



BUREAU VERITAS CERTIFICATION

**Reviewer's Assurance report for Reasonable Assurance review of EBC Rules
on Risk Based Due Diligence in the Gold Supply Chain**

For

Company name:

AL ETIHAD GOLD REFINERY DMCC

SITE(s):

**Plot No. DMCC-EZ3-04, JLT,
DUBAI, UAE**

AUDIT DATE(s):

30th January to 3rd February 2023

Reporting Period :

1st January 2022 to 31st December 2022



**BUREAU
VERITAS**

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Independent Reasonable Assurance Report to AL ETIHAD GOLD REFINERY DMCC on its Refiner's Compliance Report 2022 for the Emirates Bullion committee rules for risk based due diligence in the Gold Supply Chain

**To the Board of Directors of
AL ETIHAD GOLD REFINERY DMCC**

1. The assurance scope and level of assurance:

We were engaged by **AL ETIHAD GOLD REFINERY DMCC** to provide Reasonable assurance on its Refiner's Compliance Report for the year ended 31 December 2022.

The assurance scope consists of the Refiner's Compliance Report.

2. Management's Responsibilities

The Mr. Salah Khalaf – Managing Director is responsible for the preparation and presentation of the Refiner's Compliance Report in accordance with the EBC Rules for Risk Based Due Diligence in the Gold Supply Chain". This responsibility includes establishing appropriate risk management and internal controls from which the reported information is derived. The criteria identified by the directors/management as relevant for demonstrating compliance with the EBC Rules for RBDG are the activities described within the Refiner's Compliance Report.

3. Auditor's Responsibilities

Our responsibility is to carry out a Reasonable assurance engagement in order to express a conclusion based on the work performed. We conducted our assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000 Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and the EBC Rules for RBDG and the EBC Review Protocol.

This report has been prepared for **AL ETIHAD GOLD REFINERY DMCC** for the purpose of assisting the directors/management in determining whether Refiner has complied with the Guidance and for no other purpose. Our assurance report is made solely to Name of Refiner in accordance with the terms of our engagement. We do not accept or assume responsibility to anyone other than **AL ETIHAD GOLD REFINERY DMCC** for our work, or for the conclusions we have reached in the assurance report.

4. Reasonable assurance procedures performed

We planned and performed our work to obtain all the evidence, information and explanations considered necessary in relation to the above scope. These procedures included:

- Enquiries of management to gain an understanding of **AL ETIHAD GOLD REFINERY DMCC** processes and risk management protocols in place
- Enquiries of relevant staff responsible for the preparation of the Report
- Site visits to the Refiner
- Assessing the suitability of the policies, procedures and internal controls that the **AL ETIHAD GOLD REFINERY DMCC** has in place to conform to the Guidance



- Review of a selection of the supporting documentation, including gold supplier counterparty due diligence file and transaction's documentation
- Test a selection of the underlying processes and controls that support the information in the Report
- Review of the presentation of the Report to ensure consistency with our findings

Subject matter

This report covers the **AL ETIHAD GOLD REFINERY DMCC** general level of compliance with the "EBC Rules for Risk Based Due Diligence in the Gold Supply Chain" issued by Emirates Bullion Market Committee and in accordance with the EBC Review Protocol as described in your report as at **19/01/2023**

Any significant or inherent limitations or areas not covered:

Please list here any significant or inherent limitations or areas that have not been covered.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 and with "EBC Rules for Risk Based Due Diligence in the Gold Supply Chain" issued by Emirates Bullion Market Committee and in accordance with the EBC Review Protocol.

Our work has been undertaken so that we report to the **AL 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 **AL 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 **AL ETIHAD GOLD REFINERY DMCC** for our work, for this report or for the opinions we have formed.

Independence and competency statement

In conducting our engagement, we have complied with the applicable requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We confirm that we satisfy the criteria for assurance providers as set out in the Audit Guidance to carry out the assurance engagement

9. Assurance observations, findings and recommendations for improvement:

Recommendation for Improvement:

Scope for digitizing the records to avoid printing and usage of paper and to avoid risk of data lost and fire and for effective data protection

The review procedures undertaken by us cover the following:



i. Review whether the **AL ETIHAD GOLD REFINERY DMCC** has established robust sustainable supply chain management systems as detailed in and referring to Rule 1 of the EBC rules and fulfilling objectives of the review program as detailed in the EBC 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 1.19.

The Implementation of the SC and KYC policy and procedures were verified and found adequate in satisfying the requirements laid out under rule 1.1 to 1.19

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 EBC Rules and fulfilling objectives of the review program as detailed in the EBC review protocol.

