Responsible Sourcing Workshop for Gold on April 2013, other conferences related to responsible sourcing during 2012 to 2013 and the translation of the DMCC Guidance in different languages.

During June – December 2012, we relied on the compliance officer of a major supplier to perform due diligence based on their own policy. The due diligence performed by our supplier was found to be not in line with requirements of DMCC Guidance and was assessed as non compliant during that period. During 2013, as a result of our efforts by conducting training for our suppliers in the requirements of DMCC Guidance, the suppliers updated their KYC files fulfilling the documentation requirements. We conducted several workshops for responsible sourcing of precious metals to suppliers and also to some of the major supplier's counterparty. The implementation of the corrective action plan did not result in the rejection of any of the existing clients of Al Etihad Gold as we complied with the additional documentation requirements which was incomplete during the previous reporting (June to December 2012).

### 1.5 Develop adequate security requirements

## Comments and demonstration of compliance

### We have fully complied with Step 1. 5

Al Etihad Gold has in place an adequate security procedure from opening an account up to daily transactions. Any inconsistencies observed are reported to the compliance officer, and the matter is relayed to the concerned department and appropriate action is taken.

## 1.6 Conduct necessary training

### Comments and demonstration of compliance

### We have fully complied with Step 1. 6

Al Etihad Gold conducted several trainings based on the risk exposure of each staff in connection with the supply chain. A strong communication line between the compliance officer, top management, and relevant employees is always open for concerns regarding the supply chain.

## Step 2: Identifying and assessing the risks in the supply chain

## 2.1 Risk assessment factors

### Comments and demonstration of compliance

### We have fully complied with Step 2.1 following the implementation of our Corrective Action Plan

Al Etihad Gold has developed a risk assessment procedure that is in line with the standards of the Guidance. The risk matrix takes into consideration all the criteria stipulated in the Guidance to properly classify supplier and transactional risk. Suppliers are classified by risk level which is determined by the documents submitted and the type and origin of their Gold. All transactions are thoroughly verified if it reconciles with their KYC file and historical data.

During the period of June – December 2012, we have not complied since the existing procedures for risk assessment was not in line with the Guidance. The company relied on the Undertaking Letter signed by all suppliers for their Supply Chain Policy and procedures. In 2013, Al Etihad Gold developed their procedure and created the risk matrix that has all the criteria required for assessing risk by the DMCC Guidance.

## 2.2 In-depth review of red flags

### Comments and demonstration of compliance

### We have fully complied with Step 2.2 following the implementation of our Corrective Action Plan

The Compliance Officer performs Supply Chain Due Diligence that is in line with all the criteria required by the Guidance. Accordingly he will report to the Management all potential high risk suppliers prior to starting any transactions. The Compliance Officer informs all relevant employees regarding the risk classification of each supplier and is also responsible for updating the risk matrix.



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During the period of June – December 2012, we have not complied since the procedure for risk assessment was not in line with the DMCC Guidance. The risk matrix was developed in 2013 as mentioned in Step 2.1.

### 2.3 Conducting enhanced due diligence

#### Comments and demonstration of compliance

**We have fully complied with Step 2.3 following the implementation of our Corrective Action Plan**

Enhanced due diligence is carried out to potential high risk clients based on the risk assessment done.

During the period of June – December 2012, we have not fully complied with conducting enhanced due diligence since the risk assessment procedure was not completely in line with the Guidance. During the corrective action period, the procedure for Identifying risk in the supply chain was revised and developed to be in line with the Guidance.

### Step 3: Developing and implementing a risk mitigation/control plan

#### Compliance Statement and Demonstration of Compliance:

**We have fully complied with Step 3**

Al Etihad Gold developed policy and procedure that includes internationally accepted common principles, standards and processes for responsible supply chain management.

### Step 4: Carrying out independent third-party audits of gold and precious metals company due diligence practices.

#### Compliance Statement and Demonstration of Compliance:

**We have fully complied with Step 4.**

Al Etihad Gold has engaged the independent assurance provider Ernst & Young (EY) to conduct audit of our supply chain due diligence practices.

### Step 5: Reporting annually on responsible supply chain due diligence.

#### Compliance Statement and Demonstration of Compliance:

**We have fully complied with Step 5.**

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Al Etihad Gold Supply Chain policy is available on the company's website [www.aletihadgold.com](http://www.aletihadgold.com). This Compliance Report and the Independent Third-Party Assurance report will also be available on the website once finalized.



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