In respect of Rule 2, details as below verified:

(a) in relation to transactions: during 1/01/2022 to 31/12/2022
50% of High Risk transactions

Approx. 11% of Sample representing an adequate coverage of transactions from over 50% of the Suppliers were picked from these and reviewed.

(i) Number of transactions audited:

36 samples of Mined Gold supplier, 56 samples of the Recycle Gold, 9 samples of Fine Gold and 5 samples of fixing business.

(ii) %age of transactions audited: Mine gold approx. 11% & Recycle gold approx. 4%.

(iii) Number of customer on boarding (KYC) files reviewed: 4 numbers

(iv) Total volume of Mined Gold and/or Recycled Gold in relation to the transactions audited: 7.87% of Mine gold, 63.52% of Recycled gold.

(ii) The sampling rules or methods used:

Samples basis used considering the high volume transactions and high value Customers / suppliers including new suppliers.

(iv) the total volumes of cash transactions (if any) and its usage in excess of government thresholds as applicable in the Accredited Member's place of domicile:

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/fine gold and Mined gold from customers, Refines it and deliver back to the customer or sells to customer.

(v) 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.

(vi) adequacy and implementation of track and trace mechanism from mine/supplier to Sale and/or physical delivery to the Accredited Member's suppliers:

This was verified on the sampled transactions, 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 as described in the country of origin.

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

The gold for refinery is received through the direct customers based in Dubai, the documentation towards the supply was verified and was found adequate on the samples verified.

(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:

None. 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:

Enhanced due diligence was conducted on High risk suppliers during the Review period and timeline for actions given.

iii. Review whether the **AEG** has developed and implemented a risk mitigation and/or control plan as detailed in and referring to Rule 3 of the EBC Rules and fulfilling objectives of the review program as detailed in the EBC 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 **AEG** 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 EBC Rules and fulfilling objectives of the review program as detailed in the EBC review protocol (Annex 2).

AEG has performed the Limited assurance review for the period 1st January 2021 to 31st December 2021 with Bureau Veritas as independent 3rd party reviewer and has reported the compliance report to the DMCC.

Further the **Reasonable** assurance review for the period 1st January 2022 to 31st December 2022 has been conducted with Bureau Veritas as independent 3rd party reviewer and will be reporting



the compliance report to the EBC annually and also make it available in their portal upon receipt of the report.

V. Reviewed the **AEG** activities related to conducting due diligence for adherence to EBC's Review Protocol in Annex 2 and Policy as described in Rule 1.3. 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 for Supply chain, Anti money Laundering and combating the financing of Terrorism policy and general procedures [supply chain risk identification & assessment].

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

10. Specific observations with respect to the Refiner's Corrective Action Plan and implementation progress;

Please list here any specific observations with respect to the Refiner's Corrective Action Plan and implementation progress.

Previous audit findings are reviewed and corrective actions are found to be adequate.

The corrective actions proposed and taken against the findings raised during the review period and recommendations raised were reviewed and found satisfactory. The effectiveness of these actions shall be reviewed during the next assessment.

Good improvement in the Due diligence and risk assessment process observed between 2021 and during the 2022.

The process followed for CAHRA was found good.

Site visits are conducted on suppliers who have supplied 90% of the volume.

11. Countries of Origin Annex for mined and recycled Precious Metal including the amounts (Kgs.) received from each origin

Please, see the attached file

12. Other relevant information

Please list here any other relevant information

Conclusion

In our opinion, in all material respects:

i. The **AL ETIHAD GOLD REFINERY DMCC** Compliance Report for the year ended 31 December 2022, in all material respects, fairly describes the activities undertaken during the year to demonstrate compliance, and management's overall conclusion contained therein, is in accordance with the requirements of EBC Rules on Risk Based Due Diligence in the Gold Supply Chain for the period 1st January 2022 to 31st December 2022.

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 1st January 2022 to 31st December 2022.



ASSESSMENT CONCLUSIONS

	CATEGORY	Compliance Level		Non Compliance – risk level	
		Fully Compliant	Compliant with Low risk	Medium	High
A.	General Information				
B.	RULE 1. SUPPLY CHAIN MANAGEMENT SYSTEMS		X		
C.	Rule 2: SUPPLY CHAIN RISK IDENTIFICATION AND ASSESSMENT	X			
D.	Rule 3: RISK CONTROL PLAN	X			
E.	Rule 4: INDEPENDENT THIRD-PARTY AUDITS	X			
F.	Rule 5: Report on supply chain due diligence	X			

	Compliance level		Non Compliance risk level	
	Fully Compliant	Low Risk	Medium	High
Based on the assessment conclusions, the overall rating of the Refiner's performance is determined to represent:		X		

Bureau Veritas
Location: Dubai

Date: 25/02/2023


Signature :



Company Stamp: